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OPERATIONAL PROGRAMME „INFRASTRUCTURE AND SERVICES”

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**MINISTRY OF FINANCE
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ABBREVIATIONS

AA	–	Audit Authority
SEDA	–	State Education Development Agency
BRC UL	–	Biomedical Research Centre of the University of Latvia
CA	–	Certifying Authority
CF	–	Cohesion Fund
CFCA	–	Central Finance and Contracting Agency
CH	–	Community House
CIS	–	Commonwealth of Independent States
CM	–	Cabinet of Ministers
CoCM	–	Committees of the Cabinet of Ministers
CSB	–	Central Statistics Bureau
CSG	–	Community Strategic Guidelines for Cohesion
CTF	–	Centre of Technical Facilities
DEMC	–	Disaster and Emergency Medicine Centre
DFI	–	Direct foreign investment
DWPP	–	Daugava Water Power Plants
EAFRD	–	European Agricultural Fund for Rural Development
EAGGF	–	European Agricultural Guidance and Guarantee Fund
EC	–	European Commission
EEA	–	European Economic Area
EF	–	European Funds: ERDF, ESF and CF
EIB	–	European Investment Bank
EMS	–	Emergency Medical Service
ERDF	–	European Regional Development Fund
ERM II	–	Exchange Rate Mechanism II
ESF	–	European Social Fund
EU	–	European Union
EU-10	–	10 EU Member States that joined the Union on 1 May 2004
EU-15	–	EU Member States, part of the Union before the last enlargement of 1 May 2004
EU-25	–	EU Member States after the last enlargement of 1 May 2004
EUR	–	Euro
EUROSTAT	–	European Statistics Office
FIFG	–	Financial Instrument for Fisheries Guidance
FP	–	Framework Programme
FTUCL	–	Free Trade Union Confederation of Latvia (LBAS)
GDP	–	Gross Domestic Product
GNP	–	Gauja National Park
GPS	–	Global Positioning System
HCA	–	House of Cultural Activities
HCPI	–	Harmonised Consumer Price Index
HEP	–	Hydroelectric Power Plant
IB	–	Intermediate Body
ICCA	–	International Congress and Conference Organisation
ICT	–	Information and Communication Technologies
ILO	–	International Labour Organisation
IOS	–	Institute of Organic Synthesis
ISIS	–	Integrated State Information System
ISSP UL	–	Institute of Solid State Physics of the University of Latvia
IT	–	Information Technologies

LCS	–	Latvian Council of Science
LEC	–	Latvian Employers' Confederation
LGS	–	State joint-stock company „Latvijas gaisa satiksme”
LMPH	–	Local Multi-Profile Hospital
LNRPL	–	Lisbon National Reform Programme of Latvia
LV	–	Latvia
LVL	–	Latvian lats
LVL	–	Lats
MA	–	Managing Authority
MC	–	Monitoring Committee
MoE	–	Ministry of Economy
MoEnv	–	Ministry of Environment
MoES	–	Ministry of Education and Science
MoF	–	Ministry of Finance
MoH	–	Ministry of Health
MoRDLG	–	Ministry of Regional Development and Local Governments
MoT	–	Ministry of Transport
MoW	–	Ministry of Welfare
MSS	–	Meeting of State Secretaries
MW	–	Municipal Waste
NATO	–	North Atlantic Treaty Organisation
NATURA 2000	–	A network of specially protected nature areas in the EU
NDP	–	National Development Plan 2007 – 2013 (drafted by MoRDLG)
NGO	–	Non-governmental organisation
NP	–	National Programme
NSRF	–	National Strategic Reference Framework
OECD	–	Organisation for Economic Cooperation and Development
OP	–	Operational Programme
PA	–	Paying Authority
PCCSA	–	Professional Career Counselling State Agency
PHA	–	Public Health Agency
PHC	–	Primary Health Care
PISA	–	Programme for International Student Assessment
PPP	–	Public Private Partnership
PSEE	–	Pre-school Education Establishments
R&D	–	Research and Development
RDP	–	Rural Development Plan that, <i>inter alia</i> , comprises funding conditions of the guarantee section of EAGGF
RDS	–	Rural Development Strategy 2007 – 2013 (drafted by the Ministry of Agriculture)
RL	–	Republic of Latvia
RMPH	–	Regional Multi-Profile Hospital
RTA	–	Road Traffic Accidents
RTU	–	Riga Technical University
SAA	–	Specially Assisted Area
SAHSMT	–	State Agency of Health Statistics and Medical Technologies
SC	–	State Chancellery
SCDHCWE	–	State Commission of Doctors for Health and Capacity for Work Expertise
SCHIA	–	State Compulsory Health Insurance Agency
SDR	–	Special Drawing Right – a basket of the following currencies – USD, EUR, GBP, and JPY
SEA	–	State Employment Agency

SEZ	–	Special Economic Zone
SF	–	EU Structural Funds
SIA	–	Limited Liability Company
SIP	–	State Investment Plan
SIS	–	State Information System
SJSC	–	State joint stock company
SKDS	–	Market and public opinion research centre "Sociāli korelatīvo datu sistēmas"
SLI	–	State Labour Inspectorate
SMB	–	Small and Medium-sized Business
SME	–	Small and Medium-sized Enterprise
SMSAEGA	–	Secretariat of the Minister on Special Assignment for Electronic Government Affairs
SPD	–	Single Programming Document
SSNE	–	Single Strategy for the National Economy
ST	–	State Treasury
TEN-T	–	Trans-European Transport Network
TIMSS	–	Trends in International Mathematics and Science Study
TPP	–	Thermal Power Plant
TV	–	Television
UL	–	University of Latvia
ULRGL	–	Union of Local and Regional Governments of Latvia
UNESCO	–	United Nations Educational, Scientific and Cultural Organisation
UNO	–	United Nations Organisation
USA	–	United States of America
USD	–	US dollar
USSR	–	Union of Soviet Socialistic Republics
VAT	–	Value Added Tax
VE	–	Vocational Education
WIPO	–	World Intellectual Property Organisation
WPP	–	Water Power Plant
WWTP	–	Waste Water Treatment Plants

INTRODUCTION

1. European leaders have appreciated the significance of infrastructure in socio-economic development by including its objectives of development in the modified Lisbon Strategy. Latvia has gone through a decade of a lack of investment in all sectors of infrastructure and now it has the opportunity to make improvements in its most significant elements of infrastructure.
2. Infrastructure is the backbone of the national economy carrying the weight of its sectoral structures and territorial placements; it is the basis for the development of the economy, and its malfunctions can cause irreversible consequences to whole sectors or even territories. The infrastructure challenges have to be solved by a complex solution, for only a proper set of infrastructure can make a region more attractive for business and investments, as well as for the life of its residents. The transport infrastructure is essential for every aspect of human activity – business, social or personal growth could not be imagined without the freedom of movement. Environmental infrastructure and environmental protection is the cornerstone of sustainable development necessary both for efficient activities today and for creation of space for living, as well as for the future. The creation of an information society would not be possible without the appropriate infrastructures and services that are accessible to all residents of Latvia. Development of the cultural environment and tourism serves as a guarantee for maintaining national identity and assistance from Structural Funds will foster its business-oriented expressions. Support for the health care and social service infrastructure is the basis for an active society. The education and employment infrastructure is a vitally important part of non-investment human resources support. The development of the infrastructure always requires financially intensive investments and it is often required in the interests of the whole society rather than in the interests of a specific individual or an economic group, thus its promotion is the primary responsibility of the government.
3. The National Strategic Reference Framework stipulates that the operational programme shall be co-financed from the Cohesion Fund and the European Regional Development Fund.
4. The OP will provide support in a framework of eight priorities.
5. The priorities co-financed from the CF will support the development of the Trans-European transport network in Latvia and the development of sustainable transport, projects for establishment and improvement of large-scale environmental infrastructure, as well as improvement of energy efficiency and production and use of renewable energy.
6. The priorities co-financed from the ERDF will provide complementary support to the CF in transport, environment and energy efficiency sectors, supporting the development of transport networks of regional significance, implementation of small-scale environmental projects, as well as energy efficiency of housing. Besides, the ERDF will provide support for the development of information and communication technologies and services as well, facilitating the creation of an information society in Latvia. Within the framework of the OP, tourism development will be promoted and activities will be carried out for the maintenance and improvement of the cultural environment. The financing will be allocated also to the urban development.
7. Providing additional assistance for human resources development, the ERDF will support the modernisation of the infrastructure of education, employment, health care and social care that in conjunction with ESF assistance provided within the framework of the OP “Human Resources and Employment” will ensure the improvement of human resources as the main socio-economic development resource.
8. Finally, with the help of the technical assistance within the framework of the OP, support will be provided for programme management.

9. In order to improve programming documents and fulfill requirements set by the national and the EU legislation, the Ministry of Finance has signed a contract with an independent consortium of experts on the OP ex-ante evaluation and Strategic Environmental Assessment. According to the EC working documents on ex-ante, as well as taking into consideration experience from 2004-2006 programming period, the Ministry of Finance has closely collaborated with the ex-ante and SEA experts in improvement of the document and has succeeded in ensuring compliance of the document to the ex-ante and SEA recommendations. The cooperation with ex-ante and SEA experts continued, contributing to the negotiations with the EC and analyzing the comments of the EC on the document and the draft versions of the document elaborated as a result of the negotiations.

1. ANALYSIS OF CURRENT SITUATION IN SECTORS COVERED BY THE OPERATIONAL PROGRAMME “INFRASTRUCTURE AND SERVICES”

1.1. Transport Infrastructure

Motorways

10. In 2006 in Latvia there were motorways and roads of the length 69 666 km registered in the total network and a location ensuring accessibility to residential areas. The average density of motorways is 1.1km/km², but for State motorways – 0.3 km/km². The total density of the motorway network of Latvia and the provision of roads is sufficient, however the technical condition of motorways is not satisfactory and does not comply with the need for safe and uninterrupted traffic.

Table 1: Breakdown of Motorways of Latvia by Road Surfacing and Length; km

Road classification	Paved roads	Gravel roads	Total
State motorways, incl.:	8 138	12 029	20 167
Main roads	1 622	-	1 622
Category 1 roads	3 997	1 323	5 320
Category 2 roads	2 519	10 706	13 225
Municipal roads and streets, including:	5 438	33 576	39 014
Motorways	1 019	30 413	31 432
Streets	4 419	3 163	7 582
Forest roads	20	6 965	6 985
Private roads	500	3 000	3 500
Total	14 096	55 570	69 666

Source: SJSC “Latvian State Roads”, 2006

11. By type of road surfacing, 40% of the State roads have asphalt surfacing, 60% - gravel surfacing. Municipal roads totalling 1019 km or 3% have asphalt surfacing, but the remaining 30 413 km or 97% have crushed-stone or gravel surfacing.
12. Due to the increased actual traffic flow intensity, which exceeds forecasted increase and lack of financial resources for renewal and reconstruction of road surfacing and construction of new roads, the qualitative indicators of motorways are decreasing in significant amounts year by year. Depending on the degree of wear and age, the surfacing of asphalted roads shall be renewed on average once every 8 – 12 years. The annual road renewal programmes with respect to State roads shall include renovation of roads in total from 800 to 1200 km. Since financial restrictions do not allow to renew paved road surfacing in the normative amount, the amount of paved roads in the poor condition on the state roads increase year by year. The situation is shown graphically in the figure below.

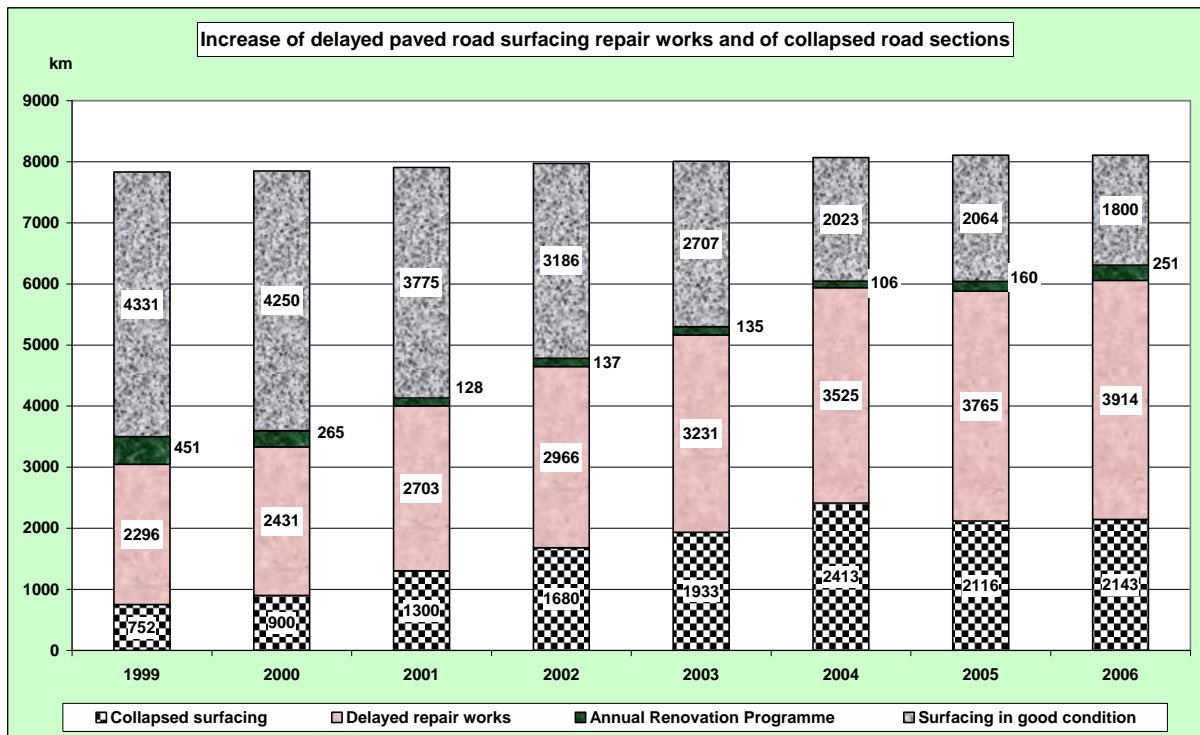


Figure 1: Delayed Renovation Works for Surfaced Roads and Increase of Collapsed Road Sections on State Motorways

Source: SJSC “Latvian State Roads”

13. Collapsed paved road surfacing in the time period 1999. - 2007. have increased from 752 to 2143 km. In the last years it was possible to stop further collapse of surfacing by increasing amount of repaired pits, nevertheless on the whole use of such methods is not considered economically useful and the amount of paved surface facing necessity for timely renewal continues to increase.
14. Over the last five years, the proportion of motorways in poor condition in the State road network has increased on average by 10% annually and in general the quality of the motorways continues to worsen. In 2006 in Latvia, 26,4 % of paved roads had collapsed road surfacing and 33% of State gravel roads were in bad condition.
15. At the same time the increase of traffic intensity on the State main roads in the period of time from 1996 to 2006 was on average at 7-9 % per year.
16. 922 bridges¹ are under the supervision of SJSC “Latvian State Roads”. 866 bridges are made of reinforced concrete, 15 – of stone, 33 – of steel and 8 – of wood. The total length of bridges is 32 192,11 m. Due to a lack of financing over the last 10 years, the technical condition of bridges on the State motorways has become unsatisfactory. Approximately 700 bridges have damaged hydro isolation and driveway elements, but 186 bridges have damaged bearing constructions. In total, the condition of 63 % of bridges has been evaluated as bad with a trend of rapid worsening. The data have remained nearly unchanged since 2001. Repair works would stop further damage progress to bridges and possible decrease of the load-carrying capacity of the bridges.
17. Irrespective of the slight reduction in the number of traffic accidents in 2006, the total number of traffic accidents on State motorways remains extremely high. Compared to 2003 during the period 2005 to 2006, the number of accidents has decreased. For instance, in 2003 there were 8539 road traffic accidents, but in 2005 and 2006 there were accordingly 6654 and 5547

¹ SJSC “Latvian State Roads” , 2006

traffic accidents. Compared to 2003, the proportion of accidents involving casualties (injured or killed) has remained high.

Table 2: Number of Traffic Accidents on State Motorways (2001-2006)

	Number of Road Traffic Accidents (RTA)						Total
	2001	2002	2003	2004	2005	2006	
RTA	5834	6834	8539	8041	6654	5547	41449
RTA s ²	1397	1677	1827	1571	1376	1159	9007
Killed	315	329	322	345	288	204	1803
Injured	1852	2249	2459	2229	1937	1610	12336

Source: SJSC „Latvian State Roads”

18. According to the data provided by the SJSC „Latvian State Roads” in the period from 2001 to 2006, in total there were 41 449 road traffic accidents on the State motorways. Numerically, the largest causes of traffic accidents were sliding off the road (9 616 accidents) or sliding off the road in turns (1 504 accidents), collisions with an oncoming vehicle (1 621 accidents) or collisions with the vehicle driving in front (3 066 accidents), colliding with pedestrians (858 accidents) and colliding with obstacles (4 954 accidents).
19. Work of improving road traffic organization schemes is being done in the whole network of municipal roads and streets; however the financial problems do not allow to more actively attract attention to improvements in traffic safety. The main emphasis is placed on maintenance of roads and streets in the current condition. It is difficult to implement traffic safety improvement measures without sufficient financing. In 2006 68.8% of all traffic accidents with casualties; 39,8% of accidents with killed and 66,1% of accidents with all injured were registered on municipal streets and roads. Respectively in Riga (of all accidents registered in Latvia): 40.4% of all traffic accidents with casualties; 17.2% of accidents with killed; 39.3% of accidents with injured persons.
20. Guaranteeing pedestrian safety in municipal road and street network is a huge problem, solving which would allow to considerably improve traffic safety indices in Latvia. Pedestrian barriers have been reconstructed and pedestrian passages made which are not always well considered and correctly located. In 2006 from all traffic accidents colliding with pedestrians 85.2% of all casualties; 50.7% of all killed; 89.3% of all injured were registered on municipal roads and streets. Respectively in Riga city (from all registered) 51.6% of all traffic accident casualties; 25.0% of all killed; 54.9% of all injured.
21. Priority traffic safety measures are the improvement of pedestrian safety, installation of lighting and the reconstruction of intersections. Traffic safety inspections are performed according to legislation (Cabinet Regulations) by carrying out road traffic safety audits of road sections in their design phase and in the existing road network, in particular of the road sections where a high number of traffic accidents has been registered.
22. With the increasing traffic intensity on the State motorway routes crossing cities and residential areas, in particular the intensity of transit traffic, the construction layers of road surfacing wear down more intensively, traffic safety decreases and the negative impact of transport on the population increases. One of the measures of diverting the transit traffic from the centres of towns and cities is the construction of detour roads.

² Accidents involving casualties (injured or killed).

TEN-T

23. Motorways of the Trans-European Transport Network (hereinafter – TEN) cross the territories of 26 towns and residential areas to the total length of 85.9 km and have entry roads to Riga City of a total length of 38.6 km.
24. State main motorways ensure connection of the motorway network of the Republic of Latvia with road networks of other countries, as well as the capital city, Riga, with administrative centres of districts. It is forecasted that the annual increase of traffic intensity from 2007 to 2013 will be at the rate of 4-7% and from 2013 to 2020 at 1.4% - 2.6% annually. 85% of the State main roads are part of the Trans-European Transport Network.
25. In the Programming Period of 2004 – 2006 reconstruction was carried out of State main roads' sections and bridges demonstrating a technical condition inappropriate for the traffic intensity and composition of transport vehicles.
26. During the period from 2004 – 2006, sections of E67 Via Baltica and the West – East motor transport corridor E22 were partially reconstructed and two-level crossing of the railway section Jelgava – Krustpils was constructed.
27. According to the action strategy of the Ministry of Transport and Communications, by 2013 it is necessary to fix the State main roads by reconstructing and reinforcing road surfacing and bridges, renovate water drainage and improve traffic safety, as well as construct new motorway sections on particular routes.
28. Within the framework of the EU Cohesion Fund programme for 2007-2013, it is planned in West-East motor transport corridor to construct in a new route and renovate part of E22 sections in the route Tīnūži (Kranciemā karjers) – Koknese (23,7 km) and Ludza – Terehova (32,7 km) by constructing in these sections new bridges and reconstructing existing bridges and railway cross-overs. In reconstruction of E22 road sections, where the current road bearing capacity is insufficient and technical condition of the road is inadequate to traffic intensity and quality requirements, situation for transit traffic to/from Russia will be improved. In reconstruction of section Ludza-Terehova the infrastructure required for solving border-crossing problems will be built, for example a separate lane for queuing lorries.
29. In Latvia preparation of legislative basis for using Public-Private Partnership (PPP) model in the road construction is going on. Due to the limited available resources, it is planned to improve TEN road network by using one of PPP schemes, which doesn't envisage introduction of toll roads. Currently in Latvia it is not economically and financially feasible to introduce toll roads. In order to introduce toll roads, two main conditions should be fulfilled – sufficient traffic intensity on toll roads and access to alternative toll free roads. In Latvia there are few areas with large traffic intensity (only Riga surroundings), but there are no alternative roads. However, if there were alternative roads (to be newly built), then preference would be given to these and not toll roads, thus reducing traffic intensity on toll roads.

Category 1 Roads

30. Category 1 roads connect district and regional centres and ensure their connection with the State main motorways.
31. In 2006, the traffic intensity on Category 1 roads in various sections varied from 100 transport vehicles per day up to 13 700 transport vehicles per day in sections closer to populated areas. On 56% of all 129 Category 1 roads, traffic intensity exceeds 100 vehicles per day. It is expected that the traffic intensity on Category 1 motorways will increase by 2-3% annually over the next 10 years.
32. 74.9% of all State Category 1 roads have black surfacing, but 25.1% have crushed stone and gravel surfacing. According to 2006 evaluation data of the State Category 1 surfaced roads,

25.56% of the surfacing is in satisfactory condition, 51.89% in poor and extremely poor and only 22.56% are in good and very good condition. Respectively, gravel roads in 5.56% are in good condition, 62.13% in satisfactory condition and 32.31% of the surfacing is in bad condition.

33.

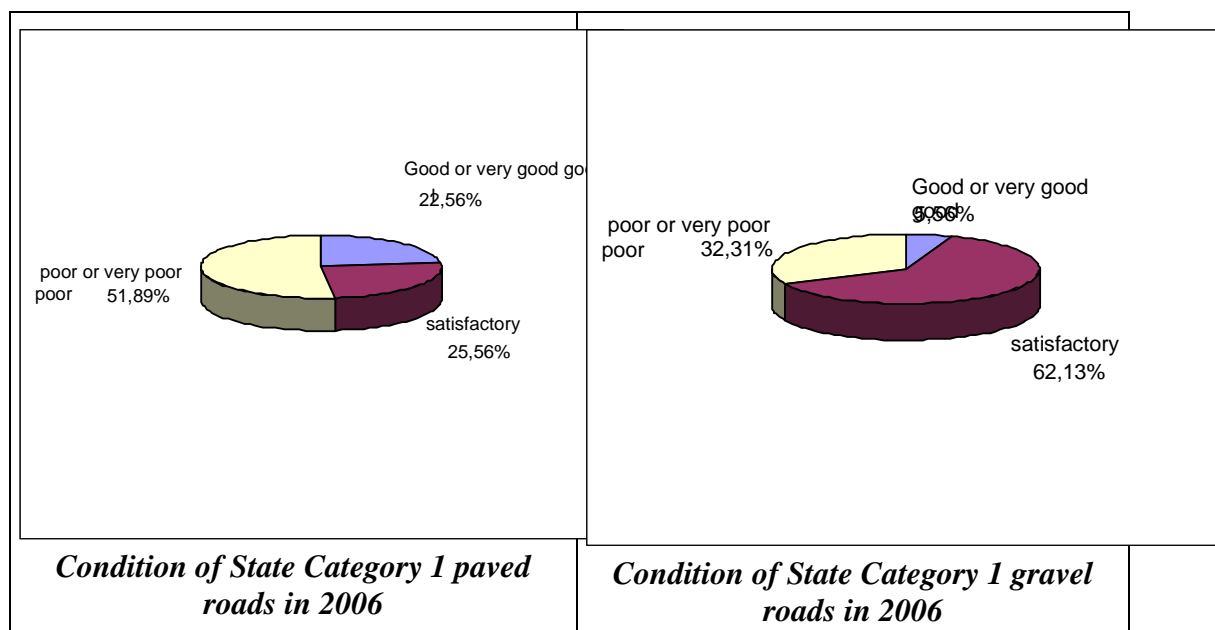


Figure 2: Condition of State Category 1 Roads in 2006

Source: SJSC "Latvian State Roads"

34. Evaluation of the State Category 1 gravel roads surfacing does not fully reflect the actual situation, because due to low financing, the planning layer has not been renewed for more than 16 years and therefore only 10% of this type of roads are not to be reconstructed.
35. Only 22.56% of the surfaced roads and 5.56% of the gravel roads on the State Category 1 roads ensure safe and comfortable driving conditions. Load-carrying capacity of the road surfacing does not correspond to the growing transport loads and as a result causes rutting. Year by year, the distance in kilometres of collapsed sections of paved road surfacing increases where it is no longer possible repair potholes, on gravel roads there is trend for so-called 'sand tubs' to appear³. All these factors affect traffic safety, increase routine maintenance costs on Category 1 roads.

Table 3: Road Maintenance Projects Implemented Under the National Programmes for Development of the State Category 1 Roads for 2004-2006

Groups	Amount
Reinforcing asphalt surfacing	112.88 km
Asphalting of gravel roads	24.71 km
Improvement of bridges load-carrying capacity	9 gab.
Arrangement of urban transit streets	5.1 km

Source: SJSC "Latvian State Roads"

36. In the planning period 2007-2013 it is planned to complete the maintenance of road routes initiated in 2004-2006 by performing asphalting works on Category 1 roads. It is planned to

³ „Sand tubs” are potholes appearing due to wear of gravel surfacing.

surface from 45 to 60 km of gravel with asphalt surfacing per year and by 2013 to surface with asphalt 330 km or gravel roads.

37. Main problems in the motorway sector are:
- The proportion of motorways in bad condition in the State road network has increased on average by 10% annually, including the unsatisfactory condition of surfacing and bridges of the State main (TEN) roads and Category 1 roads (more than 50%);
 - Insufficient carrying capacity of roads, for example, in the route Riga-Jēkabpils-Rēzekne-Russian border;
 - The number of road traffic accidents and the persons killed on the motorways remains very high;
 - Great number of the so called “black spots”;
 - Large proportion of gravel roads in the Category 1 road network.

Urban Transport Infrastructure

38. The discharge capacity of state main roads and urban main streets is in most cases insufficient, but in many places it is approaching the maximum possible. In the biggest cities major problems already today are caused by lack of multi-level intersections and not reconstructed one level intersections where traffic is not channelled and intelligent traffic regulation system has not been ensured. People are forced to lose more and more time in traffic jams, thus traffic safety is seriously jeopardized. In the country there is a considerable number of one level railway crossings with high motor vehicles and trains traffic intensity that decrease traffic safety and extends the voyage time for motor-vehicles. Many populated areas are crossed by transit roads where the mentioned problems are most urgent.
39. The total area of 1581 streets in Riga city is 10.5 million m², including arterial (main) streets 4.7 million m². Total length of the streets is 1234 km, including 5433 km of arterial streets. According to experts' evaluation, 35% of arterial streets are in technically good condition, 51% - satisfactory and 14% of streets are in poor condition. Since traffic intensity in the streets of Riga is 15 times higher than average in the country, the lifetime of surfacing built accordingly to uniform standards, using the same technologies and materials, is shorter than that of state motorways. Totally there are 100 bridges, flyovers, and pedestrian tunnels in Riga city, of which 36 units are in good condition, 46- satisfactory and 17 units in unsatisfactory condition. One facility is in critical condition. Facilities in unsatisfactory condition in 90% cases have damaged hydro insulation, water discharge system and deformation junctions, resulting in surface waters reaching the bearing constructions' surfaces and causing corrosion of concrete and reinforcement bars. In order to solve national economy's increased requirements for good quality transport system and supporting infrastructure, Riga development plan for years 2006-2018 envisages to increase efficiency of existing arterial streets network by supplementing it with the missing links and establishing a network of high speed streets.

Public Transport

40. Every year since 2001, the funding for public transportation from the State and municipal budgets has been growing, albeit in small amounts. However, it is still insufficient to cover the losses of carriers in the existing routes network and to rapidly increase the service quality, particularly in rural areas.
41. In Latvia the functions of organising the public transport is performed by 34 Public Administration authorities at different levels – the Ministry of Transport and Communications, Local Government Councils and City Councils. Such a shared responsibility principle hampers compliance with the principles of a common route network

development, which in turns causes significant differences in quality between different regions of Latvia. Starting from 2008 rendering of public transport services will be regulated by Law on Public transport services which will in detail stipulate competence of different institutions, cooperation and supervision in organization of public transport services.

42. Irrespective of the slow speed of service quality improvement, in 2006 the number of passengers using suburban public transport services exceeded the figures of 2000 by 27% (in general in public transport - by 17%) and every year the number of passengers using public transport continues to increase by 2-4%.
43. Domestic passenger transport by railway secures the transportation of 1/3 of passengers carried by suburban transport. In particular regions (especially electric trains in the Riga vicinity), the public transport system is not imaginable without the railway. If the traffic of electric trains were to be stopped, other means of transport would not be able to render adequate services.

Table 4: Number of Passengers Carried 1999-2006 (thousands)

Type of transport	1999	2000	2001	2002	2003	2004	2005	2006
Urban busses	127 324.8	124 016.7	124 233.4	126 186.9	132 067.3	145 944.7	165 918,0	160 813,3
Urban electric transport	186 019.0	175 429.6	171 742.5	170 805.3	166 918.9	176 948.5	182310,0	184 984,4
District routes	24 584.6	26 338.5	28 462.6	28 603.6	27 974.0	29 524.0	27 636,0	28 328,8
Long distance routes	13 562.4	14 989.4	16 176.1	18 148.7	18 885.0	19 613.3	19 959,0	19 509,6
Railway passenger transport in domestic traffic	24 122	17 502	19 610	21 531	22 602	23 504	25569	27 023,7

Source: CSB

44. In 2008 it is planned to perform an overall public transport system reform (according to the Cabinet Order of 29 September 2004 No. 704 on The Basic Guidelines of Public Transport Development for 2005-2014). Priorities and the role of different types of transport in ensuring public transport services will be determined, as well as functions organising public transport on the suburban routes network will be carried out efficiently. Carriers will obtain the rights to supply public transport services in tenders. An important issue concerning the improvement of service quality is the modernisation of existing electric train cars, as well as the purchase of cars.
45. EU transport policy focuses on reforming the railway transport systems, thus facilitating an increased role of railway transport in the total transport system, as well as the revitalisation of the railway.
46. The Commission has declared its support to the initiative of railway entrepreneurs which complies with the priority guidelines of the implemented policy: compatibility of different types of transport, improvement of railway transport safety, minimisation of environmental impact in accordance with the public procurement contracts and are focussed on total cost saving.
47. Rail transport is the potential solution for the continuously growing traffic jams in largest cities, because it may simultaneously carry a large number of passengers by using separate lanes reserved for the particular type of transport. Railway, being a type of public transport, is the fastest and most precise because trains do not use the urban roads and bridges infrastructure on motor transport routes, thus preventing traffic jams. Particularly due to these advantages, the railway as a means of public transport is now in higher demand.

48. Latvia plans by 2013 to increase by 50% the number of passengers transported in public transport suburban system (Transport Development Guidelines for 2007-2013). Public transport has to become attractive and accessible for the whole society, in order to ensure undisturbed mobility possibilities for inhabitants and stimulate inhabitants to give up private transport. Improvement of service quality and accessibility in rural areas is to be particularly emphasized, as well as interoperability (integration) of routes and transports.
49. In order to promote development of public transport in Riga and Riga suburb, modernization of Riga suburb passenger transportation system and connection to Riga public transport system has to be facilitated. Riga suburb electric trains are to be considered the major passenger transportation mode and thus are to be supported from EU funds. Acquisition of new diesel trains for transportation of passengers on non-electrified routes in Latvia is planned with EU funds support; furthermore, the new diesel trains would be suitable to passengers with special needs and will ensure higher comfort level to passengers. Considerable support for public transport (except infrastructure) is prescribed from state resources.
50. According to the *National Programme for Development of Riga Suburb Railway Passenger Transport for 2005-2013* JSC "Passenger Trains" (Pasažieru vilciens) will by end of 2008 implement the modernisation of the existing cars of electric trains and before the end of 2007, the company will complete its survey on the purchase of new electric trains by formulating the technical specifications of future trains and their compliance to the condition of infrastructure and passenger flows.
51. The modernisation programme of electric trains initiated in 2004-2006 is a short-term solution to ensure the continuously growing demand for railway transport, as well as to retain the number of electric trains on the routes in operational condition. The current average age of electric trains is 25 years, the effective age 28 years; the equipment of the electric trains does not comply with the comfort and quality requirements of passengers and, in particular, that of passengers with disabilities; similarly, the operational indicators (acceleration dynamics, specific electric energy consumption) do not comply with modern public transportation requirements in urban and suburban traffic.
52. In the planning period the purchase projects of new trains and modernisation projects of the existing trains is to be implemented in line with the quality requirements defined in the *Public Procurement Contract on Railway Passenger Transportation* and the long-term Government policy in the sector of public transportation development shall be ensured.

Public Transport in Riga

53. Public transport services in the territory of Riga are secured by trams, trolleybuses, busses, route mini vans and electric trains. The Riga City Council owned company SIA "Rigas Satiksme" performs the passenger transport function by using 484 busses, 311 trolleybuses and 252 trams. The number of bus routes has reached 64 with a total length of 1261.8 km, the number of trolleybus routes is 20 with the length of contact network of 211 km, 10 tram routes with a total length of tracks of 123 km. On average, within the territory of Riga, public transportation services are supplied to 286 million passengers, of which 5 million (1.8%) use electric train services for transport within the territory of Riga.
54. In order to ensure all population groups with the alternative of good quality and competitiveness with private transport, in 2005 the Riga City Council approved the Riga Public Transport Development Concept anticipating the continuation of the reorganisation commenced and the modernisation of the municipal public transport system by defining the following main tasks concerning the infrastructure:

- Development of electric means of transport – trams and trolleybuses, including renewal and modernisation of the rolling fleet and infrastructure;
 - Development of a route network for an integrated urban public transport system (bus, tram, trolleybus, train, route mini van), also including differentiation of services by quality and price.
55. In period 2004.-2006. by the support of ERDF improvement of Riga city traffic management system, of traffic safety infrastructure and of public transport management elements has been started, within which was modernized and developed traffic light system, established traffic light management subsystem, as well as implemented system of bus traffic organization and control system on GPS base.
56. For solution of traffic problems in Riga complex approach is required. It is necessary in the period 2007-2013 elaborate Riga suburb mobility general plan, in order to promote long-term development of Riga and Riga suburb public transport system.
57. Activities to be implemented in the period of time up to 2010:
- Purchase of a rolling fleet (low deck trams, three-axle connected and two-axle low deck trolleybuses) that will improve the attraction of the Riga City public transport system;
 - Development, reconstruction and modernisation of immovable fixed assets and infrastructure (controller stations, railway tracks, traction substations, contact networks, cable networks);
 - Establishment of public transport priority in the traffic system of the city;
 - Introduction of new electronic payment means (electronic ticket) as a result of which the accessibility of public transport could be significantly increased.

Railway

58. The density of railway tracks in Latvia is 35.1 km/1000 km², which is a comparatively high figure taking into account the fact that the average railway track density in the EU Member States is 48.4km/1000 km². Electric railway routes are of a total length of 257 km and they are located in the vicinity of Riga. The existing railway structure corresponds to the current amount of carried freights and is able to ensure also larger amounts of freights with the exception of separate sections and stations. The main problems to be solved are related to the wear of infrastructure.
59. In 30% (605 km) of the railway tracks of strategic importance the amount of freight transported exceeds the set amount of 500 million gross tons, which means that the reconstruction of these tracks should be performed. Due to the bad technical condition of railway tracks, the technical speed of trains decreases every year. If in 1995 the technical speed of trains was 46.0 km/h, then in 2004 the speed reduced to 45.76 km/h. This indicates that the throughput capacity of the railway tracks is insufficient. 26.3% of the total length of railway tracks is not equipped with traffic management systems complying with EU safety standards. All strategic railway routes servicing passengers and used for freight transportation are components of the TEN-T.
60. Due to different railway infrastructure parameters (different track gauge) there is no direct railway traffic with Central and Western Europe.

Electrification of Railways, including Passenger Railways

61. In the last years in freight and passenger transportation, as well as in the infrastructure of public use, there has been rapid and simultaneous occurrence of problems related with wear of diesel engines (in freight transportation) and electric trains (in passenger transportation) (the average age of freight diesel engines of TE10 series is 15 years – applicable design life – 20

years, average age of electric trains is 24 years – applicable design life – 28 years, the equipment of electric trains does not comply with the comfort requirements of passengers, including those with various disabilities and the operational indicators (acceleration dynamics, specific electric energy consumption) does not correspond to modern requirements for urban and suburban traffic).

62. Similarly there are problems with the wear of energy supply devices in the electrified sections, which make up part of railway infrastructure of public use (from 11 electric traction substations of the State JSC “Latvijas Dzelzceļš” (Latvian Railway Company) of which only one has not yet reached the end of its design life, design life of 3 substations currently is exceeded by 150% of the set lifetime). The cost price of transportation is increasing due to the rapid increase of diesel fuel prices.
63. The need for replacement of freight engines and electric train fleet usually reoccurs every 20-28 years, but for electrification facilities –every 40-50 years.
64. The necessity to solve these problems from the technical and economical aspect is justified by the following:
 - The demand for transportation and their development forecasts;
 - The need for preparation of competitive, co-ordinated and agreed measures in the functioning of railway to be implemented in the future to ensure the sustainable development of railway infrastructure for public use;
 - The fact that the world oil resources are reducing, negatively affecting the development of the Latvian economy.
65. EU policy is focussed towards the reduction of Member State dependency on fossil energy (oil) resources and the introduction of alternative energy sources. Railway has the advantage of being able to improve the efficiency of energy use. The energy efficiency rate of electric engines (84%) is significantly higher than that of diesel engines (30%). Electric energy can be generated without the use of fossil fuel. In order to ensure more efficient use of energy, sustainable development of railways, the current issue is the electrification of the public railway infrastructure.
66. As part of the research of the expediency of electrification, it is planned to study the modernisation versions of electrification of the most loaded sections of the East-West railway corridor and its electricity supply systems of electrified sections traction for transition to 25 kV alternating current standard of power supply (currently it is 3 kV alternating current). This will let reduce investment in renewal of current electrification system, which mostly has exceeded its resource, as well as reduce loss of electricity in contact network. Such a study has also been foreseen in the Joint Economic Strategy approved by the Cabinet in 2004. In 2007 it is planned to start evaluation of the situation, problems and solutions for modernisation of electrified sections and the electrification of the main railway corridors.

Development of the East-West Corridor

67. The experience of many European countries shows that the development of transport infrastructure must pull slightly ahead of the increase of freight and passenger transportation turnover in the country. A lack of good quality transport infrastructure may turn the transportation, which is one of the most powerful economy and society development factors, into one of the most serious factors hampering development.
68. According to the adjusted forecasts prepared in 2004 by the German consulting company *De – Consult* the amount of freight transported in the territory of Latvia in 2015 may reach 100 million tons (55 million tons in 2004).

69. The proportion of railway freight transportation in the total national land transportation composition is approximately 54%, but the proportion of passenger transportation – 6%. In the composition of railway freight transportation 85% is comprised of transit freights mainly from Russia and Belarus to the ports of Latvia (East-West Transit Corridor).

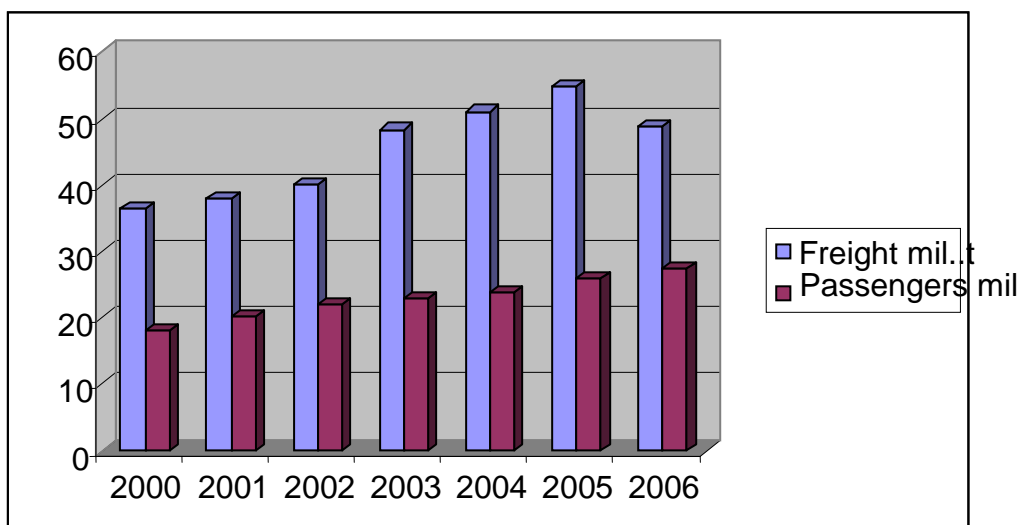


Figure 3: Increase Trends of Transportation Amounts (2000-2006) (million tons)

Source: Ministry of Transport and Communications

Table 5: Increase Trends of Transportation Amounts (statistics)

	2000	2001	2002	2003	2004	2005	2006
Freight, million tons	36,4	37,9	40,1	48,4	51,1	54,9	48,73
Passengers, millions	18,2	20,1	22,0	23,0	23,9	26,0	27,4

Source: Ministry of Transport and Communications

70. Therefore, it is necessary to maintain the safety level of railway infrastructure – renovation of the sleepers and ballast in the critical sections (260 km) of the East-West railway corridor. Increase of the throughput capacity in railway districts Riga-Krustpils and Daugavpils-Indra (construction of a second line in the bottleneck districts Riga – Krustpils (52 km), as well as the modernisation of railway junctions in Riga and Daugavpils. It is necessary to install up-to-date micro-processor systems in railway stations in Riga and the Skrīveri-Krustpils district.

71. Main railway problems are:

- Non-compliance of the electric trains to modern comfort requirements of passengers and in particular of passengers with various disabilities; similarly, the operational indicators do not comply to modern public transportation requirements in urban and suburban traffic;
- Wear of energy supply devices in electrified districts;
- Station overload and insufficiency of the throughput capacity of districts, increase of the number of technological interruptions and increase of the time for carrying out repair and reconstruction works;
- Permanent and temporary train speed limits effective in particular sections;

- Wear of railway tracks, constructions and equipment, insufficiency of throughput and transit capacities to ensure the forecasted freight amount;
- Different track gauge for connection with European countries.

Rail Baltica

72. The project aim – linking Baltic countries with other EU states with effective, market requirements meeting system of railway freightage. Until now it was not possible mainly because of different track gauge. In 2006, based on the European Commission order, feasibility study of the Rail Baltica project was carried out, covering the complete route Tallinn – Warsaw in order to determine the potential route of the project, track gauge and other technical parameters, offering several alternatives and potential funding options. Additional detailed study is necessary in order to carry our analysis of all aspects and make a justified decision on further development of the project- construction of European standard railway track (1435 mm) that would connect the Baltic States with Central Europe.
73. Within 2007-2013 programming period implementation of route Rail Baltica so-called 1st stage is envisaged- modernization of train traffic management and signalling system on the existing route where it has not been carried out previously, as well as other improvements to infrastructure which are not applied for co-financing from Trans-European Network (TEN-T) Budget.

Sea Ports

74. In Latvia there are three large ports: Ventspils, Riga, Liepāja, which are components of the TEN-T, and seven small ports: Salacgrīva, Skulte, Lielupe, Engure, Mērsrags, Roja, and Pāvilosta.
75. Baltic States ports work in fierce competition circumstances – both mutually, and by competing with Russia’s ports. General strategy for ports development is defined in the planning document “Transport development guidelines 2007.-2013.”, and general ports policy is formed in the Ports Council, which under the guidance of prime minister operates since 1996, and where common issues for all ports are solved, including also ones related to infrastructure development.
76. The main advantage of Latvian ports is their advantageous geographical location. Comparatively well developed transport infrastructure connects Latvian ports with regions of the Russian Federation and other CIS countries, creating one of the shortest transit corridors between the Eastern and Western markets. The ports of Ventspils and Liepāja are ice-free ports. Also, in the Port of Riga services of icebreakers are used only in extremely cold winters. In addition, it must be noted that the Port of Ventspils is connected to the oil network and products pipelines of Russia. The total freight turnover of Latvian ports in 2005 was 60 million tons (80% of the freights were transit cargoes), but due to policy of Russian federation they are not always competitive particularly to Russia’s domestic ports. Therefore Latvian seaports must be able to adapt to rapid changes in the market and policy, to ensure different cargo handling services in high quality and attraction of new cargoes which in turn demands presence of modern and up-to-date requirements meeting respective infrastructure.
77. Although the total freight turnover in the largest ports of Latvia is growing, in some freight groups there are negative trends related to increased competition between the ports of the Baltic Sea Region. A particular decrease was of cargoes of high value. The slight positive balance can be explained with the increased turnover of bulk cargoes (low value coal) due to insufficient capacity of Russian ports.
78. The ports are not using their full potential; the Port of Riga uses 53% of its capacities, the Port of Liepāja – 60%, but the Port of Ventspils only 33% of its designed capacities.

79. The planning document “Transport development guidelines 2007-2013” envisages: “Commercial cargoes are handled in Skulte, Mērsrags, Salacgrīva and Roja ports. Ports of Engure, Pāvilosta and Lielupe function solely as fishing and yacht harbours, providing merely loading/unloading of the caught fish.” In ports of Pāvilosta, Engure and Lielupe projects for deepening of navigation channels are not implemented, but maintenance of design depth is being carried out in accordance to “port aquatorium passports”, incl. elimination of consequences of a storm (support by EU Solidarity Fund). Thus ERDF funding is planned only in the export ports- Skulte, Mērsrags, Salacgrīva and Roja. Port development directions are laid out in the planning document “Transport development guidelines 2007-2013” and port development programmes are to be worked out by 31.12.2007.
80. The amount of cargoes handled in the small ports is quite insignificant – it comprises only 2% of the total cargo amount trans-shipped in the ports of Latvia, however, they are important elements of economic development in the coastal regions. The small ports are the development base for such coastal industries as fishing, wood processing, peat moss processing, tourism and water sports.
81. In Riga port a significant territory is located close to city centre and residential areas. Therefore Riga city development plan envisages to transfer port activities to areas which have been reserved for port development several years ago, thus distancing them from the historical city centre which is included in the UNESCO World Heritage list under No.852. When elaborating development plan of unreclaimed areas, environmental impact assessment is an integral condition for commencement of the project.

Table 6: Cargo Turnover in the Ports of the Eastern Coast of the Baltic Sea 2001- 2006

	2001	2002	2003	2004	2005	2006	Market share %
Ventspils	37 936,7	28 703,7	27 316,2	27 805,3	29 863,0	29 062, 2	9,7
Riga	14 883,9	18 108,3	21 721,7	23 991,3	24 429,1	25 357, 0	8,4
Liepāja	3 260,4	4 318,1	4 857,4	4 474,1	4 508,4	4 000,7	1,3
Klaipēda	17 236,0	19 739,6	21 192,0	20 246,0	21733, 2	23 547, 4	7,8
Butinge (resumed its operation in March 2002 after the accident)	5 197,8	5 582,5	10 792,2	6 820,1	6126,9	5 888,4	2,0
Primorsk (resumed its operation in December 2001 after the accident)	187,5	12 402,9	17 685,3	44 565,4	57337, 8	65 956, 5	21,9
Tallinn	32 316,2	37 854,8	34 916,1	37 422,1	39527, 8	41 258, 6	13,7
St Petersburg	36 900,3	41 307,3	42 043,8	51 182,1	57481, 8	54 228, 0	18,0
Kaliningrad	5 800,3	9 899,6	12 583,1	13 874,9	14619, 1	15 224, 9	5,1
Gdynia	8 458,0	9 365,0	9 748,0	10 744,6	12230, 7	14 199, 0	4,7
Gdansk	17 812,9	17 371,4	21 293,0	23 314,9	23341, 1	22 406, 5	7,4

Source: Ministry of Transport and Communications

82. Generally in Latvian ports, if comparing freight turnover in 2005 with 2006, results have become slightly worse (-1%), because Russia executes protectionism regarding Russia's seaports.
83. It is expected that one of the determining factors influencing the cargo flow through the Baltic States will be the Baltic Sea Ports Development Programme initiated by Russia, and the transit policy implemented, transferring the export of energy resources to Russia's domestic ports. Such developments urge for a search of opportunities to attract new cargo flows to Latvian ports.
84. The average yearly increase of cargo turnover in Latvia among the ports of Northeast region of the Baltic Sea has been one of the lowest (5%). This indicates that the ports of Latvia have decreased their market share among the ports of the Eastern region of the Baltic Sea.
85. In order to eliminate this, it is necessary to improve the competitiveness of Latvian ports. Facilitation of competitiveness requires measures that would improve the port infrastructure – roads, railway local lines and berths, piers, piers and breakwaters. The capacity of port access roads is close to their maximum and taking into account the forecast increase of cargo amounts (the Study on Goods Flows and Maritime Infrastructure in the Baltic Sea Region published in 2005 by the working group of the European Commission forecasts that before 2020 the total export of the Baltic Sea region countries will increase by 48%, but import by 41%) their throughput capacity will not be sufficient.
86. Significant changes in the operation of the Port of Riga will be caused by the implementation of the Riga City Development Plan for 2006-2018, which foresees a significant reduction of the territory of the port in the vicinity of the historical centre of Riga. Companies currently operating in the territories of Andrejsala and Eksportosta comprise approximately 34% of the total turnover of the port and, therefore, interruption of the work of these companies will negatively impact on the functioning of the companies themselves, but also the development of the Port of Riga in general. Therefore, to avoid lower competitiveness of the Port of Riga due to moving the port operations away from the city centre, it is necessary to develop the so far unused territories of the port in Kundziņsala, Krievu sala and Mangaļsala, there developing the infrastructure required for business: communications, berths, production space, etc. Development of these territories also requires new solutions of the organisation of cargo flows traffic to the port – new motor transport access roads and railway lines should be constructed taking into account that for any activities that may impact *Natura 2000* sites, an environmental impact assessment must be prepared.
87. Navigation infrastructure (wavebreakers, breakwaters, etc.) is outdated, especially the condition of breakwaters in some small ports is unsatisfactory. To ensure navigation safety deepening of navigation channels is necessary. Common hydro-technical constructions in the small ports of Latvia were built in the post-war period and were designed for the needs of fishing vessels.

Table 7: Ferry Traffic in the Ports of Latvia – Passenger Turnover (Incoming and Outgoing) in Ports (Thousands of Passengers)

	Riga	Ventspils	Liepaja
1999	75,15	-	-
2000	60,59	2,68	13,31
2001	156,77	8,37	12,36
2002	156,77	7,40	14,79
2003	278,03	8,03	12,16
2004	229,47	11,18	15,53
2005	195,2	30,62	13,81

2006	246,9	51,68	0,15
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Source: CSB, 2006

88. The Port of Riga is the main passenger port in Latvia with the number of passengers serviced in 2004 reaching 229.4 thousand, however the capacity of passenger servicing at the port have not yet been used to the full – as shown by the data of 2005. Passenger traffic from Riga is inadequate knowing the possibilities of Riga as the metropolis and centre of the Baltic States. If compared to the Port of Tallinn, which in 2004 serviced 679 853 passengers on the route to Sweden, the Port of Riga has serviced only 121 209 passengers; also the number of passengers arriving in cruise liners in Tallinn in 2004 was 205 578, but in the Port of Riga only 41 788 passengers.
89. It is possible to increase the number of passengers significantly by developing the traffic of cruise and passenger ships. Since 1996 there have not been any infrastructure improvements in the port to ensure competitive services for the development of passenger transportation and to attract new lines to other regional ports along with the lines Riga-Stockholm and Riga-Luebeck. The Riga City Council policy defined in the Riga City Development Plan provides „to facilitate development of passenger transportation between Riga and other cities by supporting expansion of the existing passenger pier and by development of new piers on the right coast of River Daugava” and „to maintain and develop the existing passenger sea terminal in Andrejosta to be further used as pier for cruise ships”. Currently the passenger throughput capacity of Riga Passenger Terminal is not sufficient, passenger flow has not been arranged in accordance with the requirements of the Schengen Agreement and the terminal is not able to compete with other ports in the aspect of passenger servicing level.
90. Port of Ventspils currently operates ferry traffic to Estonia, Germany and Sweden. Technical provision of the Port of Ventspils for ferry servicing will be sufficient after implementation of the Cohesion Fund project „Reconstruction of Access Roads to the Terminals of the Port of Ventspils”. One component of this project provides construction of a new ferry terminal complex.
91. The turnover of Ro-Ro freights has increased both in the Port of Riga and Port of Ventspils. Due to market competition and market re-allocation, since October 2005, shipment of Ro-Ro freights in the Port of Liepāja is no longer performed.
92. In order to ensure more effective use of shortest sea routes, with the support of EU funds access of land transport to the ports (railways, motorways) has to be ensured for further development of ferry traffic and other maritime traffic as an alternative to road transport.

Depth Maintenance in Ports

93. The currently insufficient depth of the shipping channel hampers the safe entrance and servicing of heavy tonnage vessels in the Port of Riga (including vessels above 75 000 dwt) and reduces the competitiveness of the Port of Riga. Similarly, navigation safety in the Port of Riga is closely linked not only with ensuring the required depth, but also availability of the remaining ports services infrastructure of good quality and safety, this can be said also about the services of tugboats and the icebreaker. Together with the changing types and sizes of vessels used for transportation of cargoes and the cargo structure, new requirements are also being set for the use capacities of tugboats and the icebreaker (for instance, insufficient capacities).
94. In the Port of Liepāja, it is necessary to perform dredging of the navigation channel to ensure entry to the port of vessels with higher deadweight in any weather conditions allowing more efficient use of the port’s freight loading capacities at the deepwater berths.
95. Maintenance of depth in the Port of Ventspils is ensured by using the equipment available to the Port Authority. Unfortunately, the dredging equipment used by the port is very old

(manufactured in 1979) and it needs replacing with equipment of higher capacities and efficiency. Taking into account the age of the dredging machinery, the Ventspils Free Port Authority has large annual maintenance and repair costs of the machinery. Due to insufficient capacities, it is necessary to attract additional capacities even in standard situations. The annual amount of soil extracted is approximately 1 million m³. There are currently 29 crew members employed on the dredging vessel working in shifts; the number of crew members of a new and modern dredging vessel will be 9 crewmen.

96. The out-dated common hydro-technical constructions make the maintenance of the depth in the small ports problematic.

Hydro-Technical Structures

97. Hydro-technical structures (breakwaters and berths) in the Free Port of Riga are designed for the current depth of the navigation channel. After the planned deepening and widening of the main navigation channel, it will be necessary to perform reconstruction of the mentioned structures.
98. The majority of the hydro-technical structures at the Port of Ventspils were built thirty and more years ago. The breakwaters and wave-breakers are in poor technical condition. There is a strand of berths requiring repairs (26 berths require large-scale repairs). Currently the Port of Ventspils lacks 3 berths for handling of timber products, 2 deepwater berths for handling general cargoes and 1 Ro-Ro type berth.
99. The hydro-technical structures (breakwaters and wave-breakers) of the Port of Liepāja were built at the end of the 19th century. The mentioned hydro-technical structures, except for the Southern Mole, which in 1997 was reconstructed using the funding provided by the Port Authority, are in unsatisfactory technical condition. According to the results of survey carried out by the experts of the technical department of the Authority of Liepāja SEZ in 2005 the Northern and Southern wave-breakers require immediate reconstruction with the total costs amounting to 10 million lats (data provided by the Authority of Liepāja SEZ).
100. Hydro-technical structures of the small ports need reconstruction because they were built in the post-war period for the need of fishing vessels. Fixing of the hydro-technical structures will improve the navigation safety and will facilitate the development of yachting tourism. The ports of Skulte, Salacgrīva, Mērsrags and Roja have become involved in freight shipments of the Baltic Sea, and the ports are used by freight vessels with tonnage up to 5000 T servicing which sets new requirements for common hydro-technical structures of the ports. Authorities of the small ports have prepared the “Harbour Aquatorium Passports”, which contains the assessment of the common hydraulic structures, and recommendations for their improvement. Mathematic modelling in the ports of Skulte, Mērsrags and Salacgrīva has been carried out, confirming the unsatisfactory technical condition of the common hydro-technical structures. In the EU Structural Funds Programming Period for 2004-2006, reconstruction of the breakwaters of the Port of Skulte was carried out, as well as the 1st reconstruction phase of the breakwaters of the Port of Mērsrags. Due to limited availability of EU Structural Funds and the rapid increase of steel prices after joining the EU, the reconstruction of the breakwaters in the Port of Mērsrags is to be carried out in 2 phases. According to the Harbour Aquatorium Passports and the results of mathematic modelling, it is necessary to perform the 2nd reconstruction phase of the hydro-technical structure of Port of Mērsrags and reconstruction of breakwaters in ports of Salacgrīva, Roja, Pāvilosta and Engure.
101. In the result of the destructive storms in recent years, construction of coastal supports in all small ports has become topical. Infrastructure of the small ports is located in direct proximity to the sea, and if the coastal cordon line is not reinforced, full flooding of the territories is possible during storms. A precedent was the consequences of the storm in January 2006 in

Skulte and Salacgrīva. Both ports are preparing projects for the common hydro-technical structures particularly for protection of the coastline.

102. The main problems of the ports are:

- Large proportion of hydro-technical structures in Latvian ports (large and small) is in poor condition;
- The capacity of port access roads is close to their maximum limits and, taking into account the forecasted increase of freight turnover, their throughput capacities will be insufficient;
- The throughput capacity of the Riga Passenger Terminal is not sufficient, passenger flow has not been arranged in accordance with the requirements of the Schengen Agreement and it is not able to compete with other ports in the aspect of passenger servicing level;
- Latvian ports (both large and small ones) have insufficient capacities to ensure depth maintenance measures, which may significantly hamper the development of cargo turnover and the operation of ports.

Airports

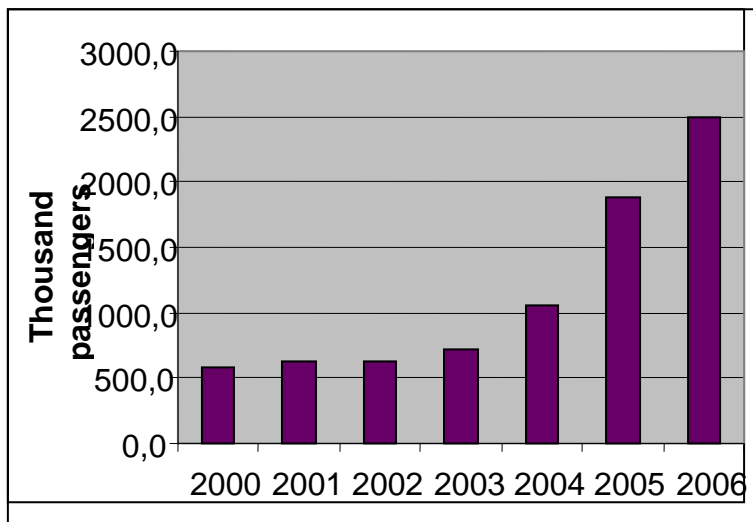
103. The main elements of the air transport infrastructure of Latvia are the State JSC “Starptautiskā lidosta “Rīga”” (Riga International Airport) (hereinafter – Riga Airport), SJSC “Latvijas Gaisa satiksme” (Latvian Air Service) (hereinafter – LGS), Liepāja International Airport and Ventspils Airfield. All of the mentioned airports are elements of the TEN-T.

104. Infrastructure of the company LGS and Riga Airport have been modernised and reconstructed in accordance with the EU requirements. Throughput capacity of Riga Airport is 3.5 million passengers per year. In 2005 the Airport serviced already 1.88 million passengers.

105. In 2006, Riga Airport serviced 2,494 million passengers which is by 33% more than in 2005. Riga International Airport has become one of the fastest growing airports in Europe, the number of its serviced passengers has almost quadruplicated during last four years. Latvia’s air freight market has become more attractive and many new foreign air operators have entered in it, prices of air tickets have significantly reduced, there is significant increase of direct flights to and from Riga, air freight is becoming available to wider scope of inhabitants, therefore input of aviation to Latvian economy becomes more and more significant. Development of Riga Airport is necessary mainly due to rapidly growing passenger volumes.

106. At the same time Tallinn Airport serviced 1,54 million passengers in 2006, what is by 11% more than in 2005 and Vilnius Airport serviced 1,45 million passengers that is 11,3% more than in 2005.

Figure 4: Number of Passengers Serviced in the Airports of Latvia in 2000-2006



Source: Ministry of Transport and Communications

**Table 8: Number of Passengers Serviced in the Airports of Latvia in 2000-2006.
(thousand passengers)**

	2000	2001	2002	2003	2004	2005	2006
Number of passengers departing and arriving	575 731	624 186	635 149	715 353	1 063 03 8	1 877 46 0	2 497 581

Source: Ministry of Transport and Communications

107. With the increasing flow of passengers and air crafts, the issue of construction of the Southern terminal and additional air craft gates has become a current issue for the development of Riga Airport, as well as ensuring development of air traffic control infrastructure.
108. Due to the increasing number of passengers and cargo amounts, there is a need to handle air crafts with larger passenger and cargo carrying capacities, which is not possible yet, because of the fact that the existing runway is not sufficiently long. Extension of the exiting runway by 650 m is the priority for air transport and State military development. Implementation of this project will be started in 2007 by attracting financing from the Cohesion Fund. The project is expected to be completed in 2008.
109. In order to ensure the planned flow of passengers and air crafts, by 2012 it is planned to implement construction of the 2nd runway.
110. The main priority of the Ministry of Transport in the further years in the aviation field, by maintaining constant high level of quality in servicing of passengers and freights and safety of flights, in essence will be construction of new Riga International Airport, which in future could be able to serve up to 30 million passengers per year. This will be significant input for Latvia's development as important international business and tourism centre. In order to find economically and technically most favourable solution for Riga Airport development, and set concrete airport development phases, currently general plan for Airport development is being elaborated.
111. 99% of all flights are performed from Riga Airport. However municipalities of Liepāja and Ventspils, as part of the regional development plans, have been allocated funding for the construction of airport terminals, increasing prospects for development of the airports. Moreover, in Liepāja Airport, runway surface repair and marking renovation works have been performed, as well as renovation of lighting system and other works. In Ventspils, fencing of the airfield perimeter has been constructed, as has a fire reservoir and air craft fuel filling station, and other works have been completed. In co-operation with the Ministry of Defence, an airfield approach radio locator has been installed. For complete development of these airports, renovation of runways, replacement of lighting systems and installation of an instrumental landing system is required. Development of the regional airports will facilitate the development of the whole region and will improve the tourism development opportunities in the respective region. In summer of 2005, regular flights on the route Riga – Liepāja, but in 2007 regular flights Liepāja-Hamburg and Liepāja-Copenhagen were opened.
112. Liepāja and Ventspils airports also have a significant role in organising search and rescue operations, ensuring coast guard functions, monitoring of sea territories in the interests of environmental protection. Therefore in 2006, by attracting funding of the Cohesion Fund, a study of the development concept of regional airports of the Kurzeme region was initiated that will define the most topical development issues of the regional airports, and within which in 2007 analogical study will be done of the development possibilities of Daugavpils aerodrome.
113. In the Latgale Region, to facilitate regional development, the decision about the revival of the Daugavpils aerodrome has been taken.

114. The main problems regarding the airports are:
- The continuing rapid increase of the number of passengers at Riga Airport, the capacities of the existing infrastructure (terminals, runway, air control tower and equipment) may become insufficient and their technical solutions may become out-dated;
 - Underdeveloped infrastructure of the regional airports hampers the use of their potential the facilitation of tourism and the increased number of tourists in the regions of Latvia.

Combined Transport and Logistics Terminals

115. In the development of Latvia as a transit State, a great role is played by transit transport. Nowadays improvement of the transport competitiveness has an essential role. It can be achieved by introducing new logistics technologies. By offering wider logistics services, there are also possibilities that the added value related to transit will increase. By planning the infrastructure of motorways, railways and ports, it is important to realise and duly plan the junctions of such infrastructures. Even more attention shall be paid to development of new logistics centres with the participation of the public sector. Logistics centres or parks have nowadays become an integral part in the planning of an efficient transport system, ensuring the most advantageous co-ordinated use of the types of transport, and provides a range of logistics services, thus improving the competitiveness of the State, increases the added value and facilitates employment. In fact, a logistics centre is an environment where more and more new services develop and it obtains the infrastructure status of national importance. The State and municipalities are interested in creating new jobs and the improvement of competitiveness. Therefore, they are also responsible for the development of respective infrastructure. They possess different financial and non-financial tools. The State and municipalities have opportunities to become involved in such projects by preparing the public part of such infrastructure, as well as by facilitating project implementation by reducing administrative obstacles. The most suitable areas for logistics centres in Latvia are in the largest sea ports of Latvia: Riga, Ventspils and Liepāja, as well as in the major junctions of the TEN-T motorway and railway network and in the vicinity of the largest stations.

1.2. Environment and Environmental Infrastructure

Infrastructure and Water Management Services

116. Despite the large resources of surface water and possibility to provide the entire territory of Latvia with drinking water from groundwater resources, only 46% of residents of Latvia are provided with high-quality drinking water. Accessibility of infrastructure of centralized water supply differs in cities. Services of centralized water supply are accessible to 80% of residents, living in the cities where number of residents is from 10 000 to 100 000 but to 66% of residents, living in the towns where number of residents is smaller than 10,000. These services are accessible to 95% of residents of Riga and to 80% of residents of Daugavpils. 64% (75.4% in 2009) of residents of Latvia, living in towns where number of residents is bigger than 2,000, and 0.8% (8% in 2009) of residents, living in populated areas where number of residents is smaller than 2,000, are provided with drinking water prepared in accordance with the legislative requirements.
117. Due to poor technical condition of water supply networks the quality of water received by consumers reduces. In accordance with the monitoring data of the Public Health Agency as to 2005 quality of the drinking water supplied to consumers did not comply with the standard in terms of chemical indicators in 72.63% of cases on average, and in terms of biological indicators – in 3.4% of cases. Comparing quality of the drinking water in water mains with different volume of water supply, it has been found out that non-compliance in water mains with water supply volume of up to 100 m³/24 h is greater than the average non-compliance in the state in terms of both chemical and microbiological indicators, but smaller in water mains with water supply volume of over 100,000 m³/24 h. Due to leaks approximately one third of the water obtained is lost in water supply networks. Amount of leaks in the water supply networks of the EU countries are different, for example, it is approximately 15 % in Italy, 30% in France and 33% in Czech Republic.
118. Residents that do not have access to services of the centralized water supply system make use of groundwater from shallow wells, which, in general, are poorly protected from pollution. In urban environment water supply should be provided only from the system of centralized water supply.
119. Priority of the water supply is to provide consumers with high-quality drinking water:
- Providing residents of all the populated areas with high-quality drinking water in accordance with the requirements of the EU Directive 98/83/EC and Cabinet Regulation of 29 April 2003 No. 235 “Mandatory Harmlessness and Quality Requirements for Drinking Water, and the Procedures for Monitoring and Control thereof”;
 - Providing services of the centralized water supply to at least 95% of residents of the populated area, where it is economically and technically reasonable;
 - Using resources rationally, promoting economizing measures of water and electric power and introduction of appropriate technology, as well as ensuring accounting of all the water obtained, prepared and consumed.
120. The total quantity of waste water produced in 1998⁴ was 307 78 million m³, whereas the figure for 2003 is 220 02 million m³, in 2004 – 211,10 million m³. The largest waste water producers are urban wastewater collection systems, which produced 50,3% of the total quantity of waste water in 2004; 24.8% of the total quantity of waste water was produced by industry, but 16,9% by agriculture and fisheries.

⁴ Data from the Latvian Environment, Geology and Meteorology Agency .

121. Despite the fact that proportion of the waste water treated to the total amount of waste water collected has increased, considerable part of the produced public waste water is not being collected and treated, especially in the small populated areas. Accessibility of services of centralized sewerage differs in cities. Services of centralized sewerage are accessible to approximately 74% of residents living in the cities where number of residents is from 10,000 to 100,000 but to 60% of residents, living in the towns where number of residents is smaller than 10,000. These services are accessible to approximately 80% of residents of Riga and Daugavpils. Full compliance with the Directive “On Urban Waste Water Treatment” in respect of waste water treatment is provided to 9% of residents of Latvia, including 12% (70% in 2007) of residents, living in towns where number of residents is bigger than 2,000, and 0.3% (6.3% in 2007) of residents, living in populated areas where number of residents is smaller than 2,000. Only slightly more than 10% out of 1100 waste water treatment plants, from which information was gathered, use technology that complies with the requirements of the environmental protection.
122. Priority of the waste water sector is to reduce pollution diverted to the environment, which can be achieved by:
- Ensuring that normative waste water treatment is carried out in accordance with the requirements of the EU Directive 91/271/EEC and Cabinet Regulation of 22 January 2002 No. 34 “On Emissions of Pollutants into the Aquatic Environment”;
 - Providing accessibility of the centralized sewerage services to at least 95% of residents living in agglomeration territory, where it is economically and technically reasonable;
 - Ensuring that waste water is collected from the properties not connected to the centralized network and conveyed to treatment plants for further treatment;
 - Establishing high-quality systems of waste water collection and treatment and corresponding systems of sludge storage, providing operation of these systems so that groundwater is not polluted;
 - Considering rational use of electric power resources, using modern equipment suitable for flows and promoting separation of public and rainwater sewerage system;
 - Applying principle “polluter pays”, establishing pre-treatment of industrial pollution in the companies and setting payment according to the amount of pollution diverted.
123. Basic problems of water management systems are:
- Quality of the drinking water is non-compliant with the requirements of laws and regulations;
 - Low level and quality of provision of the centralized water supply;
 - Reduced quality of drinking water within distribution system;
 - Insufficient and ineffective waste water treatment and flow of untreated waste water to the environment;
 - Insufficient accessibility of services of centralized sewerage,
 - Poor technical condition of sewerage systems.

Waste Management

124. Improvements have been made to the waste management system and in the public's understanding of the need to reduce waste however; there is an increase in the volume of waste generated each year. Latvia generates an average of 360kg of waste per person each year, and 50-60% of generated waste is collected. There has been an increase in the amount of municipal solid waste, due to the increased consumption of goods and services. Approximately 1 137 million tonnes of municipal solid waste were generated in 2004, of which only 0.279 million tonnes, or approximately 24%, were recycled.

125. Statistics show that approximately 27 000 tonnes of hazardous waste were generated by enterprises in 2004; the forecasted volume of hazardous waste is close to 28 000 tonnes per year up until 2024, including municipal hazardous waste.

Table 9: Amount of Municipal Solid Waste and Hazardous Waste Produced in Latvia from 2001 to 2004

Indicators	2001	2002	2003	2004
Amount of municipal solid waste produced, t	1 103 460	987 160	1 056 470	1 136 739
Amount of hazardous waste produced, t	82 130	72 260	25 770	27 487

Source: Latvian Environment, Geology and Meteorology Agency, 2005

126. The manufacturing industry generates a significant volume of municipal solid and hazardous waste. The highest municipal solid waste indicators are in the food, drinks and tobacco production industries, which generated approximately 24% of all waste collected in 2004, whereas timber producers generated approximately 17%, the agriculture, hunting and forestry sector also generated approximately 17%, and producers of non-metal mineral products generated approximately 13% of all waste collected. More than half of all hazardous waste, (approximately 62%), was generated by the metal and metal products manufacturing industry. The amount of hazardous waste generated by transport, as a proportion of the entire waste flow, was approximately 12%, whereas for the vehicle manufacturing industry this figure was approximately 8%.
127. Four municipal solid waste landfills have been built in the Riga, North Vidzeme, Ventspils and Liepāja waste management regions by 2005. This means that approximately 57% of the population of Latvia can now dispose their municipal solid waste in landfills that meet environmental standards (there will be a total of nine landfills by 2009 – Eastern Latgale, Southern Latgale, Maliena, Piejūra, Zemgale and Mid-Daugava, in addition to the four referred to above – accessible to 94% of the population). The collection of bio-gas generated at the "Getliņi" and "Šķēde" landfills has already begun, and will be used to generate electricity.
128. One of the main problems regarding waste management is the large number of small municipal solid waste dumps and their negative impact on the environment. More than 500 waste dumps were identified throughout the territory of Latvia during the development of the "Municipal solid waste management strategy for Latvia" (programme 500-). During the period from 1998 to 2004 inclusive, 176 dumps were remediated, i.e. 33% of all waste dumps (by 2009 a further 196 dumps will be remediated with financing from the Cohesion Fund, and 50 dumps will be remediated with financing from the ERDF). Despite the remediation measures that have been, or are to be, carried out, approximately 20% of the initially identified waste dumps that do not meet environmental standards will continue to pollute the environment. According to the State Waste Management Plan, municipal solid waste dumpsites have to be remediated by 2012. Responsibility for the remediation of these dumpsites lies with the municipalities that have generated the pollution or in which territory the dumpsite is located.
129. Sorted waste collection has been carried out in Latvia for several years already, and amount of recycled raw materials, which have been collected, keeps increasing every year. With the help of allowance of natural resources tax voluntary management of the used packaging is promoted in the state. Sorted waste collection mostly involves sorting of glass, paper and plastic.

Table 10: Amount of Separate Waste Collected In Latvia (t)

	2002	2003	2004
Glass	321,68	1196,2	19706,15
Paper, cardboard	12501,98	26367,27	25464,44
Plastic	985,62	1759,30	9179,77

Source: Latvian Environment, Geology and Meteorology Agency, 2005

130. However, large amount of materials, which could be recycled, is conveyed to the dumpsites. Besides, environmental load of waste, which is recyclable raw materials actually, is created and thus environmental pollution is caused.
131. Given that one hazardous waste landfill and one waste incineration plant are to be established for the disposal of hazardous waste, a sustainable hazardous waste management system can only be ensured by establishing a hazardous waste management support infrastructure throughout the territory of Latvia.
132. Priorities of the waste management:
- To provide collection of municipal solid waste from all the residents of cities and at least 80% of rural residents and other waste producers, preventing negative impact on the environment created by waste, which has been dumped illegally;
 - To set up 10 to 12 waste management systems with waste treatment landfills and ensure that dumpsites non-compliant with the requirements of the landfill are closed by 2009;
 - To recover all the closed dumpsites by 2012, reducing negative impact on environment created by the waste;
 - To set support infrastructure of hazardous waste management;
 - To create system of sorted waste collection;
 - To promote recycling of waste and packaging.
133. Basic problems of waste management system are:
- inadequate access to waste management services,
 - the large number of municipal solid waste dumps and their negative impact on the environment,
 - a lack of environmentally safe waste management infrastructure, including municipal solid waste landfills,
 - the flow of municipal solid and hazardous wastes is not fully separated,
 - underdeveloped separate waste collection,
 - limited opportunities for reuse and recycling of waste.

Nature protection – biological diversity and specially protected nature territories

134. In accordance with the term defined in the “Convention on Biological Diversity”, biological diversity means the variability among living organisms on the Earth including, inter alia, variability of flora and fauna, their genes and ecosystems. Diversity of species can be ensured in situ, i.e. in their natural habitats and ex situ, i.e. in collections and gene banks. The most attention of the Ministry of Environment used to be given to the protection of species in their natural habitats. It is also required by the EU Directives. However, conservation of biological diversity in collections is important as well. Especially facilitated flora and fauna collections in zoological and botanical gardens are effective means of educating and informing society as well. Thus the same attention should be paid both to protecting species and habitats of the EU importance in specially protected nature territories Natura 2000 and to preserving collections of species and educating society in the field of conservation of the biological diversity during the period from 2007 to 2013.

135. In order to protect nature values in Natura 2000 areas, at the same time making these areas available for development of tourism, corresponding infrastructure is required. Setting infrastructure (trails, footbridges, view towers, signs and parking places) is especially topical in areas where flow of visitors is or is expected to be large. These are 16 specially protected coastal areas, 3 national parks, 8 protected landscape areas, as well as most of the large natural park and part of nature reserve inland of the state. With the aid of the ERDF, 84 km of paths will be established and around 10 km of paths will be reconstructed by 2009; in addition, signs and information boards will be erected on 9 routes, nine visitors' and information centres will be established, as well as 40 rest places, three viewing towers and five bird and animal viewing sites and platforms, five car parks and parking areas with a total area of approximately 5000 m² and around 5 km of access roads, as well as other measures to upgrade the infrastructure and visitor information.
136. Diverting flow of tourists from sensitive areas to sites of the specially protected nature territories with larger environmental capacity requires additional facilities – at least 160 km of trails and footbridges, 30 view towers and established view sites, more than 1,000 notes and information signs, more than 120 information boards, as well as parking places established in a simple way with total area of more than 6,000 m² and other types of infrastructure, which could lessen the negative impact of tourists on specially protected nature territories, including not creating new environmental problems, for instance, in the field of waste.
137. Uncontrolled tourism can be observed in several specially protected nature territories, which leave an impact on the natural structures of ecosystems and can destroy fragile habitats, thus endangering its values of nature and landscape, which protection was the reason for establishment of the specially protected nature territories. Currently the resting grounds and tent places which are located in the specially protected nature territories or not far from them are insufficiently improved. Topical question is to make places for water-tourists to settle in the most popular tourism routes. Insufficient number of notes, road signs, information signs. Latvia has only one trail in Gauja National Park which is 1.5 km long which would be convenient for persons with different forms of disability.
138. Due to increase of people's mobility, several specially protected nature territories, which previously were not often visited because of their location, become very popular tourism routes. The most part of specially protected nature areas are not convenient for visits, due to insufficient infrastructure. The low quality of the roads leaves a negative impact on the development of ecotourism in the specially protected nature territories. Paved roads are needed in many popular tourism routes. There is lack of trekking path and road network that would be convenient for cyclists and pedestrians, which would allow to cross the biggest specially protected nature territories.
139. Issues regarding biological diversity are defined as priorities in the National Environmental Policy Plan (2004), which is a national strategy's document in the sphere of environmental protection in Latvia. Biological diversity in Latvia and issues related to it are described in the said document, as well an objective is set "to preserve the current level of biological diversity in Latvia" and optimal solutions are proposed.
140. National Tourism Development Programme of Latvia for 2001–2010 (2001) envisages the provision of the use of tourism resources (int.al. landscapes and biological diversities) and establishment of unified Concept Paper on Tourism Products that would include also ecotourism.
141. Priorities for the preservation of biological diversity:
- Establishment of infrastructure for specially protected nature territories, which would secure the preservation of nature's values, through creation of tourism trails, footbridge, view towers and platforms.

- Reduction of the negative impact of tourism in the specially protected nature territories, setting parking lots, public conveniences, waste receptacles, resting places.
- Construction of infrastructure that is necessary for the education and awareness of the specially protected nature territories visitors and local residents through establishment of education and information centres for visitors and placing information signs and notes.
- Preservation of biological diversity ex situ in the collections of national significance, in order to ensure conservation of endangered species, ensuring species survival and possible reintroduction in future.

142. The main problems in the infrastructure's development of the preservation of biological diversity are the following:

- Poorly developed infrastructure of ecotourism (trails, footbridges, view towers, resting places and roads that are specially set),
- The insufficient number of information signs, notes and tourist information centres,
- Undeveloped infrastructure to visit specially protected nature territories and collections of flora and fauna for persons with different types of disability.
- Inappropriate conditions for the plant and animal collections (ex situ) of national significance.

Historically Polluted Areas

143. Local authorities, in cooperation with the regional environmental boards of the State Environmental Service, have been gathering information and registering polluted and potentially polluted sites within their administrative territory, in order to obtain information on sites that do not comply with environmental standards and which are, or may be, a threat to human health or the environment, and to determine the priorities for environmental remediation and the investigation of potentially polluted sites. The register of polluted and potentially polluted sites, which is accessible to the public on the Latvian Environmental, Geology and Meteorology Agency's web-site, contained 3528 registered sites as at 1 December 2005, of which 217 are classified as category one polluted sites, but 2639 as category two potentially polluted sites. Polluted sites are included in the register irrespective of possibility to apply the polluter pays principle, e.g. remediation of municipal solid waste dumpsites that is under the responsibility of municipalities or the pollution left by former USSR industrial enterprises where the polluter does not exist anymore and polluter pays principle can not be applied. The most polluted sites include the sulphuric acid goudron ponds around Inčukalns, the former Rumbula airports, the areas around Mīlgrāvis and Sarkandaugava, the Olaine toxic waste dump, Jelgava liquid hazardous waste dumpsite "Kosmos" and Liepaja Karosta canal. The soil pollution in these areas filters into the underground and surface water and poses a threat to human health.

Table 11: Types of polluted and potentially polluted sites (origin) and number

No	Name of economic activities, which caused the contamination of inherited sites	Type and number of object	
		CS (PV)	PCS (PPV)
1.	Gas station (retail of fuel)	49	404
2.	Waste and sewerage management	42	302
3.	Oil depot, transshipment point for oil products, solid, wholesale of liquid fuels and similar products	35	164
4.	Steam and hot water production and supply	8	91
5.	Manufacturing of oil refining products	9	0
6.	Activities related to production of agricultural products	5	452
7.	Activities related to manufacturing of chemical and pharmaceutical products	4	6

8.	Activities related to implementation of military functions	1	3
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Source: Latvian Environment, Geology and Meteorology Agency, 2005

144. Restrictions are put into place once a polluted site has been included on the register, taking into account the level of danger of the polluting substances, the potential effect on people living in surrounding areas, the environmental quality of these areas and whether remediation measures have to be taken. Remediation of these sites is necessary in order to fulfil the requirements set in EU and national legal acts for groundwater and soil quality. The remediation measures would widen the possibilities for usage of these territories for commercial and other needs.
145. Priorities for the remediation of polluted sites:
- The remediation of inherited polluted sites that are most endangering, where the principle „polluter pays”, cannot be applied, comprising the liquidation of the contamination source, remediation of the polluted area and utilization of the contamination that was removed in the process of remediation,
 - Elimination of environmental contamination risk.
146. Problems of remediation of polluted areas:
- A substantial number of inherited polluted sites and limited possibilities of their use,
 - Uncontrolled spread of contamination, int.al ground and surface waters,
 - Risk to human health,
 - Limitations for the development of polluted areas.

Reduction of Environmental Risks

147. There are areas in Latvia where the environmental risk is high. These territories include river and lake flood-lands that periodically are flooded in the spate, floods and tides of the sea, the use of which to carry out defined objectives is hindered, as well areas which are protected against floods through dam or from which the outlet of surface water is drained via mechanical water-lifting devices (polders). Areas of national importance having high risk of being flooded are: Liepāja lake and Bārta lower reaches, areas of Lielupe and Babīte lake, Daugava lower reach, lower reach of river Ogre and engineering protection of reservoirs of Riga hydroelectric power station, reservoirs of Ķegums and Pļaviņas hydroelectric power stations, Daugava middle reaches, Daugava upper reaches and Dviete areas, areas of Lubāna lowland. Gauja low reach.
148. Residents who live in the Baltic Sea costal areas and the areas as such have environmental risk. More than 1 million residents of Latvia – slightly more than a half of the population of Latvia, live in a 5-10km-wide line along the shore of open Baltic Sea and bay of Rīga. For the last 20-30 years, like in all Europe and the world, there is an increase in the power of devastating autumn and winter storms, thus water masses caused by wind tides on the sea shore increase. At the same time winters become warmer – without ground frost and coastal ices in the shallow water zone of the sea. It all results in the erosion of primary coast. Approximately 62% of the Latvian sea coastline which is 495 km long (27% from the total length of Latvia’s borderline) is defined as an area with high risk of erosion. Most vulnerable to erosion are the low sand coasts with dunes (The coast of Baltic Sea from Pape to Jūrmalciems and around the Latvia furthestmostpoint of the Western coast).
149. Priorities to eliminate risks of possible accidents:
- Measures, to eliminate the threats of floods due to construction of Pļaviņas hydroelectric power station and establishment of its reservoir,

- Measures to limit the impact of erosion of the sea and river coasts on the security of residents and surrounding environment.

150. Main problems:

- The lack of general assessment of the situation relating to environmental and technological risks,
- Only part of the most dangerous objects, which have captured the attention of municipalities, public organizations, residents and enterprises, are identified.

1.3. Energy Sector

151. The basic task of the energy is to provide electricity, gas and heat in a certain quality and required amount to national economy and households, at the same time providing the continuity of supply and security, lucidity of energy tariffs and gradualness of their change, positive impact on the environment. In order to reduce the impact on the environment in Latvia due to use of energy resources, the efficient use of energy has to be strongly promoted. The energy consumption in Latvia against the gross domestic product accounts for 728 kg of oil equivalent per GDP defined in the amount of 1000 EUR⁵ in 2003. It is much higher than an average indicator of the EU - 209 kg of oil equivalent per GDP defined in the amount of 1000 EUR.
152. There are three large hydroelectric power stations on river Daugava. In case of dam break substantial damage to individual and legal entity property and environment might occur, as well as significant risks to human life and health.

Renewable Energy Sources

153. One of the biggest issues of the energy of Latvia is a heavy dependence from imported fuel – natural gas. Natural gas has only one supplier – Russia, and it is expected that there would be no changes in this situation for the next 10-15 years. In order to avoid political and economical risks that are related to the use of natural gas, diversification of the available types of fuel is needed, as well promotion of the use of renewable and local (peat) energy resources and it has to be connected with the use of those resources in the production of electricity and development of cogeneration technologies..
154. The import of energy resources: natural gas 31.2%, heavy fuel oil 1.9%, other oil products 26.6%, coal 1.3% provided 64.9% of the total energy consumption of Latvia in 2004. From local energy resources, which are mainly renewable, wood (firewood, remnants of wood-processing, woodchips) are mostly used, accounting for 29.4% of the total energy consumption. The proportion of produced electricity in the Latvian hydroelectric power stations and wind power stations accounted for 5.7% in the total energy consumption.
155. The main obstacle for more intense use of renewable energy resources are the high tariffs for green energy, in comparison with the energy which has been generated from traditional resources (mainly from fossil fuel). Therefore consumers have to pay more for such energy and that does not promote the use of renewable resources. An additional financial support of investments in businesses, which produce or are planning to produce energy from renewable and local energy resources, is needed for heavier use of renewable energy resources. The support of EU has to be envisaged for this objective. Issues regarding the use of renewable resources in the production of energy will be solved next, reaching the indicative objective of 49.3% of the total electricity consumption in 2010. The amount of electricity in Latvia, which is produced from renewable resources is 43.9% of the total electricity consumption.

Heat Supply

156. Heat is a very important part of the energy industry, taking into account the climate of Latvia. Approximately 70% from the required amount of heat to consumers is produced in the centralized heat supply systems. The other heat is produced in the local heat sources. But 75% from the consumers of centralized heat supply are households.
157. The biggest problem of many Latvian centralized heat supply enterprises is the poor technical condition and low energy efficiency. The cause of this problem is prolonged capital return cycle and the large amount of required investments in the heat production industry. Therefore

⁵ According to tariffs of 1995.

inefficient equipment is used in many enterprises, which causes heavier fuel consumption and air pollution, as well fails to provide heat supply in the required quality. The average fuel consumption rate (the efficiency of heat sources) is 70%, in comparison with the best indicator (best practice) – 92%. The loss of heat in the networks on average in Latvia is 22%, in comparison with the best indicator in practice – 12%. The loss of heat in buildings and transmission systems can be maximally reduced, process of energy production can be optimized, fuel can be saved and thus noxious emissions minimized int.al. greenhouse effect gases, in the atmosphere through complex restoration of system.

158. Though many new, up-to-date heat sources with high energy efficiency have been constructed in Latvia, in the major part of heat sources, where the obsolete technologies are still used, fuel and other raw materials are unwisely consumed. In many cases the heat distribution systems do not comply with the latest technology standards, as they are outworn (35-45 year exploitation time) and the loss of heat is comparatively high in them (up to 20-25% and more of the heat transmitted to heat networks), which is twice as big than in up-to-date heating mains. And the buildings which use the heat are mainly built in the period of former USSR. A great loss of heat is characteristic to such buildings, as well poor technical condition of interior heating and hot water systems.
159. Improvement of consumer systems, which is promoted by the EU requirements on the improvement of buildings' energy efficiency, have great potential to reduce heat consumption and thus also the fuel consumption and improve the environment. Till now the work in this direction is insufficiently expanded and covers a part of housing fund only with the introduction of measurement equipment to measure consumption and installation of up-to-date heat substations in buildings, which allows to regulate consumption electronically, at the same time providing necessary comfort to residents. Thus, improvement of two factors – energy efficiency of heat and the usage of renewable energy resources, should be promoted simultaneously with the complex renovation of system.

Introduction of Cogeneration in the Production of Heat and Electricity

160. Introduction of cogeneration has great value in the production of heat, which reduce the consumption of fuel for the production of heat by 30-40%, at the same time improving the environment. Cogeneration has to be introduced not only in heat sources, where the natural gas is being used as a fuel, but also in the use of other types of fuel, including wood biomass, biogas etc. A great importance is to choose the right power of cogeneration block to secure high efficiency cogeneration with great number of operating hours of the cogeneration block. Unfortunately, some new cogeneration stations in Latvia do not comply with those requirements. Till the 2004 37 boiler-houses were equipped with cogeneration blocks in Latvia, int.al. both centralized heat supply enterprises and local consumers.

Reduction of technogenic risks in Daugava hydroelectric plants

161. Analysis of emergency situations (dam break) in Pļaviņu HEP demonstrates that Ķeguma and Rīgas HEP dams would consequently broke. Directly endangered population counts up to 109 thousands. In order to reduce this threat, dam safety improvement construction works should be done.
162. Taking into account estimated risks and their reduction possibilities it is inferred that, in case of dam break, established spillway would reduce the number of casualties 80 times (from 645 to 8). Furthermore, dam break risk would be significantly reduced. Assessment of dam break risk indicates that it would cause damage worth 1360 million EUR to the environment, require 212 million EUR for dam renewal works and cause 400 million EUR losses for non-produced energy. Thus, Pļaviņu HEP dam break would cause damage that amounts up to 1972 million EUR.
163. Main problems in the sphere of energy:

- Fuel and other raw materials are unwisely consumed in a great number of heat sources, where obsolete technologies are still used,
- Heat distribution systems do not comply with the latest technology standards and there is a comparatively high loss of heat,
- Unsafe dam protection systems in Daugavas HEPs, which in case of dam break could cause irreversible consequences to the environment and population.

1.4. Development of an Information Society

164. During the current development phase of society that is described as information society a substantial rise in economic growth and competitiveness can be achieved only on the base of a wide use of information and communication technologies (ICT) in public management, entrepreneurship, especially in small and medium-sized enterprises (SME), and households. Opportunities provided by ICT should be used effectively in innovations, development of science and research, education, employment, health care, social security, culture, tourism and other fields. Use of ICT makes work, training, knowledge and services more accessible, offers various opportunities for spending spare time and providing residents an opportunity to participate in the decision-making process of Public Administration more actively.
165. The annual turnover of the ICT sector in Latvia amounts to 6% of GDP (the ICT sector of the EU amounts to 8% of GDP on average and constitutes 25% of its increase)⁶.

Applications of ICT and Internet

166. A significant indicator of the development of information society is the number of Internet users, which characterises access of residents to information and services of Public Administration, as well as to the development level of electronic services (hereinafter – e-services).
167. During recent years the level of Internet access has increased rapidly in Riga and other largest cities of Latvia, however, its level in the country in general is not high enough to ensure successful development of an information society. In 2004 26% of households had a computer but only 15% of households had an Internet connection⁷ (12% – in Lithuania, 31% – in Estonia and 43% on average – in the EU25)⁸. In 2004 54% of residents used a computer but the Internet was used by 44% of residents. 36% of residents use computers regularly (at least once a week), but the Internet is used only by 27% of residents⁹. With regard to place of residence, computers are used regularly by 54.7% of residents living in Riga and its district, 33.4% of residents living in frontier parishes and 31.9% of residents living in parishes located a longer distance away from Riga (a small town or parish 150 km away from Riga)¹⁰.

Table 12: Internet Use in Cities and Rural Areas

Place of Internet use	At home or at work
In Riga and other cities of Latvia	29% of number of urban residents or 84% of the total number of users
In rural areas	11% of number of rural residents or 16% of the total number of users

Source: Latvian Internet Association, 2005

168. In order to access the Internet, a computer, as well as a mobile phone is used most frequently. In 2005 Internet was accessible in almost all public libraries (objective for 2006 is 100%), as well as in the majority of municipal institutions (98.3% in 2004). Commercial Internet access points are available in district centres.
169. A small number of Internet and computer users is affected by the small number of computers in households. There are several reasons why people do not use ICT – they have no

⁶ Central Statistical Bureau, 2004.

⁷ Statistical Yearbook of Latvia, Central Statistical Bureau, 2005.

⁸ Eurostat, 2004.

⁹ Statistical Yearbook of Latvia, Central Statistical Bureau, 2005.

¹⁰ “Problems of Small and Medium Enterprises and Groups of Residents when Receiving and Using Public Administration and E-commerce Services”, residents’ survey, Secretariat of the Minister on Special Assignments Minister for Electronic Government Affairs 2006.

opportunity (63%) or they cannot afford it (24%), they do not need it (58%), have no interest about it (23%) or they lack skills necessary for it (28%). In comparison to the large cities, Internet use in regions is significantly less (60%:15%)¹¹. The most common place where the computer is used is at home or at work. A larger proportion of computer and Internet users are young people, people with higher education and economically active people. Distribution of Internet use is also impeded by the high cost of the service compared to the purchasing power of residents, as well as insufficient knowledge of foreign languages, especially English¹². Together with the problem of accessibility, also a lack of skills in work with computers (50%), as well as inaccessibility of computers (43%) is mentioned as a serious obstacle to Internet and computer use among socially active residents.

170. In 2004 57.2% of companies used computers, but the number of companies using Internet was smaller – 43.2%. However, these numbers are significantly larger in the group of economically active companies having at least 10 employees: the proportion of companies using computers and Internet is 93.9% and 74.1% respectively, but every third company has its own home page on the Internet¹³. According to the research of 2005¹⁴, the majority of large companies use computers in administration and production, while SME use computers and Internet more rarely, besides, more than 50% of mini companies and 80% of micro companies do not use computers at all. Lack of finances, specialists and needs are given as the main reasons for this. Analysing the situation in SME it was found out that 22.7% of entrepreneurs in Zemgale and 24.7% in Latgale admit that the number of computers used in their companies are not sufficient (18.1% of entrepreneurs in Vidzeme, 8.8% – in Kurzeme and 5.1% – in Riga)¹⁵. Although the Internet connection provided in SME is approximately 94%, places of work fully equipped with Internet are only in 74% of SME in Vidzeme and 78 % of SME in Zemgale (81% – in Latgale, 87% – in Kurzeme, and 91% – in Riga). Lack of finances, specialists and needs, as well as insufficient speed of the connection available, are given as the main reasons for this.
171. Internet and electronic databases are used insufficiently in the work of and cooperation among Public Administration institutions. As a result, individuals wanting to receive services of the administration either have to wait until an institution obtains information from other institution or have to gain information from the institution themselves. This process inconveniences receipt of services and increases the number of bureaucratic procedures, as well as extends the period, in which a person can receive the required services of Public Administration.

E-Government Services

172. Electronic government (hereinafter e-government) is an approach to the implementation of public administration that is based on the use of activity principles characteristic to ICT possibilities and e-Business, ensuring the improvement of quality and efficiency of public services, as well as encouraging the participation of society in Public Administration.
173. Use of ICT to provide and receive public services in Latvia in comparison to other EU countries is developing rather slowly. Extensive “paper communication” still takes place

¹¹ Study “Development of Information Society”, Bureau of Information Society, March 2004.

¹² According to the Study “Problems of SME and Groups of Residents when Gaining Access to Public Administration and E-commerce Services”, Secretariat of the Minister on Special Assignment for Electronic Government Affairs, January 2006, knowledge of English affects Internet use significantly. Average proportion of Internet users was only 31% of respondents, while proportion of Internet users with good knowledge of English was 84. People having knowledge of Russian also use Internet more frequently.

¹³ Statistical Yearbook of Latvia, Central Statistical Bureau, 2005.

¹⁴ Study of the EQUAL “On Use of ICT in Companies”, Latvian Information Technology and Telecommunications Association (LIKTA), 2005.

¹⁵ “Problems of Small and Medium-Sized Enterprises and Groups of Residents when Receiving and Using Public Administration and E-commerce Services”, survey of the SME, Secretariat of the Minister on Special Assignments for Electronic Government Affairs, 2006.

among institutions since proper and secure computer systems have not been developed for the exchange of information. Currently the interconnection between information systems is established within the framework of bilateral agreements: holders of the State information system agree on the data exchange format and the interface of each separate system. Situations appear when different solutions for data exchange exist. Within the framework of the Project “e-Portfolio” an integrated State information system is being developed, which will ensure cooperation among several information systems, by using standard data exchange formats and interfaces. By the end of 2006 at least two information systems will be integrated and the work under the integration of information systems has to continue in the future. Many services that are important for residents and entrepreneurs are not yet available electronically, a large part of state residents, especially the elderly, have poor knowledge on the use of a computer and Internet¹⁶.

174. According to a survey performed by the EU¹⁷, Latvia is in 25th place in Europe concerning the availability of Public Administration services. In the report on the development of e-Government¹⁸ of 2005 carried out by the United Nations Latvia is placed in 32nd position (from 132 member states of the UNO).
175. In order to improve the situation, the Secretariat of Special Assignments Minister for Electronic Government Affairs with the financial support from the ERDF is implementing the National Programme “Development and Improvement of Base Infrastructure for E-government”. Within the framework of this programme by the end of 2006 it is planned to develop and improve 11 state information systems, to develop 56 public administration e-services, to provide 100% of comprehensive schools and 80% of municipal institutions with the Internet access, to provide 976 Internet access points in public institutions, to train 2447 employees of public institutions to acquire skills on use of ICT and to carry out other activities to develop e-Government.
176. According to the EU Action Plan “e-Europe 2005”, the implementation of objectives still topical to Latvia, it is first of all important to provide 20 most essential benchmarked public services to residents and entrepreneurs¹⁹. In 2004 in Latvia only 5% of government services were available electronically, which is the lowest indicator in the EU (Lithuania – 40%, Estonia – 63%, EU25 on average – 41%²⁰).
177. According to the results of another survey²¹ a major factor that hinders the development and use of e-services is the lack of information of residents and enterprises, especially the SME, on services that are provided by the municipalities and State institutions (only 40% of residents were sufficiently informed about the services). Also the lack of a unified home page, where it would be possible to find overall information on services, leaves a negative impact on possession of information. Another important factor is the lack of comprehension of residents and entrepreneurs of the advantages of e-services and their use.

¹⁶ Study “Assessment of Availability and Efficiency of Electronic Services in Latvia”, Secretariat of the Minister on Special Assignment for Electronic Government Affairs, March 2005.

¹⁷ “Online Availability of Public Services: How is Europe Processing”, Capgemini, October 2004.

¹⁸ “Global E-government Readiness Report 2005. From E-Government to E-inclusion”, United Nations, November 2005.

¹⁹ 20 benchmarked public services are mentioned also in the Study “Public Services Provided Electronically and Level of Their Electronization in the State and Municipal Institutions and the Analysis of State Information Systems (Comprising Registers)”, Secretariat of the Minister on Special Assignment for Electronic Government Affairs, October 2005.

²⁰ Eurostat, 2004.

²¹ Survey “Public Services Provided Electronically and Level of Their Electronization in the State and Municipal Institutions and the Analysis of State Information Systems (Comprising Registers)”, Secretariat of the Minister on Special Assignment Secretariat of the Minister on Special Assignment for Electronic Government Affairs, October 2005 and the survey “Problems of Small and Medium-Sized Enterprises and Groups of Residents when Receiving and Using Public Administration and E-commerce Services”, Secretariat of the Minister on Special Assignment Secretariat of the Minister on Special Assignment for Electronic Government Affairs, March 2006.

178. Another survey on the availability of e-services in Latvia²² shows that despite the fact that Public Administration services in 2005 were in general used by 82.9% of respondents, 70.6% of respondents had not used a single e-service, of which, in turn, 77.2% expressed a need for e-services and indicated that the main obstacles to use of e-services are inaccessibility to the Internet and the lack of skills working with Internet.
179. Sometimes poor quality of the content of services hinders the development of e-services. Approximately 20% of home pages of Latvian cities are not updated on a regular basis, opportunity for discussions for visitors is provided only in 35% of home pages, using tools that are provided in the e-environment, it is possible to contact 33% of municipalities and partial information in foreign languages is available in 65% of home pages²³. In total only 24.6% of municipal institutions in 2004 had their own home pages²⁴.
180. According to the results of another survey²⁵, one of other major factors that hinders the development of e-services is the lack of information of residents and enterprises, especially SME, on services that are provided by a particular municipality or regional institutions (lack of unified home page where it would be possible to find overall information on services).

Electronic Communications

181. In the sector of electronic communications on 28 October 2004 the Saeima adopted the Electronic Communications Law that introduces new principles of regulation: technologically neutral regulation, necessity to analyze the situation and competition in markets of the sector, thus adopting the European Union's Directive package of 2002 regarding the sector.
182. At the end of 2004 the number of alternative operators of voice telephony reached 88, but the number of Internet service providers – 270²⁶.

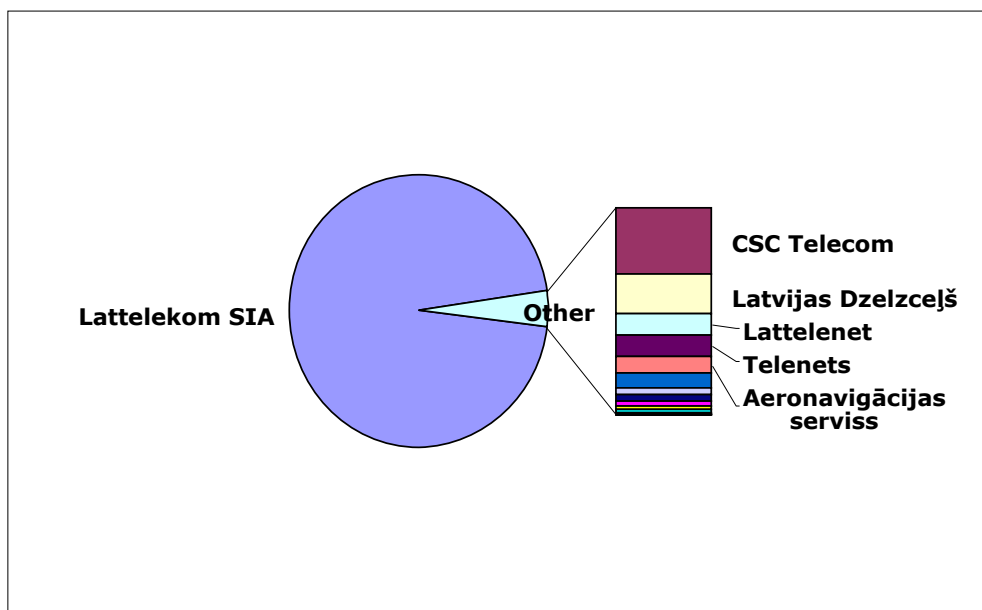


Figure 5: Market of Fixed Voice Telephony Services at the End of 2004

Source: Ministry of Transport and Communications, December 2005

²² Survey "Assessment of Availability and Efficiency of Electronic Services in Latvia", Secretariat of the Minister on Special Assignment Secretariat of the Minister on Special Assignment for Electronic Government Affairs, March 2005.

²³ Data of CSB.

²⁴ Data of CSB.

²⁵ Survey "Public Services Provided Electronically and Level of Their Electronization in the State and Municipal Institutions and the Analysis of State Information Systems (Comprising Registers)", Secretariat of the Minister on Special Assignment for Electronic Government Affairs, October 2005.

²⁶ Ministry of Transport and Communications, December 2005.

183. Fixed electronic communications services are provided through analogue and introduced due to modernization of digital lines. Digital RSUs are installed in centres of all districts. In Latvia as of 1 October 2005 only 91% of fixed telephone networks were digitalised with the coverage of 27 lines per 100 residents, mobile phones – 80 per 100 residents²⁷.
184. In 2003 the coverage of the fixed electronic communications network in Latvia was 28.9% (in the EU on average – 86.5%). The digitalization rate of the network in different regions is different, for example, in business sector in 2005 in Riga district it was 99.76%, but in Talsi district – 45.07%²⁸.
185. In general, the provision of electronic communications services is better in cities and in territories where enterprises are located, but in rural areas electronic communications services available are less qualitative and usually more expensive.
186. In 2005 the terrestrial digital television broadcasting was commenced in the test mode²⁹, digital radio broadcasting has not yet been undertaken.
187. In 2005 broadband access was used by 15% of households using Internet (in Lithuania – 12%, in Estonia – 30%, in the EU25 – 23%)³⁰.
188. The main factors causing the current situation in the sphere of broadband services are said to be the low purchasing power of residents together with the low population density that is an obstacle to creating broadband access services and networks of electronic communications merchants in remote regions.
189. The main problems concerning the use of ICT and Internet, and the development of e-Government services are the following:
- Access to the Internet is limited in most parts of the territory of Latvia, low access to broadband data transmission is in the whole territory,
 - E-services of Public Administration are poorly developed,
 - Lack of abilities and skills of residents to work with ICT,
 - Insufficient availability of hardware and software,
 - Low level of possession of information of the society on ICT possibilities,
 - Incompatibility of technological solutions of information systems developed in different regions and institutions of the state,
 - Need for a secure e-signature.

²⁷ Data of the Ministry of Transport and Communications, December 2005.

²⁸ Data of the Ministry of Transport and Communications, December 2005.

²⁹ Digital TV in test mode in 2005 was offered by Baltcom TV. The signal is sent from Zaķusalas tower and is available for ~350 thousand households. In the end of 2005 the digital signal was received by 5.6 thousand subscribers. Data source: www.baltcom.lv (29 December 2005).

³⁰ Eurostat, 19 December 2005.

1.5. Cultural Environment

190. Culture is a substantial resource for regional and urban economic development, it triggers increase of employment and competitiveness and promotes conditions for sustainable social and living environment. Developed cultural environment, that includes both tangible and intangible figurations gives direct and indirect impact on the economic regeneration of (part of) city, attraction and promotion of qualified labour force and employment, harmonizes growth, and territorial cohesion. Cultural infrastructure (institutions and respective technical base – buildings, technical facilities, and information resources) and heritage contributes to socio-economic potential of country by way of creating growth in other sectors and basis for cultural services. Cultural environment promotes economic activities, requiring insignificant natural resources and giving positive affect to the environment.
191. Culture is one of increased life quality and welfare drivers, therefore it is a priority of National Development Model Human Being First, highly appraised by society as one of main values³¹. Underdeveloped cultural environment motivates economically active individuals to shift to more attractive living space, and investments in cultural infrastructure, products and their accessibility in urban or rural areas make life conditions., investment climate more favourable, promoting social dialogue and diminishing immigration of inhabitants. More than a half of all the population thinks of culture and history elements and events as one of the most valuable and attractive element of living environment³². According to statistics, public involvement in culture events is rather high, and demand for culture products is gradually growing since mid-nineties. In 2004, 1 570 state or municipal culture centres were operational and serviced the total of 19.1 million customers. Customer growth each year increases for around 2%³³. Accession to the EU has brought increase in culture exports and imports³⁴, opening new horizons for networking, upskilling and development of culture industry along with culture tourism. All of these have benefited to economic growth. 2005 research of World Intellectual Property Organization has revealed that property rights (also in culture sector) have reached 4% of the GDP in 2002. In old EU member states this figure ranges between 6 and 8% of the GDP, which means for Latvia good development perspectives culture-wise. 4.2 million, with 30-5% annual increase, are employed in culture in Europe³⁵.
192. According to study prepared for the European Commission “The Economy of Culture in Europe” increase of added value in cultural and creative industries sector in EU countries was 19, 7 % form years 1999 till 2003, sector growth within the period was 12, 3 % higher than the total EU economic growth. In 2003 sectors of culture and creative industries formed 2, 5% of the total EU GDP. In year 2004 3, 1% out of total working population in EU were working in cultural and tourism sectors, thus although within the period from 2002 to 2004 employment rate decreased 0,04% in cultural and creative industries sectors it increased 1, 85 %. According to European Commission data 4, 2 million people are employed within cultural sector with 3- 5% average increase per year³⁶. 1, 8 % out of total work force in Latvia are working within the cultural sector, 75% out of those 1, 8 % are women³⁷. Currently in Latvia

³¹ *National Development Plan for 2007-2013*

³² Latvia. Economic Development Review 2004/2005, Regional capacities, Aija Zobena. Riga, UNDP, Social and Political Research Institute, University of Latvia, 2005

³³ Ministry of Culture

³⁴ *UNESCO Institute for Statistics. INTERNATIONAL FLOWS OF SELECTED CULTURAL GOODS AND SERVICES. Defining and capturing the flows of global cultural trade”, Montreal, 2005.*

³⁵ 2001, Exploitation and development of the job potential in the cultural sector in the age of digitalisation. European Commission DG Employment and Social Affairs & MKW Wirtschaftsforschung GmbH, Munich.

³⁶ Exploitation and Development of the Job Potential in the Cultural Sector in the Age of Digitalization. European Commission DG Employment and Social Affairs & MKW Wirtschaftsforschung GmbH

³⁷ Eurostata Labour Force Survey, 2004

32, 4 thousand people are employed in cultural and tourism sectors (22nd position out of all EU countries). It demonstrates development perspectives of the sector. Appropriate investments could trigger employment increase in cultural sector - increase from 300- up to 500 employees per year is being prognosticated³⁸.

193. Higher average gross salary, which grew from 109.6% to 116.5% in 2004-2005 has allowed inhabitants to spend more on recreation and culture events. Spending has risen from 6.2 to 6.7%³⁹. Better income has changed also recreation habits of people, demand for diverse and quality culture products increases. Consumption of culture products in Latvia is still comparatively low; culture activity clusters have high growth potential. If wisely managed, this potential can reap major economic benefits in future. The most promising of all clusters in consumption segments are related to modern culture industry and traditional culture events⁴⁰. Economic Research Institute of Latvian Academy of Sciences forecasts culture market a stable growth and predicts that each invested lat in this sector shall create 1.4 lats for economic turnover⁴¹.
194. Latvia possesses rich and world-famous tangible and intangible culture values. This heritage consists of valuable traditional and modern forms of culture, well-preserved culture diversity and strong own identity. Cultural heritage is a prerequisite of regional development and attraction of culture tourists. Monuments are the most visible side to culture. State-protected list of monuments includes 8 428 items. Economic potential of these items is not fully utilized due to lack of efficient financing instruments for management of culture sites and elements, which is a threat of further depletion of culture resources. The efficient support system could motivate private owners of culture monuments to invest in preservation of them and economic use of socio-economic potential pertinent to monuments.
195. Although several new culture objects have been built and constructed over the past couple of years, there is still need for further objects, ever increasing domestic and foreign demand for versatile and competitive culture services and products remains high. Technical base and accessibility of professional culture services varies from region to region in some parts of the country. The most diverse culture programmes are available in Riga city and region because of population density and number of culture institutions. It is followed by Liepāja, Ogre, Cēsis, Daugavpils and Rēzekne districts. The overall evaluation of culture infrastructure is negative in large part of the country, not only buildings are outdated and deteriorated, other infrastructure elements that ensure full utilization of culture infrastructure are not in line with modern tourism, life-long learning, science, international cooperation, entertainment and other standards. Modern technologies that are missing at some culture infrastructure elements and lack of other equipment hampers development, thus confronting synergy with other sectors of economy. Few quality services is an obstacle using culture as a resource for promotion of work productivity, regional development and cohesion as well as promotion of social dialogue and reducing social exclusion. In order to promote accessibility to adequate culture service packages in regions, social activities and urban environment attractiveness outside Riga, a network of multifunctional culture infrastructure elements needs to be created by way of renovating the existing culture infrastructure in regions along with evolving social activity centres and regional brands. Pilot researches of multi-purpose buildings with appropriate cultural functions have indicated that these infrastructure elements have to be suitable also for

³⁸ Assessment of Culture Role in Economy, Economic Research Institute of Latvian Academy of Sciences, Riga, 1998

³⁹ CBS

⁴⁰ Roberts Kīlis. Culture Consumption in Latvia, Riga, 2006: „Cluster combines movies, pop and rock music concerts, fitness and sports clubs, video rentals and travelling. The other cluster consists of opera and ballet, theater, art performances and folklore events. There are activities - ‘bridges’ – that connect these clusters. Museums and classical music concerts are these bridges”.

⁴¹ Assessment of Culture Role in Economy, Economic Research Institute of Latvian Academy of Sciences, Riga, 1998

other purposes. They have to satisfy the needs of culture and education, culture industry (pop music concerts, festivals and movie shows) and others, for example, businesses and social events (conferences, seminars).

196. The key problems:

- lack of infrastructure for qualitative cultural services does not provide qualitative living and working environment outside the capital Riga;
- economic potential of cultural environment is under-utilized, offered culture products and services are not diverse enough;
- Significant European culture heritage maintenance does not happen, the socio-economic potential of private culture heritage is at the same time under-deployed.

1.6. Tourism

197. In 2004 and 2005, the share of the tourism industry in the GDP of Latvia was 1.8%. The added value in the tourism industry in 2005, if compared to 2001, has increased by 2.6 times, and experts forecast further increase of those figures. Starting from 2000 there has been a solid increase of incoming tourism - on average by 15% yearly, which indicates successful development of the industry. In 2004 for the first time more than 3 million foreign travellers (3.033 million) visited Latvia. In 2005 the increase of the number of foreign tourists continued to grow reaching 3.774 million travellers (increase by 24.4% to compare with 2004), the expenditures of which while in Latvia reached 190.0 million LVL (increase by 33.8% if compared to 2004). However, irrespective of these positive tendencies the indicators of tourism payments balance are still negative, which in 2005, compared to 2004, have significantly worsened (expenditures of Latvian travellers abroad in 2005 exceeded the expenditures of foreign travellers in Latvia by 132 million LVL).
198. In recent years all across Europe the continuous increase of the number of tourists has also been observed, however according to the forecasts provided by experts such development trend could remain only for the next 3-4 years. Expecting the increase of competition and the potential tension both in the EU and international tourism services market, Latvia faces an additional economical development threat, which can be solved with activities fostering tourism development by ensuring the development of qualitative innovative products, as well as strengthening of Latvia as a final tourist destination.
199. As a result of the rapid increase of both incoming and domestic tourism, it is possible to identify several existing tourism infrastructure problems, imposing threats to the positive development of the tourism industry on a national level. Analysing the number of tourist accommodation sites in Latvia and the number of tourists serviced there in 2004, a major concentration is observed in Riga and Jūrmala where 57% of all tourist accommodation sites are located and which have accommodated 71% of all tourists in the country. Another two economically active centres should be mentioned – Liepāja and Ventspils, but in other areas of Latvia the indicators of tourist flow are significantly lower. Such trends indicate imperfections in even coverage of tourism infrastructure, its capacity and quality in the country in general, causing disproportion between the possibilities of existing tourism infrastructure and the potential increase of tourist flow.
200. In the country there is no infrastructure necessary for development of health, spa and recreation tourism, which is the main factor hampering the development of this type of tourism products and related services. The second factor is the insufficiency of existing investment in improvement of infrastructure and complex development. The potential of natural cures: mud cure, mineral waters in Latvia has been used minimal, and also the nationally important tourism resources – the beach of the Baltic Sea are not used. The importance of health tourism and resorts is supported by studies carried out in the USA in which it has been concluded that resorts and spa hotels comprising only 27% of the health tourism industry generate 41% of the total industry revenues. (11.2 billion USD in 2003, according to data provided by the International Spa Association).
201. In Latvia, unlike in many European countries, so far the infrastructure of active tourism has not been actually developed and the active tourism products created. Establishment of biking tourism infrastructure, installation of specialised recreation sites, development of biking routes (for example: international route *EuroVelo* EV10/approximate length of 590 km/, EV11/approximate length of 630 km/ and the national biking route NV1/approximate length of 40 km connecting EV10 and EV11), development of special bikeways in residential areas, systems of marked long-distance tourist pathways and the establishment of a water tourism

infrastructure would foster not only the development of active tourism products, but also active lifestyle and society health.

202. An essential component of infrastructure is the system of tourism information signs and tourism information carriers (including electronic) covering the whole territory of the country.
203. Existing tourism infrastructure in Latvia is not accessible to persons with disabilities, families with small children, elderly. In Latvia there is not a single overnight shelter which would fully comply with universal design basic principles designed to support environmental accessibility by all social groups. According to experts' assessment, promotion of environmental accessibility would provide a positive contribution not only to achievement of social aims, but would also ensure a positive economic impact, because currently environmental inaccessibility is an obstacle for many consumers willing to purchase tourism product or service.
204. Irrespective of the successful development of the tourism industry in Latvia, there is lack of diversity of tourism product offer of national importance, if compared to other EU member states. The results of researches carried out by the Ministry of Economy and the Latvian Tourism Development Agency in 2004 - 2005 on trends of tourism development in the country and the results of studies on tourism target markets and tourist demand show that Latvia has the potential for tourism development, but resources are not used fully to develop qualitative tourism products and services of national level, thus activating economic development in general and increasing employment in the country.
205. The successful development of tourism since 2000 has significantly impacted on the increase of jobs in the tourism sector. In 2004 the number of persons employed in the tourism sector was 25 583, which is for 4421 workers more than in 2003. Particularly important changes were noticed in the hotel and restaurant sector – there was an increase of 21.6%. Comparing the employment number in tourism sector in breakdown by gender, approximately 2/3 of the employed were women.
206. According to the statistical data the average length of stay of one tourist in Latvia in 2004 was 1.7 days (for 10% shorter, if compared to 2003) and the main tourist concentration place was Riga and its vicinity. Comparing the offer of Latvian tourism products to the offer of other EU member states (particularly that of the Baltic States and the Scandinavia) there are no significant differences, however, the tourism products of Latvia are offered fragmentarily, not underlining the tourism products of national importance. Development of new tourism products would generate preconditions for additional investment in tourism infrastructure that in turn would promote competitiveness of Latvia among other tourism destinations of the EU.
207. Latvia would be able to attract greater number of tourists if it were to market a single set of tourism products of national level comprising high level service quality and innovative elements by using modern information and communication technologies. This would facilitate trip planning and selection, increase the tourism products sales amount and lengthen the tourist time of visit in Latvia.
208. Latvia has attractive landscapes, rich natural and both material and non-material cultural and historical heritage, which is an important precondition for tourism development, but due to geographical location, tourism is characterised by seasonality, which negatively affects the commercial activities of tourism. Therefore, it is necessary to create a base for new and innovative activities in the development of national tourism products and services allowing for an extension in the tourism season and, thus, attract tourists throughout the year.
209. An important part of the existing and potential tourism product set is the objects of the cultural heritage. Culture tourism is not yet using all of its potential in service provision and is not generating the potential profit to be gained if investment were to be made in the

restoration and preservation of cultural and historical monuments, as well as in their purposeful use in development of tourism product and services.

210. In Latvia there is no balanced offer of tourism products across the whole territory of the country covering tourism objects of different type (for instance: thematic/amusement parks, active recreation zones for families with children, elderly, persons with special needs, ethnographic settlements, objects of industrial and military heritage, etc.). The existing offer of tourism products is one-sided and thus negatively impacting the growth of the tourist flow in the county in general.
211. One of the obstructing factors is also the fact that the owners of existing and potential tourism objects lack knowledge, skills and competencies regarding management of the sites and development of supply, many of them do not realise the economic opportunities such objects may provide.
212. Main problems to be solved:
- Inadequacy of the tourism infrastructure to the existing tourism flow and the planned development,
 - Insufficient offer of integrated and innovative national tourism products,
 - Insufficient knowledge of the entrepreneurs and owners of the potential tourism objects on tourism organisation,
 - Insufficient use of cultural and historical monuments in development of tourism products due to their bad technical condition,
 - Underdeveloped tourism information system.

1.7. Education and Continuing Education

General skills

Characteristics of students engaged in basic and general secondary education

213. Since 1992 Latvia is participating in the international comparative studies on education. The results of the Programme for International Student Assessment OECD PISA 2000 indicated that the 15–16 year old youth in Latvia had low achievements in the basic skills (reading, natural sciences, mathematics) – 30.6 % reached only the lowest level of competency or remained below it. Only 4 % of students reached the highest level of competency.
214. The results of PISA 2003 show that Latvia has improved its performance in all fields however; the improvement is mainly determined by the results of students with previously very low and low achievement having grown better. The number of students reaching average and high level of competency is still low in Latvia and has not increased materially. The results of PISA 2003 indicate that achievement of the Latvian 15–16 year-old youth in basic skills has improved significantly – 18 % reached the lowest level of competency or remained below, and 6 % of students reached the highest level of competency. Still, achievement of our students is lower than the world and Europe average. The results of TIMSS 2003 in Latvia show that achievement in mathematics and sciences of 8th grade students is better with students from Riga and other big cities of Latvia. This confirms that, in order to provide equal opportunities for continuing education and to foster regional development, it is essential to significantly increase investment in the countryside and small town schools in terms both of equipment and continuing education of teachers.
215. The secondary education final centralised exam results indicate⁴² that the proportion of individuals graduating with low or very low basic skills is still high at 27.18 %. Particularly low performance is shown by the graduates of vocational education schools at 49.48 % and evening schools at 36.35 %.
216. In mathematics test of 2004 the lowest level (of 6 levels) was reached by 3.2 % of secondary school students, at evening schools it was 17 %, at vocational schools – 50 %, at technical schools and colleges – 34.9 %. The physics test in its turn produced respectively 5.8 % at secondary schools, 34.8 % at evening schools, 56 % at vocational schools and 54.2 % at technical schools and colleges.
217. In the study year 2004, 3782 students of 9th grade (11% of total number of students of 9th grade) did not receive the certificate of primary education. These young people are repeating the 9th grade study programme once more – at the same school, at another educational institution, or at a pedagogical correction education programme. 12.2 % of 9th grade graduates received an assessment lower than 4 points in the mathematics exam, 1 % in Latvian language and an average of 3 % in foreign language exams. The system of students' study achievement diagnostics does not provide complete feedback information on the learning difficulties and problems of the students.
218. 95% from the compulsory education aged children are involved in the educational system. At the beginning of 2004 approximately 24 000 children lived in so called social risk families. These children are often out of parents' attention and they do not see the sense of attending school. In the study year 2003/ 2004 there were 4509 or 1,4% pupils of 1st-12th grades absent from at least 1/3 of the whole study time. The main reasons for non-attendance of the school are unwarranted absence and strolling, parents' irresponsibility and social problems in the family. Due to these reasons, from the totality of 370 000 children and youth at the age of the

⁴² Data of MoES, 2004.

compulsory education there were approximately 20 000 pupils (5,6%) not attending school and 4,9% not continuing studies after the basic education in study year 2004/ 2005.

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

General skills educators

220. The increase of the average age of educators could lead to a crisis in the State teacher supply in the nearest time. There is a significant disproportion of young and older educators. Almost 10% of general school educators are at age of retirement, the existing teachers are aging and there is not sufficient flow of young teachers. More than 2/3 educators are at age over 40. The involvement of young teachers in the educational establishments decreases every year – teachers at the age of 30 and younger comprise 19.23% in study year 2000/ 2001, 15.01% in 2004/ 2005 and only 12.3% in 2006/ 2007.

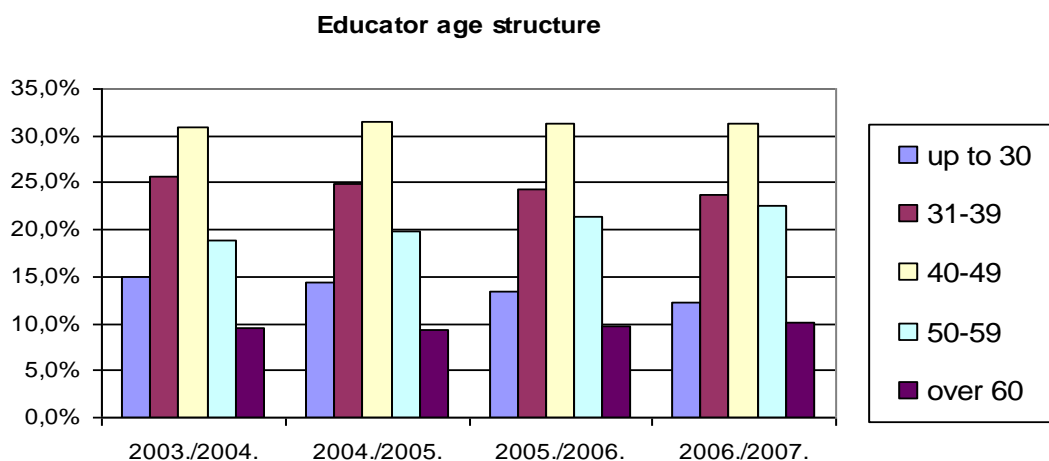


Figure 6: Educator Age Structure

Source: Ministry of Education and Science

221. There is not sufficient number of young educators for replacing the retired or pre-retirement aged. Youth do not choose educator's profession; there is less attraction of the profession not only in Latvia, but also in the EU and the world. Qualified teachers do not work in schools due to low payment and prestige of the profession. Schools have insufficient human resource capacity for introduction of new methods. There is actual lack of teachers in natural sciences (physics, chemistry and biology), mathematics, information technologies and foreign languages. There is gender disproportion in the general educational establishments. The fact of 88% female educator proportion shows the expressive gender segregation in Latvian society. The female concentration in one profession is coherent with the payment problems in this area. The low payment imposes on the choice of the profession and gender representatives.
222. State has not unified approach and system for organisation of educators' continuing education. There is not sufficient number of prepared continuing educators. The continuing education curricula are dispersed and not target-oriented. Educators have no knowledge and

skills in work with different social groups and the application of new technologies and modern cooperation methods.

Education infrastructure and equipment for acquisition of general skills

Classrooms for natural sciences

223. In learning natural sciences, specifically equipped classrooms are particularly important because the understanding of the content of these study subjects requires practical activity and demonstrations, especially when familiarising with the newest technologies and scientific methods. The learning materials and classroom equipment at the disposal of sciences teachers do not provide the opportunity to implement contemporary study content. The study material (devices for demonstrations, accessories for lab works etc.) is badly worn-out at schools in general and little replenished over the last 10–15 years. The classrooms have no computers, video projectors or other technical equipment for implementation of study content. The stocks of lab equipment, dishes, reagents and biological preparations are replenished insufficiently. The visual aids at schools are outdated.
224. Over the 2004 – 2006 programming period, a new secondary education curriculum is being developed and teachers trained within the framework of the National Programme ‘Improvement of subject curricula in natural science, technology and mathematics in secondary education’. The National Programme will cover only 50 of the 383 secondary schools (13 %), including one vocational education institution.

Provision of information technologies

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

Buildings and utility networks

226. Over the period from 1997 to 1998, Latvia has carried out inspections of 1,150 educational institutions. The results of the inspections showed that at that point the necessary costs of the total engineering and technical improvements at educational institution buildings amounted to 646.1 million lats. In 2004 and 2005, as part of the State Investment Programme, 302 projects were supported with the total funding of 21.3 million lats. Although the state support has grown significantly, the need for financial support to get educational institutions into order exceeds the allotment nearly five times. In 7 % of the educational institutions, the building safety and human life is threatened. If the present amount of investments persists, ten years later the proportion of such educational institutions in Latvia will be 60 %. The costs of priority improvements constitute approximately 158.7 million lats. This is 20 times the annual

investment in development of the infrastructure from the state and municipal budget. The most part of educational institutions are not adapted to people with functional disorders.

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

Choice of continuing education after acquiring basic and general secondary education, and career counselling

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

229. When assessing the choice of the youth with regard to further education, it can be observed⁴³, that at the beginning of the study year 2004/2005, of the total number of the youth who have finished the primary school:

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

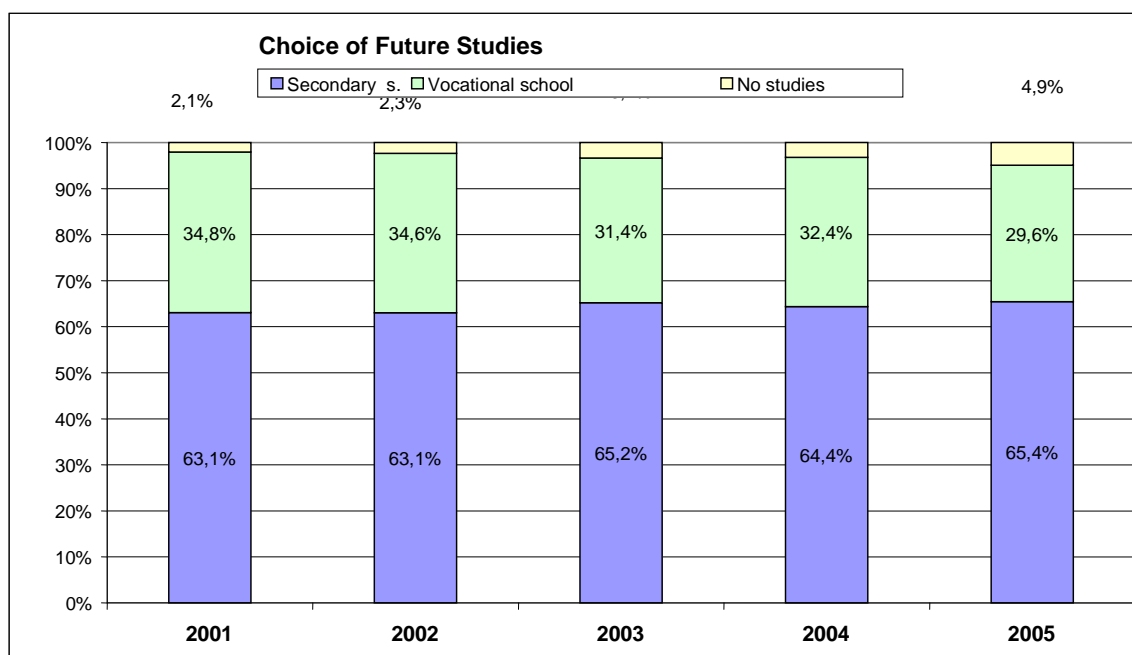


Figure 7: Choice of Future Studies by Students following Basic Education

Source: Ministry of Education and Science

230. In the study year 2004, 21.5 % of the total number of general secondary education acquirers did not continue their education, i.e. are forced to enter the labour market without any qualification and obviously poor achievement⁴⁴ because they cannot continue their education

⁴³ 2005, CSB.

⁴⁴ ISEC data on centralized exams

on a higher level. 59 % of the comprehensive day-school dropouts are boys. The data provided by the Central Statistical Bureau indicate that 67.1 % of workforces with basic or incomplete basic education are men. This means that men are at risk of entering the labour market without any qualification and performing low-qualification jobs.

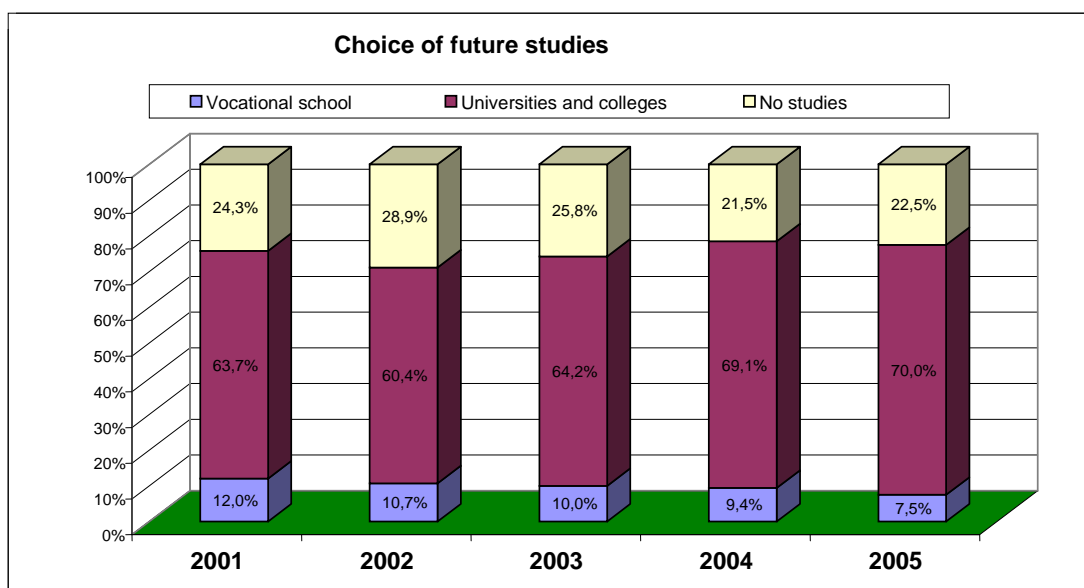


Figure 8: Choice of Future Studies by Students following Secondary Education

Source: Ministry of Education and Science

231. The number of students funded by the state budget in the initial vocational education is limited. The above data allows concluding that there is a disproportion between the choice of comprehensive education and that of vocational education following primary school. In the study year 2004/2005, of all the 16–18 year-olds in total 26 % (29.7 thousand) are acquiring vocational education and 74 % (70.9 thousand) – general education. Compared to the EU data on the proportion of learners in the initial VE programmes, the proportion is lower only in Estonia⁴⁵.
232. The main reasons are insufficient orientation towards practical activity, the period of acquiring the vocational secondary education is one year longer (four years) than that of general secondary education, the vocational education institutions are comparatively far from the place of residence, and the lack of material resources does not allow living in the school hostel (the average grant amounts to 8.5 lats monthly), the vocational education institutions are not attractive because of their aging infrastructure.
233. Nearly a third of the general secondary education acquirers are forced to enter the labour market without any qualification and with low basic skills. One of the reasons is the fact that the vocational orientation measures are still scarce at schools and the choice of further education among young people is insufficiently goal-oriented.
234. Altogether, the involvement of the Latvian youth in the degree of secondary education is insufficient (73.7 %) in comparison with the developed EU countries and USA/Canada. It is caused by the low level of preliminary knowledge and insufficiently developed second-opportunity education.
235. The main problems are:
- a great proportion of students with low level of preliminary knowledge, and insufficient proportion of those with a high competency level;

⁴⁵ CEDEFOP data, 2004.

- 1/10 pupils do not gain the primary education certificate after the 9th grade, thus forming a high proportion of students with low basic skills level;
- insufficient quality of knowledge and skills acquisition in mathematics, natural sciences and reading in the level of primary and general secondary education, thus forming insufficient number of competent students;
- lack of career counselling in the period of basic and general secondary education and insufficient awareness of opportunities in education and continuing education;
- disproportion between the choice of general education and vocational education after primary school;
- nearly a third of the general secondary education acquirers are forced to enter the labour market without any qualification and with low basic skills;
- insufficient involvement of the youth in secondary education;
- scarcity of educators, especially in sciences, mathematics and foreign languages, ageing of educators and insufficient proportion of young teachers;
- outdated educational infrastructure, lack of adequately equipped classrooms, learning aids and equipment for sciences.

Vocational education

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

Characteristics of students engaged in vocational programmes

237. The percentage proportion of vocational education programme students of the secondary education stage in Latvia is comparatively low - only 30% of the total number of the youth who have finished the primary school and it makes up 47 % for men and 31 % for women at appropriate education age. It is significantly lower than in other EU member countries (the Czech Republic – 85 % for men and 76 % for women, the Netherlands – 72 % and 52 %, Denmark – 59 % and 47 %). The reasons are: insufficient orientation towards practical activity, the period of acquiring the vocational secondary education is one year longer (four years) than that of general secondary education, the vocational education institutions are comparatively far from the place of residence, and the lack of material resources does not allow living in the school hostel (the average grant amounts to 8.5 lats monthly), the vocational education institutions are not attractive because of their aging infrastructure.
238. The data shows that the proportion of students involved in vocational education and studying in vocational secondary education programmes is growing (i.e. acquiring the professional qualification of level 3 and secondary education allowing continuing education in the higher education stage), respectively 53.4 % of all students in 2000 and 67 % in 2004. What concerns the choices of boys and girls, there is no difference; out of all pupils engaged in vocational education 66% of all boys and 67% of girls are studying in secondary education programmes.⁴⁶ However, the progress in this direction is threatened by the low level of the youth's basic skills at the end of primary education. In 2005, the VE institutions accepted 647 students with unfinished primary education, and there were a large proportion of young people dropping out of the VE institutions.

⁴⁶ Data of the Ministry for Education and Science.

239. According to the Lisbon strategy and Copenhagen process goals, the proportion of expelled students of vocational education programmes in 2010 must be lower than 10 per cent. The number of students expelled in Latvia has not changed over the last 4 years – 12.9 % excluding the students who have terminated studies due to illness. The most part of the students are expelled within the first two years: In 2001, 76.4 % of the total number of expelled students dropped out, in 2004 – 71.8 %. There is a constant tendency that the proportion of the expelled male students forms almost 2/3 of the totality (64%) in the vocational educational programmes. The majority of expelled students are males in vocational, as well as in general secondary schools.
240. Within the framework of craft education, 157 crafts can be learned on the level of apprentice and master, but for now a half of these opportunities are taken. The diploma of apprentice and master are acquired yearly by 400 people of various ages; most of the young people thereof are acquiring the apprentice qualification while at the same time studying similar vocational education programmes. In Latvia, the opportunities are insufficiently used to acquire crafts at apprentice status from a craftsman or individually at the place of work by combining learning of the craft and studies, for instance in an evening-school, thus expanding the opportunities of the young people to acquire professional skills.

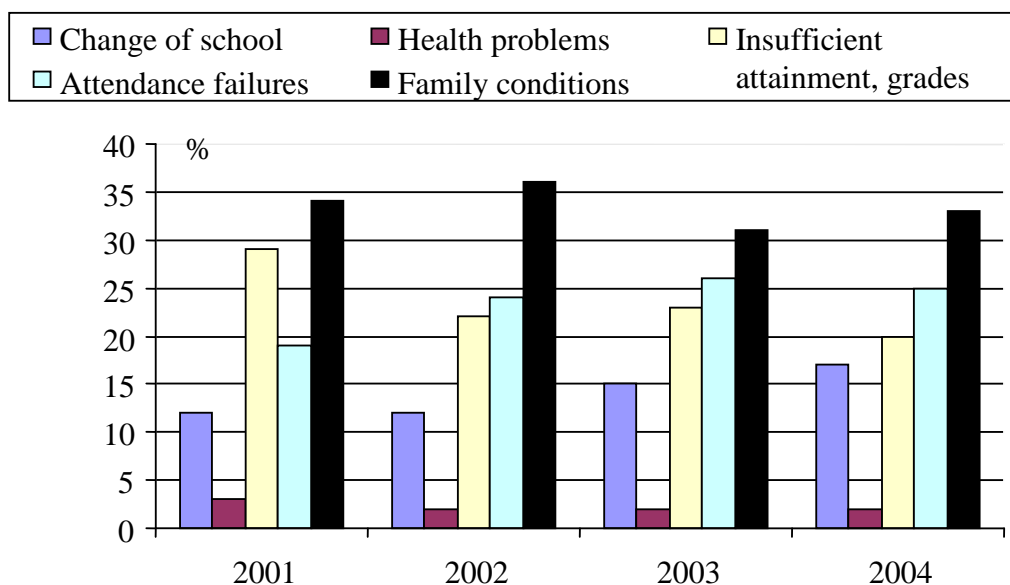


Figure 9: Reasons for Expulsion (proportion in % of the total number of students expelled from school records)

Source: Data of MoES ⁴⁷

241. A large part of students enter the vocational education institutions with poor knowledge and low motivation for studies⁴⁸, a large proportion of the learners come from families of moderate means or socially disadvantageous conditions. Huge number of students terminate studies because the financial conditions of their family or due to the fact that they are orphans does not allow living in the hostel of the educational institution and covering transport costs of travel to home. In contrast to the higher education and college students, the crediting system is not applied to the secondary education stage. The vocational education institutions often have to fulfil a more social than educating function.
242. Similar are the problems of people with low preliminary knowledge level or functional disorders. The lack of adapted schools, suitable programmes and social support prevents these people from obtaining knowledge and skills appropriate for working life. In this aspect, a

⁴⁷ CSB, Vocational Education Institution Reports Prof-1.

⁴⁸ Data of MoES.

great role is played by career counselling at work in educational institutions and availability of appropriate education for people with low level of preliminary knowledge or functional disorders.

243. In 2004, 3.6 % of VE acquirers were registered with the register of the unemployed, and that makes up 0.46 % of the total number of the unemployed (in 2000 it was 4.4 %, which makes for 0.6 % of the total number of the unemployed).
244. The proportion of unemployed vocational education acquirers has decreased over the last 4 years by nearly 1 %⁴⁹. The data indicate that the young people acquiring a qualification are able to integrate in the labour market or continue their education.

Correspondence of vocational education supply to demand in economy

245. The coverage (availability) of vocational education programmes in the territorial aspect is satisfactory in all the regions of Latvia. Though, there should be taken into consideration the circumstance that not always the existing vocational education supply meets the needs of the region and the development of enterprises in it. This becomes the reason of migration flow from the region in order to gain the education, thus preventing economically active workforce retention in the region.
246. In 2004, 11,374 students graduated from VE programmes, of which 24 % graduated in the service sector, 8 % in healthcare, 2 % in agriculture, 41 % in engineering (including material processing and technology, 15 % in social sciences, 5 % in humanities and arts, 2 % in general education programmes (1 year adjustment programme)⁵⁰.
247. In 2005 there was begun the implementation of national programme „Labour market research” by Ministry of Welfare and support of the ESF. The following significant subjects are considered in the frames of the project: analysis of workforce supply and demand, development of labour market long-term forecast system, quality of education curricula, their accessibility and correspondence to the trends of labour market. Although the final research results will be available only in the middle of year 2007, there can already be drawn a conclusion that labour market supply in such important areas of the national economy as processing industry, production, mechanical engineering, power industry, electronics, building and other engineering sciences cannot meet the identified demand. Moreover, enterprises are quite often compelled to train new employers themselves in order to have full-fledged workforce.
248. From the research, there is lack of special subject teachers and material-technical basis for acquisition of modern professional skills. Entrepreneurs consider that there should be provided qualitative basic knowledge acquisition and practical operation of devices. Due to expenses and depreciation of devices, schools could use device stimulators for training, while acquisition of the practical skills would be available at the specially formed skills and competence centres of the enterprises.
249. The pattern of education acquirers in regional and branch section prove that the supply of VE programmes is partly satisfactory; however, in correspondence with the growing proportion of services in the service field, the number of education acquirers (students) in the service branch is not sufficient. The growing demand exists for qualified workers in the areas of building, processing industry, production and mechanical engineering, power industry, electronics and automatics, transport, information technologies, chemistry technologies and others. The research of Machine Building and Metal Processing Association and the Latvian University of Agriculture in the branches of machine building and metal processing as well as agriculture show that the national economy development requires increase in the number of vocational

⁴⁹ Data of the National Observatory of Latvia (2004).

⁵⁰ CSB, 2005.

education institutions' students in these branches, specially emphasizing programmes of mechanics and mechanical engineering, material sciences and mechatronics as well as agricultural techniques. National economy development forecast shows that the number of students in electrotechniques and power industry should be increased 3 times. Similar conclusions are drawn in woodworking area where 40% students should be oriented on the acquisition of different woodworking device operator professions. Entrepreneurs have stated that there is need for well skilled workers in many areas of technical operation, though vocational graduates have insufficient knowledge in this field. Thus, there is necessity to modernise the educational programmes technical basis and provide the practice opportunities in the enterprises to prepare the needed qualified specialists.

250. The data show that girls rather choose the vocational education programmes in humanities and arts (73 % of the students), social sciences, commerce and law (77 % of the students), and healthcare and social welfare (93 % of the students). More often than girls, boys opt for studies in engineering, manufacturing and construction (87 % of the students), technologies, natural sciences and mathematics (85 % of the students).
251. Training of technical specialists is hindered by the low achievement of the youth in the exact subjects, as well as by the inadequacy of the content of vocational education, material and technical base of the institutions and learning aids, as well as the trend of a great proportion of vocational school drop-outs being boys.
252. If funding for the branches of engineering and natural sciences is increased without simultaneously taking measures for popularizing equal engagement of both genders in studies in the above educational programmes and without improving the achievement of the youth in technical and exact subjects, there is a risk that the number of qualified specialists will not grow.

Content of vocational education programmes

253. The correspondence of the vocational education content to the demands of the labour market is fostered by existence and topicality of occupational standards. The MoES Register shows that occupational standards are approved for 66 % of qualifications that can be obtained through vocational education programmes. However, the high unemployment rate in young people (19 % of the 15-24 year-olds in 2004) and the State Employment Agency data on the unemployed vocational education institution graduates show that the main reason for unemployment in the youth is insufficient or inadequate education for the labour market demands, complemented by lack of professional skills. The causes of vocational education content inadequacy for the labour market demands are insufficient cooperation with the employers (especially in organising study work internships), as well as insufficiently clearly defined mid-term national economy demand by sectors, which is made more difficult by the non-existence of a middle and long-term labour market forecasting system. Employers' organisations cannot take the full responsibility of the development of occupational standards and competency descriptions due to the insufficient capacity.
254. In order to encourage cooperation with the Social Partners, the Regional Vocational Education and Employment Boards have been established in Kurzeme, Southern Latgale, Vidzeme and Zemgale, and RVEEC work plans developed, which have been approved by the Tripartite Cooperation Sub-council on Vocational Education and Employment. Yet, the material base and human capital provision is still insufficient for ensuring full-fledged and efficient operation of the RVEEC in coordination of vocational education and cooperation with the local employment institutions and local municipalities in regions.

Infrastructure and material and technical supply of vocational education

255. The inspection of vocational education institutions carried out within the framework of the World Bank credit project already in 1997 indicated that the average wear-and-tear of all buildings of vocational education institutions amounted to 56%. The total cost of improvement exceeded 150 million lats. The most serious of the state-budget-funded repairs concerned roof, communications and windows.
256. From 2000 to 2003 the World Bank project resources – approximately 3 million lats – were invested in the renovation of 17 vocational education institutions' buildings. The yearly state budget funding is primarily used for covering current expenses of educational institutions – heating and utility payments, teacher salaries etc. Serious repairs of buildings, purchase and modernisation of equipment and learning aids is mainly implemented using the resources of international projects (0.2 million lats from the state budget are invested annually in the improvement of vocational education institutions' infrastructure). Over 2004–2006, an investment of 3.1 million lats from the European Regional Development Fund resources is planned into development of the infrastructure of 28 vocational education institutions (approximately 1/3 of the vocational education institutions), which includes improving the material and technical supply of 28 vocational education programmes. The infrastructure of vocational education institutions is not adapted for people with functional disorders. To ensure availability of the vocational education, every region must be provided with at least one vocational education institution fitted for people with functional disorders. A separate issue is compliance with work safety requirements in the vocational education institutions – for one educational institution 0.1 million lats are necessary. Up to now vocational education institutions have not substantially improved classrooms. Equipping of classrooms and labs for natural sciences require more than 6 million lats. In the planning period of 2004 – 2006, the support for equipment of classrooms for natural sciences will only be received by one school.
257. In order to make vocational education institutions more attractive, to raise their image in the eyes of the community, and to increase the number of students of vocational education programmes, it is necessary not only to improve the content of the educational programmes but also to modernise the material and technical base of studies through cooperation with employers, to use the newest technologies in study internships. Decreasing of the number of inhabitants with low level of basic skills and those who have not completed educational institutions requires development and implementation of comparative educational programmes which would allow people with unfinished primary education to acquire vocational education. It is material also to foster provision of education supply as close as possible to the place of residence and integration into acquisition of vocational education of the groups of people at risk of social exclusion. Substantial improvement of the quality and material & technical supply of vocational education will decrease the number of the unemployed young people; qualification of the labour force will correspond with the labour market demands.
258. The vocational education institutions lack provision of computers and software, which constitutes a serious obstacle to training of students in compliance with the European Computer Driving Licence (ECDL).

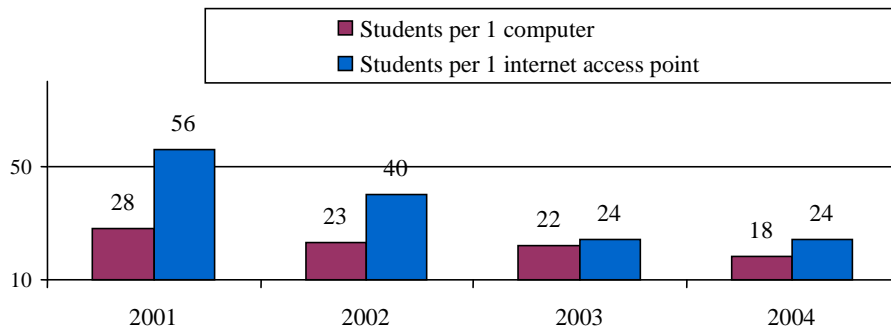


Figure 10: Computers for Vocational School Students

Sources: Data of MoES⁵¹

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

Educators of Vocational Education

260. In vocational education establishments the proportion of young educators is decreasing and the proportion of older educators is increasing (decreasing number of teachers at age up to 30 is approximately 1.5% per year; increasing average age of educators is 0.4 years per year). According to the target of educational policy planning documents to increase the proportion of vocational students from 29.6% in 2004 to 36% in 2013 (percentage from primary education graduates) there are foreseen problems with the provision of vocational educators in the nearest future if not preventing them duly. 13% from the totality of vocational educators are at the age of pension, the existing teachers are aging and there is insufficient flow of young educators to replace the pension and pre-pension aged. Due to the comparatively low pay, it is difficult to attract young people from production. As in the entire education system, most educators in vocational education establishments are women (70% in the academic year 2004/2005)⁵².
261. Further education is not provided in sufficient amount for educators of vocational education (when courses for 25 listeners are offered there are, on average, 36 applicants, demand exceeds supply by 44%).

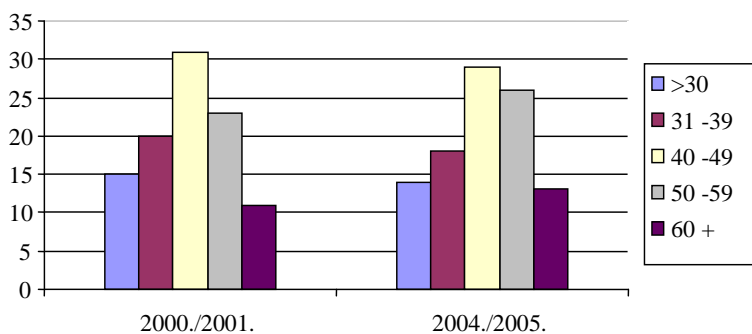


Figure 11: Educator Age Structure

Source: MoES data⁵³

⁵¹ CSB, Vocational Education Institution Reports Prof-1.

⁵² Data of MoES.

⁵³ CSB, Vocational Education Institution Reports Prof-1.

262. More than 2/3 of educators are over the age of 40. That means they have graduated from tertiary education establishments more than 15 years ago and have had little possibility to acquaint themselves with modern production technologies (88% of educators have the higher education, 86% - the pedagogic education).
263. In accordance with the Law on Education, every educator is entitled to use 30 days over three years for the improvement of their educational and professional proficiency while retaining the basic pay in the educational establishment in which the educator works. Due to the current amount of financing only 25% of educators can use these opportunities. The priority for the nearest future is to further professional knowledge and skills of educators in the corresponding sector. Further education is not provided in sufficient amount for educators of vocational education (when courses for 25 listeners are offered there are, on average, 36 applicants, demand exceeds supply by 44%).
264. In order to provide it, an opportunity for educators of vocational education to participate in fieldwork in companies should be created. In cooperation with vocational education establishments, support structures to implement educator fieldwork should be formed in the companies. A possibility for financial stimulation of company employees taking part in the educational process should be found.

Acquiring Qualifications

265. The results of qualification examinations indicate improvement in the average indicators of qualification examinations, in 2005, the proportion of students who acquired qualifications is 94% (in 2004 it was 92%). However, employers are not satisfied with the requirements of the qualification examination since these, as well as the material-technical environment and used materials, do not comply with the requirements of modern production and situation, and with the length of the examination during which it is not possible to test the skills of the students in correspondence with the requirements set out in the occupational standards.
266. Major issues:
- Due to the lack of career counselling, youth motivation and attractiveness of professional education, there is an insufficient number of VE students. The number of young people with low basic skills and low motivation to study is increasing in the area of vocational education; also the proportion of young people expelled from schools is high, especially among boys. In many cases this is connected with the poverty of the family and social conditions. In such conditions vocational education institutions are often performing more of a social than educational function.
 - The content of vocational education, knowledge of educators and the quality of programme implementation still do not correspond to the requirements of the market, qualified workers and technicians for the rapidly developing national economy sectors are prepared in insufficient number. Gender-based segregation of students can be observed in the vocational education programmes, thus reinforcing the horizontal gender-based segregation in employment.
 - Cooperation between vocational education establishments and employers is insufficient. Employers lack stimuli to offer internship for students of vocational education establishments and provide fieldwork opportunities for educators.
 - There is insufficient sector research for forming qualification structures, developing occupational standards and the content of the centralised vocational qualification examinations and implementing them in the necessary amount.
 - Buildings of vocational education establishments are physically obsolete; their maintenance requires considerable financial resources. The professional knowledge and skills required in the labour market can not be acquired with the current material basis of

studies. Vocational education establishments are not suited for persons with functional disorders.

Higher Education (Tertiary Education)

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

Characterisation of People Involved in Tertiary Education Studies

268. In the academic year 2006/ 2007, the total number of students was 129,503 (out of which 64% of 82,770 were female) which was by 45% more than in 1999. The number of students per 10,000 residents in the academic year 2004/2005 was 556, which is the second largest indicator in the world (for comparison: the EU average – 371, Lithuania – 530, Estonia – 490, Finland – 520, Sweden – 390, Germany – 250, Poland – 410, Russia – 410, Belarus – 320 students per 10,000 residents). Although this is a high indicator, it can largely be explained with the low prestige of secondary vocational education, low prestige of vocations and limited economic activity factors in the State in total, that make young people choose to continue their education after acquiring secondary education in order to achieve the maximum prerequisites for their further working life.
269. The overall positive sign in the characterisation of State social strata structure, the high number of students, has so far not been followed by an appropriate public funding allocation strategy, the allocated State budget assets do not provide study opportunities for the rapidly increased number of students (77% of students have to pay for their studies themselves).

Table 13: Tertiary (Higher) Education in Latvia

	Latvia	EU average
Number of students per 10,000 residents	566	371
Total financing of tertiary education vis-à-vis GDP	1.4%	1.1 %
Including public financing vis-à-vis GDP	0.7%	0.9 %

Source: Ministry of Education and Science

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

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

271. Latvia has an insufficient number of students in natural sciences, engineering sciences and technologies, as well as in medicine and healthcare study programmes, not able to provide the existing labour market demand for the correspondent area specialists. According to the national economy development forecast there will be growing demand for qualified and highly qualified specialists in the areas of building, processing industry, production and mechanical engineering, power industry, electronics and automatics, transport, information and communication technologies, chemistry technologies, creative industries, health care as well as interdisciplinary spheres.
272. Insufficient number of students in natural sciences, engineering sciences and technologies is partly connected with a low level of entrant knowledge in the hard subjects. In comparison

with the average EU indicators, there were only 5.2% of students in the natural sciences and mathematics sector in Latvia, while the average EU indicator in 2004 was 11.8%. The proportion of students in engineering sciences and technologies was also one of the lowest in EU – only 9.5%. Although the proportion of students in mentioned study programmes comparing with 2004 is increasing (in year 2006 in the natural sciences and mathematics – 5.35%, in engineering sciences and technologies – 10.3%) it is still insufficient and one of the lowest numbers among EU member states.

273. Regarding the cause for the abovementioned situation, first of all it should be mentioned that State education standards offer secondary school students the choice of such secondary educational programme directions that have few natural science and hard subjects. Therefore, many secondary school graduates can not choose to study hard, natural science and engineering science curricula because their secondary education certificate and results of centralised examinations lack assessment in the required subjects. This is especially characteristic for women who represent less than 30% of all students in natural and engineering sciences. In total, the gender-based segregation of study sectors can still be seen in Latvia. Although the female proportion in the total number of students has an increasing trend (64% in the academic year 2006/2007), by analysing the proportion of students in study sectors from the gender aspect, it can be seen that women dominate in the thematic groups of education, the humanities and art, as well as in healthcare and social welfare accounting for 78 - 87% of the total number of students.
274. Labour market and professional associations have only recently started to clearly define their requirements for the number and preparation of specialists in their sectors and submitted their demand to MoES or to specific higher educational establishments and colleges.
275. The second cause – the cost of a study place in the hard, natural and engineering science curricula is 2-3 times higher than in the social or educational sciences. Since 77% of students in Latvia have to pay for their studies themselves (tuition) most students choose the cheapest study programmes.
276. The low prestige of natural and engineering sciences among students is also created by the insufficient and obsolete study equipment and the condition of the premises that are planned for modernisation with the help of the EU structural fund assets.
277. The above confirms that people who have received secondary education lack knowledge in subjects of natural sciences. Several factors contribute to this:
- Inadequate standards that set both the content and the necessary amount of lessons in a specific subject;
 - Imperfections of the centralised examinations system, examinations in subjects of mathematics and natural sciences should be mandatory;
 - The equipment of classrooms – in most schools it is obsolete and should be renewed in full;
 - Lack of textbooks and teaching aids in schools. It is necessary to purchase textbooks so that students can receive them for free;
 - During the study process the traditional gender roles and the perception of occupations appropriate for women and men are reinforced, as a result of which few girls choose to study the difficult subjects and therefore opt for a career in this sector.

Table 14: Proportion of Students in Natural Sciences and Engineering

State	Proportion of Students in Sectors of Natural Sciences and Mathematic, %s	Proportion of Students in Engineering Sciences and Technologies, %
Latvia	5,2	9,5
Estonia	8,7	12,7
Lithuania	4,9	21,6
Slovenia	5,0	17,5
Denmark	10,1	10,6
Ireland	20,6	14,9
Finland	10,9	25,9
EU- 15 average	11,8	14,5

Source: Ministry of Education and Science

278. Data on higher educational establishment graduates show that in 2006 most graduates received their first professional qualification⁵⁴. As can be seen from the following graph, the number of doctor's degree recipients in Latvia is tiny (0,4%), not only in comparison with the EU member States, but also in comparison with the neighbouring countries - Lithuania and Estonia. This means that the State lacks specialists able to create new products with high added value (incl. the science capacious products).

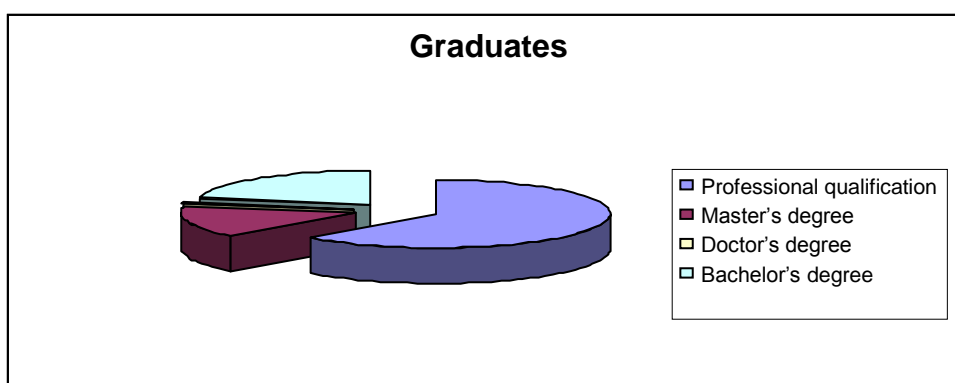


Figure 12: Graduates Awarded Academic Degree or Qualification in 2006

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

279. There should be taken into consideration the forecast that the number of students and consequently graduates and qualified specialists might decrease in 5-7 years because of the demographic situation in Latvia. There is foreseen that the total number of students might be nearly 90-100 thousands in 2013 (decrease for almost 25% in comparison with the totality of students in study year 2006/ 2007).
280. The quality assessment of natural and engineering science curricula occurs based on the results of the accreditation process. Vocational and higher education programmes are not sufficiently modernized to provide competences and practical skills according to labour market requirements and tendencies for economic sectors development. The major drawback of these sectors is the lack of modern equipment, hardware, machinery and tools (study and research material base). Therefore, from this aspect the quality should be increased.

⁵⁴ In the study year of 2006/2007, of 129 503 students in 60 tertiary education institutions 70 % had opted for professional programmes. Data of the MoES.

Infrastructure of Tertiary Education and Material Technical Supply

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

Table 15: Internet and Computer Resources of Higher Education Establishments and Colleges the academic year of 2006/ 2007

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

Source: MoES data ³

Academic Staff and Faculty of Tertiary Education

282. In total about 587 curricula implemented in Latvia have been accredited for 6 years and 74 curricula for 2 years. In accordance with the Latvian, as well as the EU legislation on tertiary education, the quality of the curriculum is evaluated during the accreditation process. Higher education quality is determined by education programmes, their content and conformity with modern requirements and also by qualification of academic staff and faculty of tertiary education.
283. Currently existing problem is ageing of academic staff especially professors and shortage of new Doctor's degree graduates who could qualify for professor or lecturer positions in Latvian universities and who could be involved in the education of young specialists. Also the qualifications of lecturers in some study programmes (especially in engineering sciences and technologies) are not appropriate to modern requirements due to rapid development of economic sectors and necessity for regular knowledge update.
284. The average age of academic personnel constitutes 56 years. In 2005 the structure of the academic staff was the following: 452 (11%) professors, 552 (13%) assoc. professors, 1041 (25%) assistant professors, 1492 (36%) lecturers, 4410 (11%) assistants, 204 (5%) researchers. 48% of academic personnel has academic degree (in 2002 it was 59%). Although the female takes higher proportion (54.7%) than male (45.3%) in assistant professor positions more male are concentrated in the positions of professors. In the Science Sector's Council and management board of Latvian Science Council male is considerable predominant.

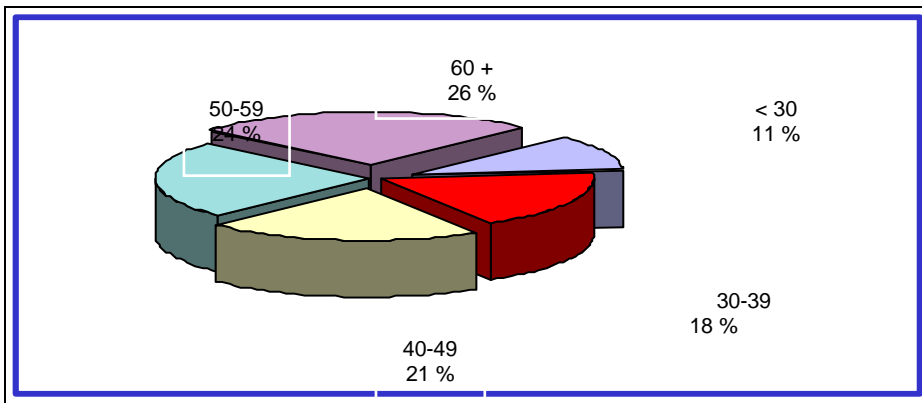


Figure 13: Age Structure of Academic Staff State Higher (Tertiary) Education Establishments

Source: Ministry of Education and Science

285. The number of academicians with a scientific degree is diminishing as well – 48% (in 2002 – 50%). For the present the State is insufficiently engaged in the elaboration of incentives for expansion of doctors’ programmes and research in the higher education institutions. Although the number of researchers and explorers in higher schools has increased, it is still not sufficient.
286. It is clearly evident that there is an insufficient number of highly qualified new specialists, especially doctor’s degree holders, since 50% of the faculty are older than 50 years. The percentage of those studying in doctors’ programmes is only 1,4% in comparison with the percentage of 5-6% in other European Union Member States. The number of persons who have been awarded a Doctor’s degree is insufficient. The number of persons with Doctor’s degrees is low not only in comparison with EU Member States, but also with our neighbouring countries Lithuania and Estonia. For instance, in 2004, the number of doctoral students in Sweden was 18000, amounting to 5.3% of the total number of students, in the Czech Republic – 11500 students amounting to 6.6% of the total number of students. On average in 2004 graduate doctoral students in Lithuania and Estonia accounted for 2.5% of the total number of students. In 2004, in Latvia there were 1428 doctoral students and only 85 of them have been awarded Doctor’s degree accounting for 0.4% of the total number of students. Today students show an increasing interest in Doctor’s degree studies (in 2006 there were 1797 doctoral students and 106 of them have been awarded Doctor’s degree) but the rate of this increase is still unsatisfactory. This is cause for particular concern due to the problems of the aging of academic staff. Due to these reasons during the next 2-3 years a vital shortage of scientific personnel will be expected and that could make a trouble for effective and successful utilization of EU funds in R&D activities. To ensure the wholesome replacement of aged academic staff and scientific personnel at least 300 students per year have to be awarded a Doctor’s degree by estimations of MoES and experts. But 400-450 new doctors per year are necessary to increase a number of insufficient scientific personnel.
287. Among other causes, there is, for example, the fact that the academic staff of higher educational establishments works in several higher educational establishments simultaneously thus reducing work efficiency. There are no plans to use EU Structural Funds for the elimination of this and other causes, therefore their analysis is not provided. Most of these causes could be eliminated, for example, through legislation. That is why a new draft Tertiary Education law has been developed and is currently under discussion.
288. Major issues requiring solution:
- Huge disproportion of students and prepared specialists – more than half of students study social sciences, insufficient number of students in the natural sciences, engineering sciences and technologies;

- Aging of the academic staff (especially, among professors and associate professors) and the lack of new educational staff and correspondence to qualification demands in the country, especially in the regions outside Riga;
- Necessity to improve curricula, elaborate new courses, study modules and form new integrated study programmes accordant to labour market.
- Obsolete material base for studies and research, practically no modern scientific research machinery and hardware, in some regional higher educational establishments there is no machinery and hardware whatsoever in many study sectors, many buildings and premises, utility networks, heat transfer stations, water supply and ventilation systems have become obsolete due to the lack of thorough repairs;
- Insufficient supply of higher educational establishments with information technologies.

Continuing Education

289. A trend indicates that further economic activity of a person in the labour market is largely dependent on their opportunities for receiving corresponding continuing education in order to acquire the skills that allow for successful competition in the labour market. The unbalanced social economic development creates different possibilities for rural and urban residents to acquire high quality education throughout their entire life.
290. The ESF supported national programme "Development and Implementation of Lifelong Learning Strategy" was commenced in August 2005. Within the framework of the programme a survey was made on the accessibility of education in the State, including the regional aspect.
291. Wider lifelong learning opportunities are available for persons capable to pay for the education. Larger quantity of adult residents in Latvia (particularly outside Riga and Riga region) doesn't have free resources to invest in education. The lifelong learning supply is comparatively limited outside the national and regional significance development centers. That requires additional costs for people living in rural areas and local development centers to participate in the education programs and courses held in cities.
292. It is important to provide a support and lifelong opportunities for different groups of persons – economically active and also economically passive residents, including society groups at risk of social exclusion:
- persons with low level of education and skills;
 - persons with disabilities;
 - persons from low income families, self-employed and economically passive persons involved mainly in housekeeping activities;
 - pre-retirement age and retired persons;
 - prisoners and persons discharged from prison.
293. According to the results of population census in 2000 approximately 7,4 % of adult residents in Latvia (of them 2,9% male, 4,5% female) doesn't have acquired primary education. Probably this number is even higher as 10% of the population didn't provide information about their education level. During the last years the number of youth leaving the school without completed primary education is increasing. Due to several reasons 16% of students of vocational education programmes (accordingly 10% male, 6% female) were expelled in the study year 2004/2005.
294. For youth up to age 18 there are possibilities to return back in the formal education system but for persons over 18 these opportunities are limited. At present only 34 evening schools for extramural education are available. There is a lack of alternatives for continuing education.

- Employers are not willing to offer job opportunities for people with low education and skills. Wherewith the proportion of persons under the risk of social exclusion is increasing.
295. The possibility for successful job searching and employment depends on education level, basic knowledge and qualification acquired. In 2004 unemployment rate in the 15-19 age group of economically active persons reached 31,2% ⁵⁵ (25,5% male, 39,7% female), in the 20-24 age group unemployment rate was 14,1% (13,65 male, 17,2% female). Frequently these young people were with low level of education and skills.
296. Low workforce mobility caused by insufficiently developed traffic infrastructure in less developed regions creates limited lifelong learning accessibility for rural population particularly housekeepers and economically passive persons. No sufficient measures are taken focused on the further education for parents especially women returning from child care leave.
297. A little attention is paid to the inclusive labour market and necessary education for pre-retirement age and retired persons. In 2004 employment rate in the 55-59 age group was 63,7% (72% male, 57% female), in the 60-64 age group – 33,8% (41% male, 28% female)⁵⁶. These data show that women in pre-retirement age and retired are considerably less involved in the labour market than the same age man regardless the higher proportion of women at that age.
298. Limited opportunities for education and continuing education are offered for persons with disabilities. Employment rate between disabled people reaches only 10%. Establishments involved in providing continuing education services and their equipment are not suited for persons with disabilities, therefore reducing the opportunities of these persons to acquire or switch qualification.
299. Insufficient education accessibility is available for persons in imprisonment. In 2005 there were 6965 people in prisons and custody: 6419 male adults, 305 female adults and 241 juvenile offenders. Nearly 1/3 of prisoners were in age 15 -25 where almost every tenth was infant at the age of mandatory education. There is a high rate of persons with low and very low education level. 23% of the convicted in 2005 had no completed primary education and 31% had no secondary education. In school year 2004/2005 prisoners were able to obtain vocational education accredited by vocational education programmes only in 6 prisons (total number of prisons in Latvia are 15).
300. The policy of adult education is elaborated by the Ministry of Education and Science in Latvia. The goals, tasks and policy indicators of adult education are determined in the “Lifelong Learning Policy Guidelines for 2007-2013” (approved by the Cabinet of Ministers of the Republic of Latvia on February, 2007).
301. Adult education has developed over the last years, since different State and private educational establishments have taken part in providing it. Adult education centres were established in rural areas and cities. These were established both as autonomous educational establishments and in partnership with regional educational establishments. The regions of planning have elaborated the action programmes for Lifelong Education policy implementation. There is a necessity for supporting the implementation of these projects in concordance with the need of continuing education for 20 000 people in regions, mostly pre-retirement aged people and those who have to develop basic skills.
302. The number of unemployed in the State indicates an inadequacy between the supply of educational programmes and the demand of the labour market. Poor knowledge of foreign languages and the inability to use modern technologies, as well as ignorance of entrepreneurial principles hinder participation in lifelong learning and the labour market.

⁵⁵ Central Statistics Bureau data.

⁵⁶ Central Statistics Bureau data.

Until now accessibility of lifelong learning to various resident age groups has been insufficient, informal education system is weakly developed (there is limited understanding of informal education in society) and supply of lifelong learning with career counselling is insufficient.

303. The continuing education of already employed workers and investments of employers into human resources is not adequate. Employee training that is organised and financed by the company mostly takes place in big companies (70% of the total amount).
304. In 2004, 5 731 continuing education programmes (granted and not granted with licence) were offered to the public. The number of persons involved in these programmes constituted 266 622 or 18% of residents in giving age⁵⁷. Most adult continuing education programmes are supplied in social sciences, humanities, commercial law and administration (in total 57%) and also languages because these have a comparatively lower cost. The supply and number of trained people are insufficient in natural sciences and mathematics, engineering sciences, manufacturing and the fields supporting knowledge-based economy. The education programmes and courses not always comply with the requirements of labour market.
305. When selecting their personnel SMEs often encounter problems: insufficient skills in entrepreneurship management, poor management, entrepreneurship and technical knowledge for developing business plans of a high quality and value, insufficient level of knowledge on financial or cash flow management, labour relations and application of labour safety legislation.
306. In the SF programming period of 2004 – 2006 the SF funded activities aimed at the continuing education of employees. Grants were awarded to individual companies that substantially improved bureaucratic procedures, which entrepreneurs encounter when receiving funding and often cause low entrepreneur activity when applying for State support. In the 2007 – 2013 programming period, the development of human resources in companies should be facilitated by offering not only grants, but also specialised training programmes that are directed towards the training of companies in one or several related sectors and providing sector-specific training projects.
307. State has not unified approach and system for organisation of educators' continuing education. There is not sufficient number of prepared continuing educators. The continuing education curricula are dispersed and not target-oriented. Educators have no knowledge and skills in work with different social groups and the application of new technologies and modern cooperation methods.
308. The continuing education content (programmes) for educators is being developed in a sufficient amount (848 programmes have been coordinated with the MoES for 2005) Continuing education is not provided to a sufficient extent for educators of vocational education (when courses for 25 listeners are offered there are, on average, 36 applicants, demand exceeds supply by 44%).
309. Development goals of the educational system are defined in the "Education Development Guidelines for 2007 – 2013". The guidelines set out the following priority axes: to improve the educational quality in natural sciences at all stages of education, to develop education that includes residents over their entire life, to improve the supply and quality of education in accordance with the needs of the national economy.
310. Major issues:
- The insufficient accessibility of lifelong learning for residents in various age and social groups, insufficient supply of lifelong learning with career counselling and imperfections of lifelong learning policy tools;

⁵⁷ Central Statistics Bureau data.

- Weakly developed informal education system (limited understanding of informal education in society);
- Elasticity missing for “second chance” education possibility for youth and adults;
- Lifelong learning system for educators not ensuring qualitative and appropriate further education possibilities for all pedagogic staff;
- The insufficient participation of employers in the development of human resources;
- The insufficient comparability of vocational education in Latvia, incl. with respect to formal and informal evaluation and analysis of skills.

Education for Children and Young People with Special Needs

311. Every year the number of pre-school children with functional disorders increases. In the academic year 2004/2005 the special groups of pre-school education were attended by 4,522 children with functional disorders, including 2,615 children aged 5-7. Of these 468 children had eyesight disorders, 481 had intellectual disorders, 427 had movement disorders, 2,537 had speech disorders, 71 had hearing disorders and 455 had tuberculosis infection. Children with functional disorders could acquire pre-school education in Latvia in 40 special educational establishments with 222 special pre-school educational groups, in 95 special pre-school educational groups in general type pre-school educational establishments and in 12 special pre-school educational groups formed in schools.
312. In 2004 educational service was provided for 9,822 (3% of the total number to be educated) children with functional disorders and only 1,785 of them have been integrated into comprehensive educational establishments. In comparison with the previous year, the number of pupils with functional disorders in comprehensive schools has increased a little, especially in Riga and the region of Latgale. The number of such pupils has also increased in extracurricular/informal education (in 2004 – 1,741), but has decreased in vocational education establishments (in 2004 – 295) although the integration of these pupils into vocational education programmes, which had 21 such pupils, continued in 2004⁵⁸.
313. Educational establishments also provide training for adults, unemployed and people searching for employment, including the disabled. This training is often not available for persons with functional disorders, because educational establishment premises and equipment are not fitted accordingly. Therefore, it is essential to integrate persons with functional disorders of any age into comprehensive, vocational, tertiary and extracurricular education programmes, as well as involve them into lifelong learning in order to facilitate employment possibilities.

Infrastructure

314. Special educational programmes are attended by 3.1% of the people to be educated. In 2004, educational services were provided for 9.822 (3% of the total number to be educated) persons with functional disorders and only 1.785 of them have been integrated into comprehensive educational establishments. 9 comprehensive educational establishments and 2 tertiary education establishments have been fitted for persons with functional disorders, but there should be at least 38 establishments (one fitted educational establishment in every district and in the major cities).
315. In comparison with the previous year, the number of pupils with functional disorders in comprehensive schools has increased a little, especially in Riga and the region of Latgale. The number of such pupils has also increased in extracurricular/informal education (in 2004 – 1,741), but has decreased in vocational education establishments (in 2004 – 295) although the

⁵⁸Informational report on the progress of implementation of the National Action Plan of Latvia 2004-2006 on Eradication of Poverty and Social Exclusion.

integration of these pupils into vocational education programmes, which had 21 such pupils, continued in 2004.

316. A significant drawback in the integration of young people into the general education system is the fact, that the State does not have specific, economically justified funding for every child/young person with special needs, regardless of the type of educational establishment they attend. There is insufficient early medical, educational psychological diagnosis and medical assistance. It is difficult for young people to fit into society after leaving the special educational establishment.
317. In correlation with that planned, special education development centres are operational and provide methodological support for the integration of pupils with special needs into comprehensive educational establishments. There is an insufficient number of educational establishments fitted for pupils with movement disorders.
318. From the engineering and technical aspect there are five educational establishments fully suited for the integration of children with disorders of physical and mental development in Latvia and nine partially suited establishments for children with movement disorders, as well as the premises of the State Pedagogical Medical Commission.
319. It is necessary to increase the accessibility of educational establishments for persons with functional disorders, as well as to initiate the transfer of special educational establishments into integrative educational establishments. There is an insufficient number of educational establishments fitted for persons with functional disorders.

Educators

320. The integration process of pupils with disorders of physical or mental development is delayed by the insufficient preparation of educators for work with pupils with special needs. It is necessary to train students of higher educational establishments for work with children with special needs. In the 2004 – 2006 programming period, within the framework of ESF projects, educational establishments can receive support for activity “Development and Implementation of Pedagogical Correction or Recovery Programmes and Courses”.
321. “The Regulation on Teacher Education” (adopted with MoES instruction No. 74 as of 16 October 1996) envisages a mandatory requirement of one special education course in the general content of any teachers’ education study programme. Therefore, it can not be said that the students of higher educational establishments are trained to work with children with special needs.
322. Major issues:
- Insufficient number of educational establishments accessible for pupils with special needs;
 - Insufficient preparation of educators for work with pupils with special needs;
 - Insufficient integration of persons with functional disorders into the general education flow;
 - Access to tertiary education is not provided for persons with functional disorders;
 - Educational establishments are not provided with relevant specialists for work with persons with functional disorders;
 - Insufficient material technical base for persons with functional disorders at all levels of education;
 - Low prestige of the teaching profession.

1.8. Employment and Unemployment

323. The goal of Latvia's employment policy is to increase the employment rate to reach the strategic indicators defined by the European Union, as well as solve unemployment problems on the basis of successful economic growth.
324. The employment goals set by Latvia for 2010 are a bit behind the level defined by the EU, see table "Main Employment Indicators", since several problems in the Latvian labour market hinder the setting of higher goals).

Employment

325. In From 1999 to 2005, the employment rate in Latvia increased by 4.5 percentage points reducing the difference with the average EU indicator, which was 63.8% in 2005⁵⁹, to 0.5 percentage points. Female employment rate was 59.3%, which was by 3 percentage points higher than the EU average, but male employment was 67.6% falling behind the average EU indicator by 3.7 percentage points⁶⁰.

Table 16: Main Employment Indicators

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

Source: Eurostat,

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

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

326. From 2004 to 2006 the employment level of ethnic minorities demonstrated an increase, lagging from the average employment level in Latvia only by 1 to 1.2 percentage points.

⁵⁹ Comparison of the employment rate of residents in the age group 15 – 64.

⁶⁰ Source: EUROSTAT.

Table 17: Employment level (age group 15-64),%

	2004	2005	2006
Total in Latvia	62,3	63,4	66,3
Latvians	62,8	63,9	67,0
Ethnic minorities	61,3	62,4	65,1

Source: CSB Labour Force Survey

327. Although female employment indicators are higher than the EU average, there are still several signs indicating inequality in the labour market. Discrimination in the labour market is characterised by problems like: women on average receive lower pay for the same work as men, there is lack of information on possibilities of reporting gender discrimination etc. One of the main obstacles for female participation in labour relations is the difficulty to combine working life with family life, aggravated by the low accessibility of babysitter services, kindergartens, day-care centres and alternative care centres.
328. A large role in the development of opportunities to coordinate working and family life is played by application of flexible employment agreements, for example, possibility to work part-time, aggregate working hours, division of work duties, flexible working time suited for group work, Tele-work, baby care centre/room in the work place. 4.8% of the total number of employees worked part-time in 2005 (for men this indicator was 3.8%, for women – 5.8%). Latvia's indicators in respect to part-time employees are significantly lower than the average in the EU countries (11.4% of the total number of employees, 4.7% male, 17.9% female)⁶¹. In fact this indicator shows the limited choices of flexible working hours, as well as the time division trends between women and men – women are usually taking care of children and other family members, and this defines their choice in favour of part-time work. Due to limited accessibility of care services, social partners, especially employers, should do more to facilitate the accessibility of flexible forms of employment, as well as facilitate a greater involvement of men in taking care of family and dependants.
329. According to the EUROSTAT forecasts, the number of inhabitants in Latvia will decrease from 2.29 million in 2006 to 2.12 million in 2020 and 2.02 million in 2030. EUROSTAT calculations show significant increase in the average age of inhabitants from 40 years in 2006 to 44 years in 2030. Difference between average age of males and females will slightly decrease. Forecasts show that the number of inhabitants in the age group 15-64 will start to decrease after 2010. Until 2010, the situation will be beneficial and the number of employed persons will remain approximately the same, because a number of young persons born in late 80-ies will enter the labour market. The share of persons aged 15-64 will even slightly increase until 2011 because of decrease in the number of children. However, sharp decrease in the number of working age population is unavoidable. Decline in the number of births during last 15 years will result in ageing population after 2010. The group of persons aged 20 to 39 will decline from 30% in 2011 to 22% in 2030. The group aged above 65 will increase from 16.8% in 2006 to 21.3% in 2030.⁶²

⁶¹ Labour Force Survey results, EUROSTAT.

⁶² Latvian National Report on Sufficient and Sustainable Pensions 2005, Calculations and Forecasts of the Ministry of Welfare.

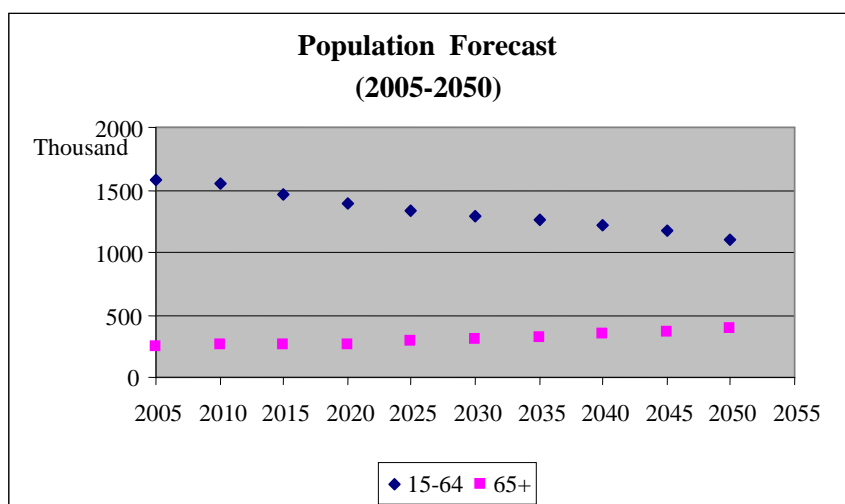


Figure 14: Population of Economically Active (Working) Age and Older (2005 - 2050)

Source: Indicators of Calculations by the Ministry of Welfare

330. Taking into account the reorientation of the national economy from a planned to free market economy, as well as insufficient opportunities of life-long learning, during the last decade it has been noticed more and more that skills and abilities of the labour force do not comply with the requirements of the labour market. In order to monitor the labour market and identify the lack of labour force in particular sectors of the national economy and the groups of professions, there was done a “Detailed research of workforce and labour market in national economy sectors” within the framework of ESF National programme “Research of labour market” from 2005 to 2007. The research gives more detailed information about problems in the labour market and develops also recommendations how to solve them. The research concludes that major workforce demand is expected in construction, manufacturing and mining industry. However, the demand of the workforce may be reduced by increasing the capital in such industries like agriculture, fishery, mining and manufacturing industry, wholesale and retail, transport and communication, and finance industry. The increase in labour productivity is the most realistic way how to reduce the demand for workers in building and construction sector, wholesale and retail, hotels and restaurants. The research admits that the forecasted development rates will be possible to achieve by increasing the number of workers in such industries like electricity, gas and water supply, operations with real estate, rent, computer services, science and other commercial services, state administration and defence, education and social care as well as public, social and individual services.
331. According to the research, only 3,4% of employees in enterprises are foreigners . Analysis of reasons for hiring foreigners concludes that recruitment is justified by higher qualifications (46.8%) and the lack of domestic labour force (22.6%). According to forecasts, there will be a labour shortage in 106 from 120 examined professions in 2007 while in 2013 labour shortage is expected only in 86 professions.
332. In order to ensure sustainability of the results, further support is necessary to establish and strengthen a long-term forecasting system of the labour market, to carry out labour market studies and strengthen the capacity of institutions involved in the monitoring of labour market.
333. Migration of the labour force has become one of the most topical issues in Latvia in 2006. The first emigration wave of the labour force started on 1 May 2004, as with the accession of Latvia to the European Union on 1 May 2004 an opportunity was given to the residents of Latvia to work in the new Member States and three old member States – Ireland, Great Britain and Sweden - without limitations. Together with the issue of labour force emigration,

increasingly closer social attention is also paid to the immigration policy, considering the necessity to import a labour force from third countries. Taking into account the expected aging of residents, it is essential for Latvia to formulate a migration policy of the labour force in a coordinated and integrated way, also directing attention to the solution of such issues as returning émigré Latvian citizens, their reintegration and improving working conditions in Latvia.

334. There has been developed the research “Geographic Mobility of the Labour Force” (hereinafter – research) within the framework of the project “Research of the Ministry of Welfare” of the ESF National Programme “Research of labour market”. The results of the research reveal that the relatives of surveyed respondents – approximately 86 thousand persons aged between 15 and 65 - work or study abroad, mostly in Great Britain, Russia, Ireland or Germany. Results from the survey conducted within the framework of the research indicated that the most important reasons for the willingness of the inhabitants to work abroad are - higher salary (84.7%), good working conditions (30.8%) and an opportunity to gain a new experience (25.4%). Approximately 1/5 of respondents admitted that they would like to go to work abroad in the coming years. However only the half of them had done something to carry out this plan. Those who have expressed their will to go to work abroad most frequently are youngsters aged below 24, males, persons with the primary and secondary education, persons living in Latgale and Zemgale regions. The salary and working conditions are mentioned as the most important emigration reasons, but it is necessary to mention also undeveloped infrastructure - transport system, lack of kindergartens etc. that make internal mobility and integration in the labour market difficult. Nevertheless, survey concludes that emigration, in general, will be short- term and the economic development will foster return of the workforce to Latvia.
335. Since Latvia joined the EU there has been no statistical data on working permits issued to the citizens of EU/EEA. Information on the residence permits issued with entitlement to work is not complete and can not be used for the analysis of the labour market situation. Single supervision system of workforce movement has not been developed in the EU, which makes it difficult to show the real situation in the labour market of Latvia, incl. the employment of foreigners.
336. Employment rate is higher in the Riga region (72% in 2006) and in Pierīga (70.2%), but it is lower in Zemgale (65.5%), Kurzeme (63,6%), Vidzeme (63%) and Latgale (56,8%). Differences in infrastructure, geographical location and access to resources influence the development in regions. Geographic mobility (domestic) of the workforce is limited, taking into account inadequate transport infrastructure, high rents, insufficient supply of housing that reduces the possibilities of territorial cohesion.
337. Within the ESF national programme "Labour Market Studies", the Ministry of Welfare is implementing several studies concerning labour market issues, including research on geographic labour force mobility. According to the research, the highest internal mobility is between Riga and Riga region (PieRīga), although the number of emigrating people from these regions is decreasing. Analysing the 12-year period from 1993 to 2004, the positive net result of migration was in two regions only - Riga region and Zemgale region. The largest increase of the number of population because of internal migration has been in Riga region- the number of inhabitants increased by 27,8 thousand people which is 7.6% from the total number of people living in the region in 2004. The survey showed that the inhabitants mostly were migrating within their region- in Vidzeme region 60% of migrants did not cross the border of the region, in Kurzeme region- 66%, in Latgale region- 69% and in Zemgale region- 61%. The highest demand for workers with higher education was observed in Riga, as more than a half of respondents with higher education from other municipalities were commuting or moving to Riga. Workers with higher education in Latgale also have high internal mobility rate (31.2%). The main reasons for internal mobility are- work, studying and domestic

reasons. Overall tendency is that people with higher or vocational education are more mobile than those with elementary education.

338. Despite the comparatively low retirement age, employment rate in the age group 55-64 was relatively high in Latvia in 2006 – 53.3% (EU-25 data for 2006 - not available; in 2005 - 42,5%) and has increased in comparison with 2000 by 17.3 percentage points. Taking into account the priority of active aging policy in the EU, the planned increase of retirement age to 62 for men and women, as well as the range of active employment measures, further improvement of the employment rate is anticipated.
339. Share of self-employed persons within the total number of employed is 7%, whereas in the EU-25 the average is 16% (in Latvia there is one of the lowest indicators, while in Estonia - 8%, in Lithuania, Denmark and Slovenia – 9%, in Greece – 32%).
340. Although the labour productivity is increasing (comparing the labour productivity of one employed person in 2005 with the same data in 2000, the indicator has increased by 8,9 percentage points), it is still remarkably lagging behind the EU average and forms only 47,3% of it.
341. Judging from the significant proportion of informal economy in the GDP that accounts for around 16-18% and is one of the highest indicators in the EU, Latvia has a high level of undeclared employment reaching 25-30% in some sectors (construction, wholesale and retail, production of excise goods, forestry and preparation of timber products, commercial services, private services).⁶³

Unemployment

342. Unemployment rate in Latvia in the 15-74 age group has decreased from 14.0% in 1999 to an average of 6.8% in 2006 (the EU-25 average indicator in 2004 – 9.0%). Unemployment rate indicator for men was by 0.3 percentage points higher and for women by 2.8 percentages point lower than the average in the EU-25 in 2006⁶⁴. According to the data of the State Employment Agency, the level of registered unemployment in Latvia was 6.5% at the end of 2006, which is by 0.3% percentage points lower than the evaluation in accordance with the International Labour Organization's (ILO) methodology.⁶⁵
343. Unemployment level for ethnic minorities (within the age group of 15- 64) has fallen by 4.7 percentage points in 2006 in comparison with 2004 (from 13,7% to 9,0%). Decrease of the unemployment rate for ethnic minorities was even sharper than the decrease in the unemployment rate for Latvians (by 2,8 percentage points from 2004 to 2006).

Table 18. Unemployment rate (share of job- seekers) within the age group of 15-64,%

	2004	2005	2006
Total in Latvia	10,6	8,8	7,0
Latvians	8,6	7,5	5,8
Ethnic minorities	13,7	10,9	9,0

Source: Central Statistical Bureau

344. The highest unemployment rate still is in the Latgale region where the share of job seekers was 10.8% in 2006.⁶⁶ Differences between the share of job-seekers in cities and rural areas have nearly disappeared in 2006 – 6.9% and 6.7% respectively⁶⁷.

⁶³National Action Plan on Promotion of Employment 2004.

⁶⁴ EUROSTAT.

⁶⁵ The difference is due to several reasons: slightly different criteria to be considered unemployed by the ILO definition, all individuals are not entitled to an unemployment benefit, etc.

⁶⁶ Central Statistical Bureau. Labour Force Survey.

⁶⁷ Central Statistical Bureau. Labour Force Survey.

Table 19: Percentage of job- seekers in the economically active population

Indicator	Riga region	Pieriga region	Vidzeme region	Kurzeme region	Zemgale region	Latgale region
Average unemployment rate in 2006, %	5.8	4.9	6.4	7.5	6.7	10.8
Unemployment rate for women in 2006, %	6.3	5.1	5.5	6.3	7.5	7.8
Unemployment for men in 2006, %	5.3	4.8	7.2	8.6	5.9	13.6

Source: Central Statistical Bureau, Labour Force Survey

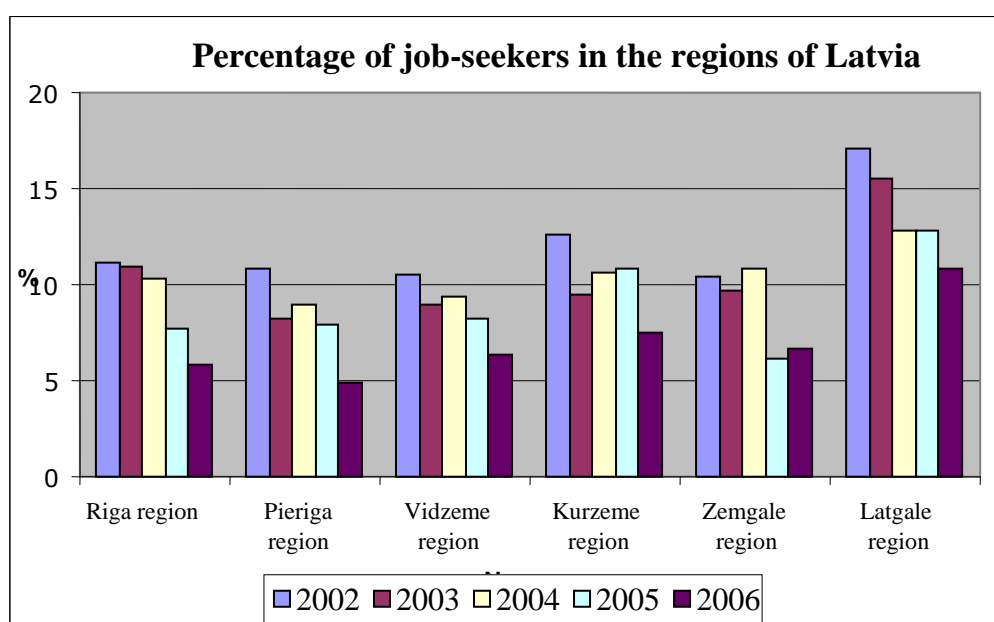


Figure 15: Percentage of job- seekers in the regions of Latvia 2002-2006

Source: CSB Labour Force Survey

345. Analysing unemployment rate over a five year period, the highest unemployment indicator among regions can be seen in Latgale region and the lowest in Riga region. The high unemployment rate is caused by insufficient development of entrepreneurship, small number of self-employed persons and underdeveloped infrastructure, as well as limited mobility of workforce.
346. The proportion of long-term unemployed in the group of working age residents in Latvia in 2005 was 4.1% (7.9% in 2000), exceeding the average EU level by 0.2 percentage points⁶⁸. The long-term unemployment rate decreased to 2.6% in Latvia in 2006.
347. In comparison with other EU member states Latvia has a comparatively high unemployment rate among residents with low level of education and skills. The cause for this is the lack of vocational qualification, as well as the inadequate knowledge and skills for the development of contemporary knowledge-based society: information technologies, communication skills, and basic knowledge of entrepreneurship, foreign languages and state language. In 2006, 29.3% of the total number of job-seekers had primary education, 25.7% had secondary

⁶⁸ EUROSTAT.

education and 31.7%- vocational education.⁶⁹ Whereas the unemployment rate among residents with tertiary education in 2006 was 3.9%⁷⁰.

348. The average youth unemployment rate (aged 15– 24) was 12.2% in 2006, which is nearly two times less than 23.6% in 1999, and by 5.1 percentage points lower than the average indicator of the EU-25 (17.3% in 2006)⁷¹. The unemployment rate among persons in the pre-retirement age (55– 64) was 6.6%, which is by 2.9 percentages points lower than the same indicator in 2004⁷².
349. The regional researches on the socio-psychological portrait of the unemployed done within the project “Researches of the State Employment Agency” of the ESF National programme “Labour market studies” have concluded that almost every fourth unemployed in Latvia is under the medium or high level risk of alcohol addiction, but every seventh is under the medium or high level risk of drug addiction. There can be seen the tendency of men to be more under the risk of addiction: 15% women and 38% men from the average number of employed are under the risk of addiction. If we compare the data by regions, it can be seen that the highest share of persons under the risk of addiction is in Latgale (37%), followed by Vidzeme (30%), Kurzeme (23%) and Zemgale (20%). Every ninth unemployed is under the risk of addiction in Riga region while the share is even higher among men (19%).
350. There were 642.1 thousand economically inactive people in 2006 and in comparison with 2005, the number has decreased by 5.3% (678.2 thousand in 2005). Pensioners formed 40.2% from all the economically inactive population in 2006, pupils and students- 30.1%, persons with long term illnesses or disability - 8.1%, but 8% considered themselves as housekeepers. Special attention should be paid to persons who are potential job seekers but have lost their hope to find a job or do not know where and how to find a job. Labour force survey showed that there were 25.5 thousand (4% from the economically inactive population) persons who have lost their hope to find a job in 2006 in Latvia (their number has decreased by 5.8 thousand in comparison with 2005).
351. As the decision to take part in the labour market is affected by several factors, such as marital status, health, socio-economic situation, entrepreneurial activities, accessibility to infrastructure and cultural environment, close and coordinated cooperation between different responsible institutions is necessary - considered to be insufficient at the moment. The administrative capacity of institutions engaged in the development of the unemployment policy (Ministry of Welfare, Ministry of Economy, Ministry of Education and Science, State Employment Agency, Professional Career Counselling State Agency, State Labour Inspectorate, Latvian Employers’ Confederation, Free Trade Union Confederation of Latvia, Union of Local and Regional Governments of Latvia and NGOs) is insufficient, and partnership on the local level is poorly developed for the introduction of an effective and integrated employment policy. It is necessary to introduce new measures and adjust the existing ones in accordance with the needs of such groups vulnerable to the risk of social exclusion as persons without fixed place of residence, persons with mental disorders, persons without motivation to study and/or work, persons with addiction problems and specific needs, prisoners and persons released from imprisonment.
352. Within 28 branch offices of the State Employment Agency (SEA) there were established advisory boards which consisted of social partners, representatives from state, local governments and NGOs in 2004. Their task is to analyse employment problems in municipalities and develop proposals for reducing the unemployment by developing Local Employment Action Plans every year. The representatives of local authorities best of all know

⁶⁹ Central Statistics Bureau. On unemployment. 24.02.2004.

⁷⁰ Eurostat.

⁷¹ Data of Eurostat.

⁷² Data of Eurostat.

the situation in their local labour market and can develop recommendations to reduce the unemployment. Therefore it is especially important to ensure the support to the implementation of Local Employment Action plans. Implementation of the plans helps to improve cooperation between the SEA and municipalities, to analyse human resources, to identify local employment problems, to analyse the contribution of the municipality and the SEA in the development of human resources and fostering employability, to plan and implement joint events.

353. 166 354 unemployed persons participated in active employment measures organized by the State employment agency in 2006⁷³. Special attention was paid to unemployed persons under the risk of social exclusion⁷⁴ and to unemployed persons from the regions with high unemployment rate. 65 651 unemployed persons became full-time or temporally employed in 2006 after or during their participation in active labour market measures. Quality of services has been analysed and improved in close and systematic cooperation with employers. Before 2007, services of the State employment agency mostly addressed persons under the risk of social exclusion and persons with low education level.
354. In 2005 like in 2004, in accordance with the data of the SEA⁷⁵ the highest demand in the labour market was for highly qualified workers and craftsmen (21 600 vacancies or 29,0% of all vacancies registered) and those employed in service and trade (11 935 vacancies or 18,7%). 25,6% of the registered vacancies in 2005 were for representatives of ordinary occupations.
355. In occupation breakdown the greatest demand was for retail shop clerks (2161 work places), auxiliary workers (1144 work places), car mechanics (1118 vacancies), fish-processors (698 vacancies), builders (683 vacancies) and truckers (614 vacancies).
356. In 2005, in comparison with 2004, the greatest decrease in the number of SEA registered unemployed was within the profession group “simple workers” (decrease by 3394 unemployed persons). While the highest increase was within the profession group “without profession” (increase by 895 unemployed persons).

Classification of Unemployed According To Sectors And Industries

357. In 2006 15.63% out of the total number of employed were employed in processing industry, the same percentage in trade, 10.85% in agriculture, hunting and forestry, 9.56% worked in construction, 9.28% in the field of transport, storage and communications. 8.09% were employed in the education field, the same percentage worked in state administration.⁷⁶ However the proportion of women and men in these sectors is very diverse, which indicates horizontal segregation of occupations.
358. Women dominate in such fields as health and social care (86% of the total number of employed), educations (82%) and hotels and restaurants (83%). While men dominate in such fields as construction (94%), transport, storage and communications (69%), agriculture, hunting and forestry (64%)⁷⁷. Besides, surveys show that society has a strong view on which occupations are suited for one or the other gender. Occupations of kindergarten teacher,

⁷³ Professional training and retraining of the unemployed, improvement of their professional skills, measures for raising competitiveness, paid temporary social works, trainee jobs for youth unemployed, subsidised jobs for elderly unemployed persons (older than 55 years), subsidised jobs for the unemployed people with disabilities, measures to promote mobility of the unemployed people with disabilities, social enterprises to employ less competitive unemployed persons, etc.

⁷⁴ Young people (15 – 24), people at the pre-retirement age (55 – 64), job-seekers having low level of basic skills and education, people with disabilities, long- term unemployed, women after child-care leave and persons released from imprisonment.

⁷⁵ State Employment Agency data.

⁷⁶ Central Statistics Bureau, Labour Force Survey.

⁷⁷ Central Statistics Bureau, Latvian Statistics Yearbook

housekeeper and secretary are considered appropriate for women, while the occupations of bus driver, in military and construction are mostly attributed to men⁷⁸.

359. At the same time it should be noted that vertical segregation is also observed - in almost all fields of national economy inequality in female and male pay can be recorded. In 2006 the average female pay in Latvia was by 17.6% lower than the average male pay. This pay difference is more evident in some fields, for example, in financial intermediation, wholesale and retail women receive by 30.5- 43.7% less than men. The EU-25 average indicator in difference between female and male pay is 15%⁷⁹. Such pay difference is connected with the positions occupied by women and men, the higher positions with higher pay are mostly taken by men, while women work on the deputy and executor level. The employer environment is also dominated by men: in 2006 out of 37,300 employers 23,300 (or 62.5%) were men, 14,000 (or 37.5%) were women.⁸⁰ By analysing the proportion of women and men in various occupation groups in Latvia it can be seen that two thirds of legislators, senior state officials and managers are men (58.7%), while the majority of senior specialists, specialists, servants and service and trade employees are women (59-83% of the total number)⁸¹.

Table 20: Number of Men and Women by Occupational Area and Comparison of Work Pay

	Average Annual Number of Employed Residents by Type of Employment in 2006				Male and Female Work Pay by Type of Employment, LVL in 2006		Female Pay in % from the Average Male Pay	
	Total	Thousands of People		% of Total				
	Thousands of People	V	S	V	S	V	S	
<i>Total</i>	1088	559	528	51%	49%	296	244	82,4
<i>(A)</i> ⁸²	118	76	42	64%	36%	242	211	87,2%
<i>(B)</i>	2			207	149	72,0%
<i>(C+D+E)</i>	196	114	81	58%	41%	278	216	77,7%
<i>(F)</i>	104	98	6	94%	6%	242	226	93,4%
<i>(G)</i>	170	64	106	38%	62%	269	187	69,5%
<i>(H)</i>	29	5	24	17%	83%	210	154	73,3%
<i>(I)</i>	101	70	31	69%	31%	319	283	88,7%
<i>(J)</i>	25	7	18	28%	72%	985	555	56,3%
<i>(K)</i>	61	31	29	51%	48%	317	260	82,0%
<i>(L)</i>	88	46	42	52%	48%	357	355	99,4%
<i>(M)</i>	88	16	72	18%	82%	275	250	90,9%
<i>(N)</i>	51	7	44	14%	86%	301	260	86,4%
<i>(O)</i>	49	20	29	41%	59%	278	195	70,1%

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

⁷⁸ Awareness and Perception of Gender Equality in Population of Latvia, SKDS, 2001.

⁷⁹ Report on Equality between Women and men 2006. Employment and Social Affairs DG, European Commission 2006.

⁸⁰ Central Statistics Bureau, Labour Force Survey

⁸¹ Central Statistics Bureau, Labour Force Survey,.

⁸² A-Agriculture, hunting and forestry; B-Fishing; C- Mining; D- Manufacturing; E-Electricity, gas and water supply; F-Construction, G-Wholesale and retail trade; H-Hotels and restaurants; I-Transport, storage and communication; J-Financial intermediation; K-Real estate, renting and business activities, consulting; L-Public administration and defence; M-Education; N-Health care, O-Other community, social and personal service activities; P-Activities of households.

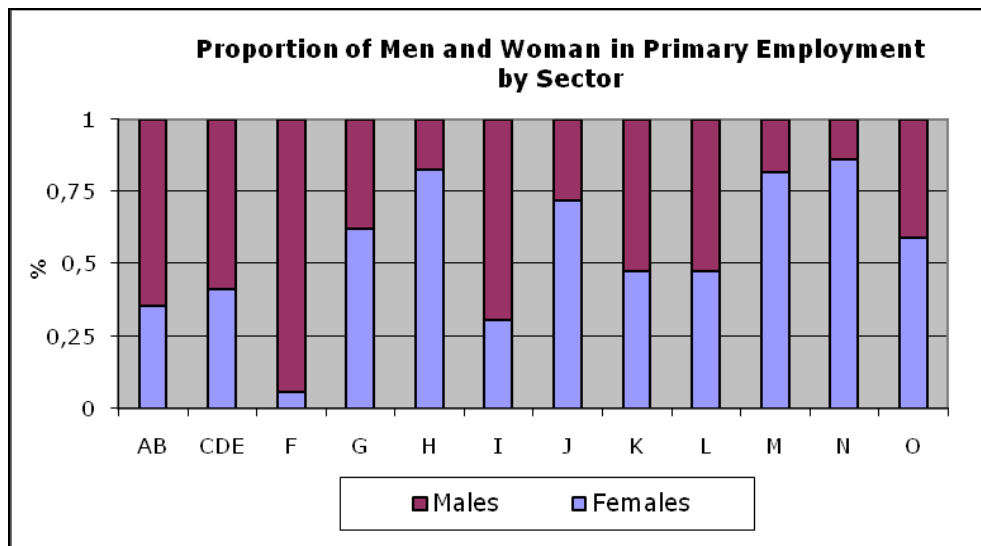


Figure 16: Proportion of Men and Women in Employment by sector in 2006

Source: CSB

Institutions involved in implementation of the labour market policy

360. The SEA provides services to more than 100 thousand clients monthly on average, PCCSA- 4 thousand clients. Number of service recipients and clients tends to increase. In order to develop the SEA and PCCSA infrastructure, from 2003 to 2007 financing had been allocated from the State Investment Programme (SIP), PHARE and the EU Structural funds. The SEA has developed the information system BURVIS (the system for registering the unemployed and vacancies) with the assistance of PHARE and the EU Structural Funds to ensure timely information about the employment situation in Latvia. The unemployed persons will have the possibility to submit their CV via the Internet portal and choose the most appropriate vacancies. The employers will have the opportunity to publish information about vacancies and to select the most appropriate employee. The SEA provides services to its clients without regard to their place of residence and administrative territory.
361. 11 SEA branches and 21 sector was renovated with the assistance of the SIP, PHARE and EU Structural Funds, accessibility for people with physical disabilities was improved in 12 SEA branches and also working places in SEA sectors and branches have been equipped. PCCSA with the support of the SIP, PHARE and EU Structural Funds has developed 7 new consultation offices in regions of Latvia, 4 regional centres have been repaired, accessibility of the environment has been improved for people with disabilities, the working places have been equipped, the information system of PCCSA and new home page has been developed ([HTTP://WWW.KARJERASCENTRS.LV](http://www.karjerascentrs.lv)). Nevertheless, the existing infrastructure and IT system still is not providing equal opportunities for the clients of all branches and sectors. Therefore it is necessary to improve the IT system to provide clients with up-to-date and high-quality services, efficient and fast exchange of information among branches and service centres, as well as to ensure operation of a joint customer registration system. Besides, from 2004, SEA has had to ensure the compatibility of registers with the EU-level databases (EURES).
362. The need for investments in the IT, databases and infrastructure of SEA, PCCSA and the State Labour Inspectorate is justified by the following strategic documents and reasonable needs:
- The Medium-term activity and development strategy for 2004– 2007 of the State Employment Agency, which sets the task to provide information on the supply and demand of labour market and on the availability of services provided by the SEA and efficient and fast exchange of information, to improve the quality and efficiency of

services provided by the SEA, to ensure the availability of services and efficient administration of services, including updating of IT systems and data bases and equipment.

- The PCCSA Medium- term Action and Development Strategy for 2004-2007, that sets the main objective of the Professional Career Counselling State Agency: the development of infrastructure, better service and management quality, including on-line access to professional career information and data bases, as well as modernising equipment.
- The Strategy Plan for 2002 – 2006 of the State Labour Inspectorate defines as a priority the practical implementation of laws and rules, inter alia, efficient monitoring and control through awareness campaigns and consultations and establishment of databases and information flow systems, and improvement of infrastructure.

Working conditions

363. Although harmonisation of Latvian work and occupational safety regulations with EU requirements was finished by the end of 2002, and Latvia now offers the same safety for its workers as others, changes in occupational safety setup and legislation have not had an effect on working conditions of enterprises. There is still room for improvements in occupational safety system. The statistics on work-related accidents have remained stable for last years, with only an insignificant decrease.
364. According to data of State Labour Inspectorate, 1568 employees suffered from work accidents in 2005. 56 of these were lethal cases and 275 resulted in serious injury. When compared to 2004, number of employees suffered from work accidents has increased overall by 166 (11.8%), serious injury cases by 21 (8%), but the number of lethal cases declined by 5 (8.2%).
365. Breakdown of accidents by company size shows that majority of accidents have taken place in medium-size companies with 50 to 249 employees (551 employee suffered, 35% from total). This may be explained by the fact that lion share of all companies in Latvia is medium sized, employers are under-evaluating the importance of safety at work, especially what concerns setup and upgrading of occupational safety systems.

Table 21: Number of Occupational Diseases and Workplace Accidents

	2000	2001	2002	2003	2004	2005
Occupational diseases	224	323	436	563	796	784
Number of work accidents per 100 000 employees	146	140	150	145	136	169
Number of death cases per 100 000 employees	49	68	56	39	57	56
Number of companies inspected by SLI	10 078	10120	10328	11001	9759	12095
Number of inspectors at SLI	181	181	181	186	186	195

Source: Annual Reviews of the State Labour Inspectorate

366. Currently Latvia does not have its own National Institute of Labour Studies, which could offer advisory, scientific and technical assistance, for instance organize specific work environment related training to inspectors of the State Labour Inspectorate, needed by policy makers and occupational safety control bodies.
367. Public opinion poll conducted in 2005 to define the level of employee and employer awareness of State Labour Inspectorate (SLI) responsibilities, including legal relationship between employers and employees and occupational safety, has revealed need to raise public awareness of these matters. When asked what kind of occupational safety information is necessary, more than half of employers mentioned EU requirements. 16-25% of respondents wished to have more information about other issues: legislation and regulations, occupational

safety training, penalties or fees and experience of other counterparts. And 30% of employers and 7% of employees claimed that their primary source of information is State Labour Inspectorate. Public awareness campaigns, especially on legal matters like wage, work and laytime, collective agreements and other soar issues, would in the long run wind down illegal unemployment and employment right violations.

368. Occupational health and safety improvements may be achieved by way of:
- improving State Labour Inspectorate infrastructure and administrative capacity,
 - strengthening the capacity of social partners through closer cooperation in educating and informing employees,
 - establishing and supporting Latvian Institute of Labour Studies.
369. In recent years, working hours in the EU have a tendency to decrease, while in Latvia they have a tendency to increase. In 2004 it reached 42.8 hours per week (in 1999 – 40.3 hours) causing overwork of employees and leaving a negative impact on labour productivity⁸³.
370. Main priorities and objectives of Latvian employment policy are:
- to support development of qualifications and retraining of employees in enterprises;
 - to foster an inclusive labour market, increasing the range of active employment measures to improve competitiveness of the unemployed, especially groups of residents that are subject to the risk of exclusion, in the labour market, through the improvement of cooperation between the State Employment Agency and employers;
 - to support the integration of economically inactive residents in the labour market;
 - to promote economical activities in poorly developed regions through the improvement of the business environment, promotion of entrepreneurship and self-employment and the support of initiatives for promotion of local employment;
 - to develop a short-term and long-term forecasting system of supply and demand of the labour market;
 - to continue to inform and educate the society on gender equality in the labour market;
 - to foster more extensive use of opportunities for reconciliation of working and family life in the society;
 - to deal with the problem of undeclared work in a more intensive manner and to stimulate people to engage themselves in the formal economy, inter alia, strengthening the institutions of state control and associations of social partners;
 - to extend education and training opportunities, especially for persons with low qualification, as well as to develop life-long learning at the same time improving the quality of education and developing measures of professional career counselling;
 - to strengthen the capacity of labour market institutions and foster employment partnership and social dialogue to provide high quality services and to improve work methods.
371. The main employment and unemployment-related problems are:
- regional labour market disparities,
 - the quality of education, abilities and skills of the labour force do not comply with the requirements of employers;
 - low internal mobility of the labour force,

⁸³ EUROSTAT.

- relatively high rate of undeclared employment in particular spheres of national economy (construction, manufacturing industry, agriculture and transport services);
- increased unemployment risk to young people, individuals after child care leave, individuals with weak Latvian knowledge, people with disabilities and other social exclusion risk groups,
- potential lack of the labour force, according to the demographic forecasts after 2010, that will be also caused by substantial changes in age structure of the labour force, when there will be a rapid decrease in the number of young people and increase in the number of the elderly;
- the share of unemployed in the group of uneducated and unskilled inhabitants in Latvia is comparatively high,
- indications of gender discrimination can be observed in the labour market: women carrying out the same job as men on average receive smaller salaries than men, people do not have information on possibilities to complain about gender discrimination, etc.;
- proportion of women and men by spheres of the national economy is very different - indicating the horizontal segregation of professions;
- lack of child-care and social services hinders the involvement of persons taking care of dependant persons (usually women) in the employment relations;
- Latvia has a comparatively large proportion of accidents at work, employers and employees do not have sufficient information on issues regarding labour protection;
- insufficient administrative capacity and mutual cooperation of institutions involved in the process of establishment and implementation of employment policy, poorly developed partnerships on the local level for the implementation of efficient and integrated employment policy;
- lack of high quality labour force in particular spheres of the national economy (for example, in construction) and migration of the labour force, mainly to the Western Europe;
- low economic activity of residents and the number of self-employed residents

Social Inclusion

372. Social exclusion means failure of an individual or a group of people to fully or partly enter society, when individuals or groups of people have no opportunities or limited opportunities to receive goods, services, resources and rights that are essential for the development of a person and ensure a wholesome life of a person in the society.
373. Social inclusion is a process promoting elimination of poverty and social exclusion risks, and full-fledged inclusion of all individuals in functioning of society. Implementation of the social inclusion policy of Latvia is carried out in compliance with the joint EU social inclusion process, the objective of which is to substantially reduce poverty in Europe by 2010.
374. Along with the economic growth, the income of citizens grows as well. The income of the workers in year 2005 increased by nearly 10%. In comparison with 2003, household income increased in 2004 by 17% or by LVL 14 (EUR 20) per one household member per month. Although income levels have increased for all types of households, remarkable income disparities exist between urban and rural areas, as well as between Riga and its region and other regions. Latgale still demonstrates the lowest average household income per one household member per month - LVL 67.2 (EUR 96), while Riga shows the highest one - LVL 135.24 (EUR 192). In 2004, the risk of poverty has grown for several population groups. Remarkable increase has been noted for retired persons (65 years of age and over) living alone (28% in 2003, 53% in 2004). The risk of poverty has also significantly risen for families

with children having a single bread-winner, usually woman (35% in 2003, 41% in 2004). Single-person households are under 40% risk of poverty. A relatively high risk of poverty - 32% - can still be seen among large families (families with 2 adults 3 and more children).⁸⁴

375. In order to coordinate the EU social inclusion process better and to promote a better understanding of issues concerning poverty and social exclusion and its aspects, as well as to mobilise all parties involved and foster mutual learning, the open method of coordination is being applied.
376. Groups of residents in Latvia that are more vulnerable to social exclusion risk than others or are subject to several risks simultaneously are large and single-parent families, disabled persons (persons with functional disorders – vision, hearing, mental and other types of disorders), persons with potential disability, the unemployed, especially the long-term unemployed persons, young people that do not study or work, the elderly (55+), parents, especially women after child-care leave, prisoners, persons released from imprisonment, homeless persons, victims of trafficking and violence, persons with addiction problems, parents of a child with disability, persons who have to take care of a family member, persons with low level of basic skills and education, ethnic minorities.
377. The said groups of residents may need support in spheres like education, employment, health care, social services and other, besides their problems, causes and solutions required may differ within the framework of one group. A person may be subjected to several risk factors of social exclusion or disability, which requires different approaches and solutions.

Promotion of Employment and Inclusive Labour Market

378. Taking a look at the inhabitants who are most affected by unemployment, which is one of the risks of social exclusion, four target groups stand out – long-term unemployed, youth unemployed, pre-retirement unemployed and women after child-care leave.
379. In time period from 2002 to 2006 long-term unemployment (12 months or more) rate diminished more than twice. In 2006, 2.6% of total economically active inhabitants were long-term unemployed. The proportion of long-term unemployed within the age group 55-64 is the largest among other age groups – 3275 unemployed persons (20.5% from the total number of long-term unemployed).

Table 22: Breakdown of long-term unemployed by age groups on 31.12. 2006

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

Source: State Employment agency

380. Youth unemployment (age group 15-24) remains relatively high- 12.2% in 2006. The main cause of unemployment for both young and pre-retirement persons is insufficient or irrelevant education, which does not meet market requirements, as well as lack of professional skills. Both these groups, unlike other inhabitants, are more subject to risk of becoming long-term unemployed.
381. Apart from the above groups, there are three more population groups – people with a disability, people released from prison or jail, and women after child-care leave – which employers due to different reasons are less motivated to recruit. Wherewith these groups bear higher risk of unemployment and have diminished opportunities of getting an appropriate income from work.

⁸⁴ National Report on Strategy for Social Protection and Social Inclusion 2006-2008

382. Entry to labour market for people with a disability is prevented both by deficiency of motivation of employers and unadapted environment for functional needs of the disabled (including working environment), as well as their comparatively low level of education and skills.
383. In 2005, 2631 prisoners had been released from prisons and jails (in 2004 – 2645). Inclusion of past prisoners into labour market is prevented by their low educational level, skills, which are inappropriate to labour market requirements, and deficiency of employers' motivation to hire them. Not every prison provides an opportunity to gain education, as well as an appropriate resource and technical base. This fact creates serious obstacles for people to integrate into labour market after being released from prison. Research ⁸⁵ data suggest that ex-prisoners use more informal ways to form their lives in freedom than representatives of other groups; they are less motivated to obtain information about opportunities provided by the state and government, and are more passive than representatives of other groups in using active employment measures.
384. Not every prison provides an opportunity to gain education, as well as has an appropriate resource and technical base. This fact creates serious obstacles for people to integrate into labour market after being released from prison. On 30 December, 2005, there were 6970 people in prisons (including 395 women), 192 out of those were juvenile. In school year 2004-2005, all-round education could be obtained in nine prisons, however in six prisons there were no all-round education activities at all. Although 23% of the convicted in 2005 had no completed primary education and 31% of the convicted had no secondary education, only 127 prisoners or 6% out of total number of prisoners in May 2005 acquired all-round education. An opportunity to obtain secondary education is available in four prisons. In school year 2004-2005, prisoners were able to obtain vocational education accredited by vocational education programmes only in six prisons. In May 2005, 220 convicted and 27 arrested were involved in obtaining nine different trades⁸⁶
385. Return to labour market for women after child-care leave is burdened by obsolescence of qualifications and skills after child-care leave. Employers consider that children upbringing may decrease efficiency of labour, and at the same time are not motivated neither to use and/or introduce retraining programmes for employees who return after child-care leave nor to allow female employees to work part-time and perform work at home (using (ICT) etc.). Research data, in its turn, show that women after child-care leave are considerably more active than other population groups, using measures of active employment and recruitment of the Employment State Agency. Another factor, which contributes to the risk of unemployment for women after child-care leave, is insufficient provision of public transport to rural areas. Apart from considerably decreasing commuting time, it also decreases opportunity to use services of institutions for preschool children. Insufficiently developed network of services of preschool children and other care-providing institutions is mentioned as one of the obstacles for women return to labour market.
386. According to the labour market studies done by the State Employment Agency (SEA) about social-psychological portrait of the unemployed, prospects of the unemployed in the labour market depend largely on their previous experience and the duration of unemployment. The survey showed that approximately every sixth unemployed in Latvia did not have professional experience and every fourth unemployed was registered as unemployed for more than one year, but every fourth unemployed in Latvia was not looking for a job at all. According to the studies, there are several factors which facilitate the long-term unemployment:

⁸⁵ LLU FSI research of 2003 "Probability of Social Exclusion and its Causes to Groups of Population at Risk of Unemployment."

⁸⁶ *Data of Prison Administration*

- Social factors (remuneration, problems with infrastructure, lack of working places, domestic or family problems, low education level, qualification problems etc.);
- Physiological factors (age, disability, health problems, functional disorders etc.);
- Psychological (lack of motivation, inactivity etc.).

387. According to the research done by the Society Integration Fund, there are no evident disparities between the young people from different nationalities comparing their knowledge, work motivation and success at work. Results acquired during several studies allow to conclude that the main reason why the unemployment level of ethnic minorities is higher, is the lack of state language knowledge, which reduces possibility to gain the desired work. According to studies by the State Employment Agency, less than one third of the total number of unemployed whose native language is not Latvian assessed their level of state language knowledge as "good". The same number of unemployed told that their state language knowledge is "poor". Approximately each eighth unemployed has poor state language knowledge, in Riga - 12,2%, in Latgale - 23,1%, in Vidzeme, Kurzeme, Zemgale the percentage does not exceed 4%. The studies showed that the poor knowledge of Latvian reduces the intensity of job- seeking. Another factor that may explain higher unemployment rate for ethnic minorities is high concentration of ethnic minorities in the Latgale region where the unemployment rate is high because of several socio- economic factors.

Table 23: Breakdown of unemployed persons by region and state language knowledge (%)

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

Source: Research of the State Employment agency

388. According to CSB data, 8512 Latvian Roma resided in Latvia in 2006, which is 0.4% of total population in Latvia. A proportion of Latvian Roma children who do not obtain a secondary education is quite large. There is a base to consider that representatives of this ethnic group have lower educational level – 40% of Latvian Roma has mere 4-grade or lower education and many of them are non-literate. Therefore they have limited access to labour market⁸⁷ - less than 5% of adult Latvian Roma have entered official labour relations, 10% of Latvian Roma are registered as officially unemployed. Latvian Roma has lower income and worse health condition than on average in country. Unlike other representatives of ethnic minorities, low competitiveness of Latvian Roma in labour market is not related to insufficient state language knowledge.

389. Main problems:

- young and pre-retirement age people, unlike other inhabitants, are more likely to become long-term unemployed due to their poor skills and education inappropriate to labour market demands,
- ex-prisoners are not motivated to obtain information about opportunities provided by the state and government, and are more passive than representatives of other groups in using active employment measures,

⁸⁷National Action Plan of Latvia on Eradication of Poverty and Social Exclusion 2004-2006.

- return to labour market for women after child-care leave is burdened by obsolescence of qualifications and skills after child-care leave, as well as employers' opinions about decrease of efficiency of labour and negative attitude towards retraining programmes and introducing flexible types of work.
- Insufficiently developed infrastructure of care services for preschool children and those in need of care.

Availability of Social Services

390. Social services can not be efficiently provided without professionals, i.e. social workers. Number of qualified social workers in (municipal) social services or councils/boards continues to grow, when compared to previous years. 291 social workers out of 1212 working in municipalities in 2003 had first or second level curriculum, whereas for January 1, 2005 out of 1254 social workers 397 had matching education. 32% of social workers are continuing studies giving required qualification. Requirement to have 1 professional social worker per 1 000 capita from January 1, 2008, as Law on Social Services and Assistance stipulates, has been implemented to 54%. 130 of Latvian municipalities have social workers (council committees, chairmen of rural municipality courts, chairmen of city councils and their secretaries).
391. Number of inhabitants per social worker varies between 911 in Dobeles District and 2 281 in Valmiera District. General statistics show that larger workload for social workers may be observed in cities rather than rural regions, for example, Rēzekne has 1:4 653, Daugavpils 1:4 440, Jūrmala 1:3 466, Jelgava 1:2 754, Riga 1:2 484. Cross-regional analysis of workloads puts Riga Region in first place with 2.5 thousand inhabitants, it is followed by Latgale Region with 2 038 inhabitants per one social worker. These regions are densely populated.
392. Despite heavy support to education of social workers, number of qualified social workers to service risk groups facing social exclusion is still not sufficient in municipalities and other social service providers.
393. In 2004 the CoM adopted *Professional Social Service Development Program for 2005 – 2011* to provide social services and service providers with qualified specialists competent to battle social exclusion and poverty in social groups at risk. The objective of the Programme is to promote national development of social services that ensures population access to tailored and satisfactory services.
394. Social rehabilitation is aimed at restoring or improving ability to perform social functions, thus re-establishing social status and forwarding social inclusion. Number of national rehabilitation programmes for risk groups subject to social exclusion in 2005 and 2006 remained almost unchanged. In 2006, state ensured social rehabilitation measures for abused children, children addicted to psychoactive substances, disabled with visual or hearing impairments, persons with functional impairments, victims of trafficking. In 2004, social rehabilitation services received 9910 persons, in 2005- 15970 persons, in 2006- 17821 person. Accessibility of social rehabilitation services, especially to heavily disabled, is not adequate to ensure decrease of social exclusion.
395. At the end of 2005, 30 institutions (int.al. 24 state, 5 municipal, 1 private) provided state budget- financed services for 4133 mentally-disabled persons (in comparison- 4381 person in 2004), and one institution– for 213 disabled with visual impairments. Demand for services for persons with mental disorders is invariably high (750-800 persons per year are waiting for receiving rehabilitation services). In order to ensure varied and effective social care and social rehabilitation services that fit to clients' individual needs and quality requirements and are accessible in all regions of Latvia thus reducing social exclusion and promoting inclusion of the groups at risk of social exclusion and their family members into the labour market, it is

necessary to develop alternative social care services provided near to place of residence of the client.

396. Day care centres provide care, skills development, education and leisure activities to elderly people, mentally-disabled, physically-disabled and other groups; however, accessibility of services varies from region to region. In 2005, in all regions 77 day care centres operated to service 23222 clients. Promotion of alternative treatment includes state funding for 4 years after start-up of a day care centre for mentally disabled. Day care centres provided social care services to 203 persons in 2006 ensuring care that fit to persons physical and mental disablements.
397. Number of day care centres for mentally-disabled is insufficient, with 13 centres in all country, and there are no care centres for mentally ill who also need social services like leisure activities, development of social skills and other services. Need for more care centres is especially sore in Vidzeme and Kurzeme regions, where population density in rural areas is low and municipality funding, along with human resource capacity, is scarce.
398. Improvement of social protection system for disabled and prevention of disability risk of persons under threat of disability became basis for drafting and adoption of CoM long-term policy planning document *Policy Guidelines for Reduction of Disability and its Consequences in 2005-2015*. The key measures under guidelines are to develop integrated disability prevention measures, improve disability evaluation systems and social insurance of disabled and promote employment of persons with disabilities. New social support activities are planned to form integral part in rehabilitation, employment, social services to prevent persons with risk of disability from acquiring one and mitigate social exclusion risk of persons with severe functional disorders.
399. Disability evaluation system in Latvia is based on medical diagnosis, not allowing to assess the individual needs of persons having risk of developing (or disabled by) functional disorders. Therefore, rehabilitation and other social services that could reduce the risk of disability or its severity are often unnecessarily delayed. Development and implementation of a new system is hampered by lack of funding, technical and scientific capacity, assessment of working abilities and functional disorders, ICF classification has not been tested and/or adjusted to Latvia's needs, no methodology for assessment working abilities and functional disorders, methodology for assessing additional services required by disabled and unsatisfactory accessibility of services.
400. 40 000 persons among able-bodied population are (repeatedly) diagnosed with disability each year, 4% were advised by Central Occupational Medicine Expertise Commission to undergo retraining (2227 persons in 2005). Around 2000 persons aged 16-55 are entitled to these services every year. State budget allocations provided to rehabilitate 310 persons under 15 different programs, but demand calls for servicing disabled seven times more a year. Access to professional rehabilitation services is not sufficient throughout the country, including underdeveloped infrastructure, low number of professional rehabilitation programmes and number of serviced clients.
401. Professional rehabilitation programs are directed at developing or reinstating professional knowledge and skills, or support retraining of disabled, depending on the type of functional disorder, severity and former education and profession. Professional rehabilitation allows disabled to re-enter the labour market and become independent tax-payers rather than clients.
402. Number of social rehabilitation programs of former convicts increased in 2005. 178 former convicts took part in the State Probation Service (further SPS) financed rehabilitation program. In 2005, the SPS signed contracts with nine service suppliers who established 10 social rehabilitation centres (for 152 persons) in Riga and its surroundings, Liepaja, Valmiera, Jaungulbene. Key objective of centres is to support re-development of social skills among former convicts and promote creation of new rehabilitation centres.. All these centres helped

former convicts without residence registration, professional skills and knowledge to solve social problems like housing, offered professional training and employment.

403. Homelessness has become acute problem recently, in 2004 in Riga City 1 716 persons sought night or day shelter, compared against 1 491 in 2003. Out of all shelter seekers 1 342 were men, 246 women and 56 children. The social workers of Riga shelter had provided 11 606 consultations to their clients in 2004⁸⁸.

404. Available research results⁸⁹ and ethnic minority employment statistics suggest that labour market does not suffer from ethnic discrimination. That, however, does not exclude ethnic disparities in various sectors and institutions. Research results and statistics give a clear indication of equal social exclusion and poverty rate among Latvian and non-Latvian communities, except for small-numbered Roma communities.

405. 2004 was the first year of *National Human Trafficking Prevention Program for 2004-2008* implementation. Number of publicity campaigns conducted in 2004 raised public awareness about human trafficking. Legal basis for provision of social rehabilitation services to human trafficking victims was put in place in 2005 and 60 specialists were trained. State funded social rehabilitation of human trafficking victims commenced in 2006.

406. Measures to combat poverty and social exclusion are being appropriately planned and implemented within budgetary limits, but there is a lack of studies on the implementation process of the Latvian National Action Plan for Eradication of Poverty and Social Exclusion, the efficiency of implemented measures and possibilities of their improvement, to provide an objective assessment of the current situation, results achieved and improvement of further policy.

407. Key problems:

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

Availability of Health Care Services to Groups of Residents at Risk of Social Exclusion

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

409. A number of health improvement measures are implemented, paying special attention to social exclusion and disability risk groups. These measures are designed to enhance quality of services in public health, environmental health and physical health, as well as food and

⁸⁸ Data and information of Welfare Department, Riga City Council.

⁸⁹ A. Pabriks, Ethnic minorities, employment and discrimination in Latvia, Soros Foundation in Latvia grant program, 2004, Baltic Institute of Social Sciences, Institute of Economics of Latvian Academy of Sciences, Ethnic Aspects of Social Integration and Employment.

nutrition. Social exclusion risk groups need primarily general health and physical health services. Contagious diseases are controlled through epidemiological monitoring system set up pursuant to Epidemiologic Safety Law of 1997, tighter measures to localize spreading of contagious diseases, especially HIV/AIDS epidemic.

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

Table 24: Convicts Suffering from Infectious Diseases

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

Source: Ministry of Health

411. HIV/AIDS-diagnosed patient, their family and relative servicing social assistance and support systems are underdeveloped. HIV/AIDS patients are discriminated by society, and are reluctant to undergo treatment. These risk groups, in most cases, have low level of income, not enough to buy all necessary medicine, and delayed treatment fails to prevent deterioration of health, working abilities and loss of employment possibilities. These, in turn, are other obstacles on the way to improved financial status.
412. Key problems:
- Lack of state-guaranteed health care service minimum to social exclusion risk groups (families with children, aged people, disabled, convicts and former prisoners, HIV patients),
 - Medical and social rehabilitation procedures in hospitals and outpatient institutions are weak,
 - There is no residence-based rehabilitation service system,
 - Treatment process and rehabilitation control schemes are inefficient,
 - Social assistance and support systems to HIV/AIDS patients and their families and relatives are underdeveloped.

1.9. Labour Quality – Health-care

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

Health Condition of Latvia's Population

414. The health condition of Latvian inhabitants in compare with other EU country inhabitants' health condition is unsatisfactory. The mortality rate of inhabitants in age group till 64 years was the highest among EU member states (average mortality rate in Latvia 501.5 episodes on 100 000 inhabitants; average mortality rate in EU member states – 228.2) in 2003 (it also was the highest in 2000, 2001 and 2002). The statistics of the World Health Organization gives proof that there is the shortest life expectancy at birth in Latvia among EU member states. In 2003 life expectancy at birth was 71.4 years (male – 65.9 years; female – 76.9 years). These gender differences characterize also sickness rate and mortality rate – those are higher for male than female, male die earlier than female. Although during last years there has been improvement of living standards, mentioned indicators are still increasing.
415. In 2004 the mortality rate of inhabitants remains almost the same as in 2003 – the mortality rate was 1385.4 per 100 000 inhabitants (in 2003 – 1394.9, 2002 – 1389.6). The natural increase per 1 000 inhabitants in 2005 was minus 4.89 (in 2004 – minus 5.05).
416. The negative natural increase is a cause for concern of the state development planers, different level specialists and Latvian inhabitants. The main problem is the low birth rate – the number of inhabitants is decreasing, population is getting older, the social burden increases every year in Latvia.
417. There is comparatively high number of inhabitants that die at working age, especially among males. Mortality in working age is characterized by the rate of potentially lost life years. In 2003 potentially lost life years rate (till 65 years old) in Latvia was 7749 years per 100 000 inhabitants (males – 11 305; females – 4386). This rate for males is three times higher than for females. The data again shows that males die earlier than females probably because of unhealthy lifestyle and attitude towards health.
418. The main cause of death in Latvia is diseases of the circulatory system. In 2004 death rate from the circulatory system diseases was 773.8 cases per 100 000 inhabitants. The males' mortality from circulatory system diseases in working age was the highest – 261.7 cases per 100 000 inhabitants, but females' death rate from the circulatory system diseases in working age was 73.4 cases per 100 000 inhabitants. In 2004 the death rate from the circulatory system diseases in Latvia was the highest among EU member states.
419. There is high importance of regular and timely prevention measures in order to keep and improve and maintain health (for example, to measure arterial blood pressure and cholesterol level in blood). In 2004 the arterial blood pressure was measured by 76 % females and 60 % males, but 20 % inhabitants measured cholesterol level (21 % - females and 18 % - males).
420. In 2004 mortality from neoplasms remained at the high level – 251.3 cases per 100 000 inhabitants and it is increased comparing with 2003 (249.6 cases per 100 000 inhabitants).

The most prevalent neoplasm localization for males is lung cancer, followed prostate cancer and stomach cancer. Main females' death causes are breast cancer, stomach cancer and colon cancer.

421. The third main cause of death is external causes. This is the main reason of the loss of potential life years, because this reason is the death cause for inhabitants at working age (71.3%). Transport accidents, suicides, murders and drowning are the main external causes of death. Due to external cause of death male mortality (73%) is higher than female mortality (27 %). Most of all death due to external causes among males in 2004 were registered at age 45 – 49, but among females at age 60 – 64. In 2004 the highest mortality due to the external causes was suicides – 24.3 cases per 100 000 inhabitants and transport accidents – 23.3 cases per 100 000 inhabitants
422. In recent years incidence of tuberculosis has decreased, however it remains at a comparatively high level if compared to the average rates of European Union (in 2000 – 83 cases per 100 000 inhabitants, in 2003 – 72 cases per 100 000 inhabitants; EU average rate in 2003 was 12.9 cases per 100 000 inhabitants).⁹⁰
423. Acute intestinal diseases have a changing characteristic that mainly depends on group incidence cases and epidemiological situation in general. There is decrease for 26 % on registered cases in 2004 compared with 2003. Incidence of food related acute intestinal diseases has decreased for 59 %.
424. Food is an important factor that impacts human health. The most food safety inadequacy was to milk and milk products – 10.3 % (from 416 checked patterns), also nonstandard production – 7.6% (from 1829 checked patterns) and confectionery production – 7.6 % (from 669 checked patterns). Public catering and manufacturing enterprises epidemiologically are related to contaminated food usage, which is the reason for illness with acute intestinal diseases. During the last years incidence of shigellosis is decreasing. In 2004 there were registered 24.0 cases per 100 000 inhabitants, but in 2005 incidence was decreased till 7.9 cases per 100 000 inhabitants. The incidence of salmonellosis has increased from 20.8 in 2004 till 26.7 cases per 100 000 inhabitants in 2005. In 2005 incidence rate of rural intestinal infections has increased in comparison with 2004: from 83.4 till 102.4 cases per 100 000 inhabitants.
425. Reasons for low grade food spreading are: food enterprises facilities become obsolete, number of food enterprises is increasing and there is lack of professional and hygienic skills, and violation of food circulation regulations. After epidemiological investigation of acute intestinal infections, it can be concluded, that inhabitants have insufficient hygienic skills, they eat products of questionable quality or products with ended expiry date.
426. During last years the incidence of viral hepatitis has increased. In 2004 it has increased for 17 %. This tendency is mainly due to increased amount of newfound chronic viral hepatitis B and C cases. This tendency has negative impact on quality of labor force and it is important to decrease incidence rate. In comparison with other Baltic countries Latvia has the second highest incidence rate of viral hepatitis C.
427. To prevent spread of infection diseases (tuberculosis, HIV /AIDS and other through blood transferred infections) it is necessary to elaborate epidemiological monitoring program, which would be aimed on development of prevention measures, improved cooperation, coordinated implementation of epidemiological monitoring measures (development of laboratory infrastructure, of health care and of capacity of social care specialists) and providing of accessing to services.
428. It is very important to use modern health promotion methods, taking into account its connection with social, behavior and lifestyle factors.

⁹⁰ WHO, European Health for All Database, 2005.

Table 25: Main Disease Indicators

Disease	Unit of measure	2001	2002	2003	2004
Tuberculosis of all types	per 100 000 inhabitants	72.9	65.9	63.3	59
	absolute figures	1729	1540	1481	1373
Respiratory organs tuberculosis	per 100 000 inhabitants	69.4	63.2	62	57
	absolute figures	1647	1477	1451	1325
Salmonellosis	per 100 000 inhabitants	35.3	39.6	34.3	20.6
	absolute figures	836	927	799	480
Shigellosis	per 100 000 inhabitants	75.7	33.1	59.5	23.9
	absolute figures	1792	773	1388	55
Viral hepatitis	per 100 000 inhabitants	69.4	55	59.2	71.5
	absolute figures	1642	1287	1380	1662
Acute hepatitis A	per 100 000 inhabitants	5.1	1.5	1.1	3
	absolute figures	121	36	25	69
Acute hepatitis B	per 100 000 inhabitants	35.5	21	14.5	9.2
	absolute figures	839	492	337	214
Acute hepatitis C	per 100 000 inhabitants	8.7	6.4	5.2	4.9
	absolute figures	205	149	121	113
New-found chronic hepatitis C	per 100 000 inhabitants	15.1	21.6	32.9	48.8
	absolute figures	358	506	768	1134
Yersinosis	per 100 000 inhabitants	3.9	2.7	1.2	1.1
	absolute figures	91	63	28	25
Leptospirosis	per 100 000 inhabitants	1.7	0.9	0.4	0.6
	absolute figures	39	22	10	13
Tick-borne encephalitis	per 100 000 inhabitants	12.8	6.5	15.7	10.8
	absolute figures	303	153	365	251
Lyme disease	per 100 000 inhabitants	16	14	30.6	30.5
	absolute figures	379	328	714	710
HIV	per 100 000 inhabitants	34.1	23.1	17.3	14.8
	absolute figures	806	542	403	343
AIDS	per 100 000 inhabitants	1.8	2.4	2.5	3
	absolute figures	42	55	58	70
Syphilis	per 100 000 inhabitants	25.1	29	33.6	25.1
	absolute figures	594	679	784	584
Gonorrhoea	per 100 000 inhabitants	23.3	23.7	20.6	23.1
	absolute figures	551	555	481	537
Dermatomikoses	per 100 000 inhabitants	22.4	21.1	21.4	18.9
	absolute figures	530	492	500	440
Itch	per 100 000 inhabitants	46.5	35.7	31.7	34.1
	absolute figures	1100	835	738	794

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

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

Table 26: Causes of Death in Latvian Population 2004 (per 100 000 capita)

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

*Estimates

Source: Health Statistics and Medical Technologies State Agency

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

431. Employee disability causes also accidents at working place. In accordance with statistical data of State Labor Inspectorate the most dangerous working conditions are at the construction sectors. In 2005 were registered 23 severe accidents, 7 lethal. In 2004 there were 10 lethal accidents (2003 – 12; 2002 – 8), and it constituted 17.5 % from all lethal accidents in Latvia. The next most dangerous sector is transport and telecommunication sector. High accident rate indicate that there are no enough training of employee in working place. There is insufficient control over compliance of work safety instructions, insufficient training and instruction about safety and health measures.
432. Sickness benefits covered from special social insurance budget tend to go up, here are the statistics:
- 2002 – 138 844 (1008 th. insured, LVL 0.137 on average per insured),
 - 2003 – 160 842 (1049 th. insured, LVL 0.153 per insured),
 - 2004 – 193 112 (1 088.7 th. insured, LVL 0.177 per insured).
433. No doubt, rising wages have contributed to growth of social insurance budget and there are increasing funds that may be assigned to sickness benefits. At the same time total sum of sickness benefits increases due to lack of efficient treatment and rehabilitation control methods to eliminate unnecessary long-term illness and disability risk.
434. Smoking is connected with high level of heart and circulatory system diseases, respiratory system diseases, cancer rate and with other chronic diseases. These are the most important problems of public health in Latvia. Latvia is one of such countries where smoking is wide spread. In 2004 State Health Promotion Agency performed FINBALT survey and achieved data display that daily 51.3 % males and 19.2 % females smoke, 6.0 % males and 4.9 % females smoke irregularly. 25.5 % males and 10 % females are exposed to passive smoking at working place at least one hour per day and 54 % males and 46 % females are exposed to passive smoking at home.
435. Heavy drinking of alcohol negatively impacts human physical, mental and social condition also leaves impact on family and society in general. At least 6 alcohol doses (1 dose: 40 ml of strong alcohol drink or 100 ml of wine or 1 bottle (500 ml) of beer) once per week drink 22 % males and 5 % females.
436. The Health Behavior in School-ages Children study indicates a poor posture and bad physical health, and unhealthy eating habits. The implementation of health promotion programmes has facilitated the education of society concerning factors affecting health and health as a value. Health promotion programmes include government policy-development and the improvement of co-operation with municipalities, improvement of legislation, public information campaigns (development and broadcast of TV and radio materials, informative materials, environmental advertising, etc.) and the training of specialists. For the successful implementation of the programme, a health promotion infrastructure has been developed with regional co-ordinators at the local governments in Latvia.
437. Unhealthy eating and insufficient physical activities are risk factors increased body weight and obesity. Increased body weight and obesity are main health problems that negatively impact development of many diseases and increase mortality level. Over 27.4 % of inhabitants are overweight, 13.4 – obesity. Normal body weight was only for 52.7 % respondents in 2004 (in 2003 – 56.5 %). 36% of population is exercising half-hour 2-3 times per week in their spare time. Also school children physical activities are sufficient only for 37 % boys and 23 % girls.
438. FINBALT studies show that inhabitants of Latvia eat insufficient amount of fruits and vegetables. 22 % males and 27 % females eat at least 5 portions of fresh vegetables and fruits on a daily basis. Milk with 3.2 % or more fat is consumed by 39 % of inhabitants of Latvia.

Health Care System and Quality of Services

439. Latvia's health care system offers services on primary, secondary and tertiary level:
- Primary health care (PHC) offers a range of services delivered to individuals at outpatient institutions or home by the primary health care professionals.
 - Secondary health care offers a range of services delivered to individual at outpatient institutions, outpatient facilities of hospitals, emergency medicine services that have outpatient treatment facilities, day centres, and other stationary medical institutions by medical professionals.
 - Tertiary health care offers specialized care services delivered only at specialized medical centres or institutions by medical professionals of different qualification who have (certificate of) an additional qualification.
 - Emergency medical services (EMS) offer help to casualties (patients) in life or health danger. These services are delivered by specially prepared (trained and equipped) professionals with sufficient medical education. Emergency care is available on all three health care levels.
440. According to 2004 Statistical Yearbook of Health Care the overall number of doctors has become stable in Latvia. Share of general practitioners in primary health care increases every year, from 55% in 2003 to 64% in 2004. Emphasis is put on retraining of interns and paediatrists to general doctors or practitioners. All general practitioners must complete certification. This is a clear indication of strengthening health care in the country.
441. In Latvia the number of general practitioners per 100 000 capita remains the lowest among new EU member states. Doctors are overloaded, which makes health care services less available to population. In fact, general practitioners are at the 'front gate' to the system and their quality work is a cornerstone of economic efficiency of the system. Precise and professional diagnosis allows decreasing treatment time and costs, and averts extensive absence of sick labour from work in general.

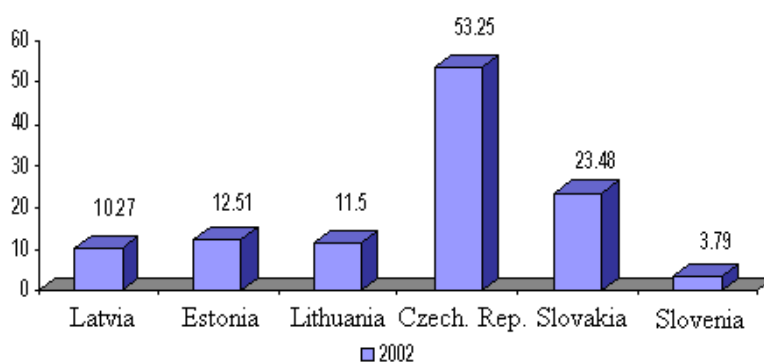


Figure 17: Number of General Practitioners per 100 000 Capita

Source: Eurostat

442. Doctors are concentrated in Riga and its vicinity due higher population density, availability of medical technologies and overall economic conditions in the region. In 2003 number of doctors per 10 000 capita in Riga was 58.8, which is 24.9 doctors more than on average in the country.
443. According to register of medical professionals out of 7 055 doctors 1 114 or 15.8% are older than 63, 1 129 or 16% are 55-62 and 11.45% or 808 are 25-35 years old.

Table 27: Number of Doctors by Age

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

Source: Ministry of Health

444. This means that almost 32% of medical professionals are in pre-retirement or retirement age and will retire in next 10 years to give place to doctors not older than 35 and composing a share of only 11.5% of all professionals.

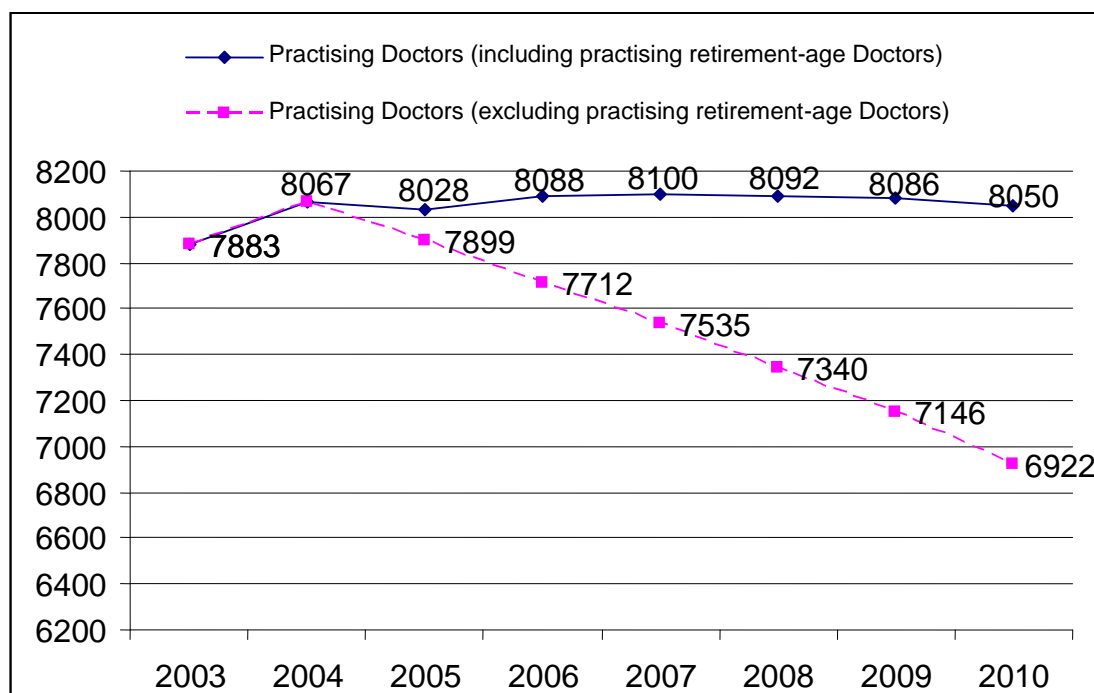


Figure 18: Flow of Working Doctors 100% employment

Source: Ministry of Health

445. 2000 – 2004 health care human resource dynamics are not characterised by a negative trend, but age structure and forecasted leave of medical professionals, their retirement from labour market, comparison with statistic data of other EU states and uneven spreading of specialists in Latvian regions are clear signs of insufficient labour to ensure Latvians with good access to quality health care services. Guidelines *Health Care Human Resource Development* define national policy aimed ensuring and developing health care human resources in long term period (2005 – 2015).
446. Current and projected number of primary health care practices is regulated by Program for Outpatient and Inpatient Health Care Service Providers, approved by the Cabinet of Ministers Decision 1003 of December 20, 2004:

Table 28: Current and Planned Number of Primary Health Care Practices in Latvia

Statistic region	2004			2010		
	Population ⁹¹	PHC practices	Average population per practice	Population ⁹²	PHC practices	Average population per practice
Riga	739 232	419	1764	736 993	425	1 734
Pieriga	358 885	213	1685	359 461	214	1 680
Zemgale	315 555	189	1670	317 643	191	1 663
Kurzeme	291 326	171	1704	286 057	171	1 673
Vidzeme	251 665	149	1689	247 853	149	1 663
Latgale	374 817	208	1802	367 102	219	1 676
Latvia	2 331 480	1349	1728	2 315 109	1369	1 691

Source: Ministry of Health

447. Much like the whole health care system, primary health care also suffers from insufficient number of medical professionals with secondary medical education. Therefore, the share of doctors and medical professionals with secondary medical education remains small. In 2003 the ratio was 1.9, compared to optimum 5.0 reached by other EU states. This means overload of middle personal responsibilities to senior professionals, and negative impact on doctors' work and patient care quality.
448. When compared to other EU countries, Latvia has the largest population per one primary health care practice, especially in rural areas. Latvia has 1 700 – 2 100 patients per one PHC practice, Estonia – 1 500, Norway – 1 205 and Germany – 679.
449. Currently Latvia offers insufficiently accessible primary health care services, especially in rural areas, hospital networks are very dense and inpatient services often overlap. Hospitals are underemployed and resources distributed irrationally. There are disparities not only between regions but also within, in terms of demand for hospital wards and average treatment time. Medical technologies are concentrated mainly around medical institutions of Riga and several other large cities. Lion share of available technologies are deployed without rationale or feasibility, technologies are doubling one another and are not used to their full potential. Coordination between EMS units is also weak, which makes rural habitants hard to receive timely emergency care. The core of the problem lies in big distances, bad road conditions, insufficient number of EMS teams, and cross-regional differences in technical base of EMS teams. Rural EMS have no emergency vehicles for off-road driving in rural regions.
450. Latvian Statistic Yearbook of Health Care of 2002 and 2003 indicates that number of EMS calls per 1 000 capita has risen from 212.6 in 2001 to 218.2 in 2003. Doctors' calls on house-visits have also grown from 93.7 in 2001 to 96.2 in 2003. Analysis of EMS structure is implicit to point at increase of injuries and accidents from 20.3% in 2001 to 21.1 in 2003.
451. One's survival may at times fully depend on timely arrival of EMS. Prehospital EMS services are decentralized in Latvia. Prehospital EMS service providers are mainly municipalities (7 autonomous EMS and 36 EMS departments of hospitals). These EMS units have 37 dispatcher points with differing responsibilities (call centre, coordination of EMS teams, result assessment) and 80 mobile EMS teams. 80% of coronary death cases (for instance, caused by heart stroke induced heart failure, ventricular arrhythmia, clogged-up arteries) occur

⁹¹ Population of Latvia for January 1, 2003 – 2 331 480 according to CSB 'Statistical Bulletin', 2003, (breakdown of population by age groups and local hospitals and hospital corporations based on CSB ratio – 20.2% of population in 0-17 age group, 79.8% in age group 18 and more).

⁹² Centre of Demography, University of Latvia, 'Latvia's Demographic Development Forecast for 1998 – 2025', Riga, 1999.

while at home and 15% on street. Sudden coronary death onset patterns shows that in 65-85% of documented cases death was caused by heart arrhythmia that may be efficiently calmed within first 4 minutes. Each lost minute of first 4 minutes, when heart rhythm must be corrected, decreases patient's survival chances by 5%.

452. Health care services delivered by high-class professionals with specific equipment are available at regional and local multidisciplinary (general) hospitals, and specialized centres and hospitals. Such institutions providing state funded health care services may be owned by state, municipality or private owners. Majority of specialized centres are located in Riga. Tertiary health care services are hugely dependent on modern equipment and treatment environment. However, the technical base varies. Some institutions have equipment to perform world-class diagnostics and treatment. In other areas the situation is worse; beam therapy equipment is so demanded that it must be run also after official working hours and on weekends.
453. Purchase of equipment to ensure state-funded health care services is one of the activities of Implementation Plan to Program for Outpatient and Inpatient Health Care Service Providers for 2005 – 2010, and is therefore intertwined with the main policy planning document, Development Program for Outpatient and Inpatient Health Care Service Providers. According to experience of other EU state in implementing similar health care planning documents, Latvian health care quality development and improvement measures are based on optimum infrastructure development, much like in other EU countries. Preparation for this began in 2000 with World Bank financed Health Care Reform Project when a consulting company identified investment needs of all health care institutions providing state-funded health care services. This research did not cover primary health care, since it is mainly private sector service, and some budget institutions like State Blood Donor Centre, Emergency Medicine Centre, Latvian Sports Medicine Centre and others. It is planned to improve technological base by purchase of 4 new angiographs, at the same time linear accelerators will have to be replaced over next 2 years in three institutions of specialized oncology centres (Liepāja, Daugavpils and Riga).
454. Draft Implementation Plan to Program for Outpatient and Inpatient Health Care Service Providers for 2005 – 2010 identifies total area of premises to be reconstructed, demolished or built to improve hospital infrastructure to match EU standards.

Table 29: Development of Hospital Infrastructure to EU Standards

Classification	Area of premises to be built (m ²)	Area of premises to be reconstructed (m ²)	Area of premises to be demolished (m ²)
Regional general hospitals	122 992	207 426	8 387
Local general hospitals	8 294	105 628	1 875
Specialized centres	3 490	50 246	490
Specialized hospitals	10 240	60 939	810
TOTAL	145 016	424 238	11 562

Source: Ministry of Health

455. Guidelines for E-Health in Latvia are adopted to identify strategic approaches to use of ICT application in health sector over the next 10 years.
456. Main objective of the E-Health system is to ensure swift information exchange between health care professionals and policy makers by means of new technologies, and improve the quality of health care services.

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

Health Care Reforms and Sectoral Policies

458. Health Care reforms are aimed at improving and developing an efficient health care system and rational absorption of state budget funding. The key objective of the reform is to create patient-oriented, efficient and accessible health care system.
459. Program for Outpatient and Inpatient Health Care Service Providers envisages decrease of existing hospitals from 112 to 46 through merger, reconstruction or closure of some hospitals to ensure maximum return from limited financial resources. Due to ageing trend it is also necessary to think about specialized care to aged people.
460. Program includes development of 20 new primary health practices (for general practitioners) and improvement, transformation of 50 existing practices to locate health care services possibly closer to inhabitants. Other measures include improvement of emergency medicine services, i.e. dispatcher centres all over the country and 48 new teams.
461. Program for Outpatient and Inpatient Health Care Service Providers requires closer attention on human resource matters, for instance, new practices of general practitioners cannot operate without practitioners themselves. This problem is especially difficult in rural areas. There is lack of various medical professionals and other personnel, as well.
462. Main problems in health care sector:
- Latvia has the highest mortality rate in EU;
 - Comparison with average EU figures shows that Latvia has deep problems with various diseases, like tuberculosis, AIDS, cancer, and there is an upward trend registered over last 4 years;
 - Number of diagnosed occupational diseases has also increase over the last 4 years;
 - Quality and accessibility of primary health care services in rural areas is inadequate. Number of inhabitants per primary health care professional is significantly higher than in other EU member states, and primary PHC professionals are overloaded. Primary health care system needs to be optimized;
 - Emergency medicine services are inefficient, there is a lack of teams, varying technical base of teams in different regions. Rural areas have no emergency vehicles suitable for driving on rural roads,
 - The self-assessment of inhabitants' own health is inadequate,
 - Health care sector is expected to face labour shortages in the nearest future,
 - Inadequate infrastructure of secondary and tertiary health-care prevents the provision of quality health-care services paid by the State

Balanced Territorial Development

463. The territory of Latvia is divided into five planning regions: Kurzeme Region, Latgale Region, Riga Region, Vidzeme Region and Zemgale Region. At the end of 2006 there were, in total, 553 Local Governments in Latvia: 527 Local Governments (7 cities and 53 towns, 432 rural municipalities, 26 amalgamated municipalities) and 26 District Local Governments
464. There are approximately 74 000 populated areas in the populated areas network of Latvia. According to legislation, populated areas are divided into cities/towns and rural populated

areas (homesteads, villages). At the beginning of 2006 there were 77 cities/towns in Latvia that were divided into separate administrative territories (7 cities and 53 towns, of which 20 are district centres and 19 are towns with rural territories) and amalgamated municipal territorial units (17 towns of amalgamated municipalities). At the end of 2006 there were 450 rural Local Government territories in Latvia (including 432 rural municipalities and 18 amalgamated municipalities that do not comprise urban territories).

465. The Regional Development Law (in effect as of 23 April 2002) sets forth the objective of regional development – to promote and ensure balanced and sustainable national development considering the specifics and opportunities of the country as a whole and its separate areas, reducing disparities between various areas, and preserving and facilitating the characteristic natural and cultural heritage features and development potential of each area. Due to geographical location, cultural, historical and economic traditions, different areas may pursue different development models taking full advantage of their features or potential characteristic of the particular location. Failure to harness the above potential to the full extent has resulted in unfavourable socio-economic disparities between different regions that at the same time hamper the competitiveness of Latvia in the European Union.
466. According to CSB data, the Riga Planning Region is the most advanced according to the social and economic development due to the influence of the capital city, Riga. Of the total GDP, 85% is accounted for by the Riga Planning Region.⁹³

Table 30: Ratio of Social and Economic Indicators of Planning Region to Average National Indicators (the National Average – 100%)

Social and economic indicators	Kurzeme Planning Region	Latgale Planning Region	Riga Planning Region	Vidzeme Planning Region	Zemgale Planning Region
GDP per capita in LVL 2004.	88,41	46,46	142,96	59,61	51,71
Non-financial investments per capita LVL 2005.	96,80	47,60	135,30	67,90	66,90
Level of demographic load 2005.	104,55	102,29	95,70	109,09	101,34
Number of economically active companies per 1000 inhabitants 2005.	67,60	102,00	147,40	62,00	52,80
Unemployment rate in % 2005.	110,40	198,00	63,40	105,30	103,20

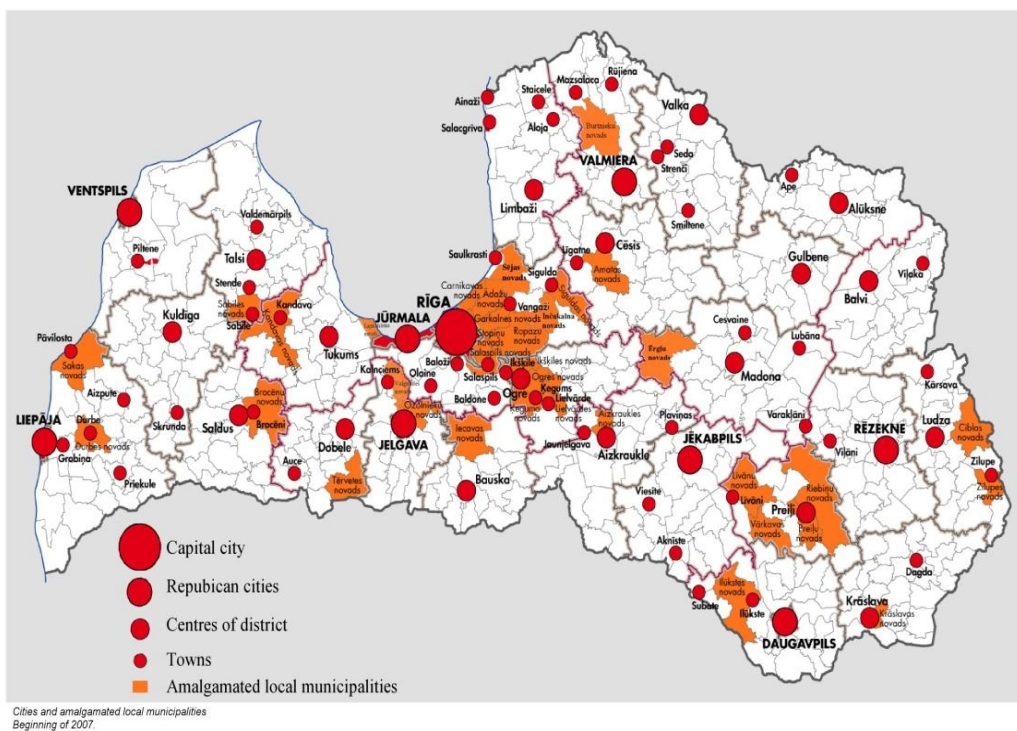
Source: State Regional Development Agency (SRDA)

467. One of the key complex indicators of economic development of regions is the gross domestic product (GDP). The GDP is the total value of all goods and services produced within a country in a year. In 2000 the GDP per capita in Riga Planning Region was 2.9 times higher than in Latgale Planning Region, in 2002 – 3.0 times, in 2003 – 2.7 times but in 2004 – 3.1 times.
468. In 2004 the average amount of non-financial investments was 880.00 LVL per capita. In Riga Planning Region this indicator (1190.00 LVL) exceeded the average national level but in the

⁹³ 76% of all the non-financial investments and 82% of the region's economically active enterprises and companies are concentrated in Riga. 72% of the personal income tax in the Riga region is paid by the residents of the Riga City.

other four regions it was considerably below the average. The lowest amount of non-financial investments per capita was registered in Latgale Planning Region which was 2.3 times below the average and 3.1 times below Riga Planning Region.

469. Though in the period of 1999-2004 the amounts of non-financial investments increased in all the planning regions, regional disparities had still remained. Insufficient financial capacities have impeded structurally and regionally efficient economic and social development of the country. Special attention should be paid to a regionally-oriented financial investment policy aimed at promoting opportunities for balanced development of every region and at exploiting the specific development.
470. Business activity in Latvia is still insufficient. In Latvia in the period of 1999-2004 the number of economically active enterprises and commercial companies had increased by 13.8 thousand entities or by 36.7%. In Riga Planning Region this increase amounted to 49.7% but in other regions – 11-16% (in Zemgale Region – 15.8%, Kurzeme Region – 14.7%, Vidzeme Region – 12.0% and in Latgale Region – 11.3%).
471. The proportions of economically active enterprises and business activity in the total number of companies in various planning regions are very different. In 2004 in Riga Region the proportion was 70.2% of the total number of enterprises and commercial companies, in Kurzeme Region – 9.1%, Latgale Region – 7.5%, Vidzeme Region and Zemgale Region – 6.6%. In 2004, in comparison with 1999, the proportion of enterprises of Riga Region in the total number of companies in the country increased by 6.1% but in each of all the other four regions – decreased by 1-2%.
472. Analysis of changes in the unemployment level showed that at the beginning of 2005 the unemployment was reduced in all the regions when compared with the beginning of 2000. When compared with 2004, the unemployment level had increased only in Riga Region by 0.1 percent point; in Latgale Region the level remained unchanged but in Vidzeme Region, Kurzeme Region and Zemgale Region it slightly decreased by 0.1-0.5 percent points.
473. During the period of six years the highest unemployment level among the planning regions remained in Latgale Region. Regional disparities during the above period had even increased: at the beginning of 2000 the unemployment level in Latgale Region was 2.9 above the indicator in Riga Region but at the beginning of 2005 – even 3.1 times higher.
474. Regional disparities are considerable, and they are constituted by various factors, including GDP per capita, unemployment levels, amounts of personal income tax and other indicators included in the development index parameters. Disparities in social and economic development of the planning regions have slightly increased during the period of six years. The relation between the development index of Riga Planning Region and the lowest indicator, the development index of Latgale Planning Region, was 2.690 in 1999, and 2.833 in 2002, and 2.982 in 2004.
475. According to the economic development level, disparities among the planning regions have increased in all indicators in the period of 1999-2004. The most outstanding region is Riga Planning Region. Its development is mainly promoted by the capital city, Riga.



Cities and amalgamated local municipalities
Beginning of 2007.

476. Riga city also leads in economic development at the national level, which is partially determined by the high concentration of population in the capital: 31.7% of the population of Latvia lived in Riga at the beginning of 2004. Due to the concentration of economic activities in Riga and its vicinity, the development of a monocentric settlement structure is facilitated.

Figure 19: Cities and Amalgamated Municipalities of Latvia

Source: Data of MRDLG at the beginning of 2007

477. Balanced and sustainable development of the State and its specific territories can be reached by facilitating polycentric development. Polycentric development is based on the exploitation of the economic and social potential of development centres, as well as its increase with the aim of establishing a network of development driving forces in the region. A development centre is a populated area, where resources (including human resources), social and economic activities, and services are concentrated facilitating the development of the surrounding territory. A network of development centres is established by differentiation of the above centres according to their significance in the regional/national population system and specialising in particular economic activities, as well as the activation of mutual cooperation and amalgamation of the surrounding rural territories around itself.⁹⁴ Taking into consideration the above mentioned, the cities and towns are at the level of development centres of national and regional significance. Towns, amalgamated municipalities, rural municipalities and villages, in turn, are at the level of development centres of amalgamated municipality and local significance.

478. When analysing of the development potential of planning regions, it was concluded that the Kurzeme Planning Region is crossed by major transport corridors – motorways and railways, as well as main natural gas and oil pipelines. There are vigorous and evenly distribute towns in the region that are linked by a territorially developed motorway network. However, due to the relatively long distances between the development centres, the quality of road infrastructure connecting them must be significantly improved. Liepaja and Ventspils can be regarded as the most significant development centres of the Region, while Kuldiga, Talsi and Saldus could become significant development centres in the future. As Kurzeme is a coastal region, its small and large ports are to become complex development centres of

⁹⁴ Latvian National Development Plan 2007-2013

entrepreneurship. The development potential of the region is facilitated by the infrastructure of large and small ports, fishing, fish farming and fish processing, as well as the manufacturing industry, information technologies, tourism, limestone and clay deposits that ensure favourable preconditions for the production of construction materials.

479. In the Latgale Planning Region good transportation routes have developed with large centres in the neighbouring countries. As Latgale is crossed by such major transport corridors as the main national highways and railways, main natural gas and oil pipelines, good linkage and transport opportunities in the directions West – East and North – South are ensured. The economic activity of the region is concentrated in Rezekne and Daugavpils. Towns, such as Kraslava, Balvi, Ludza, Preili and Livani could transform into new development centres of the region. The development potential of the region is the traditions of industrial production and crafts, low production cost and preserved machine building industry. The climatic conditions of the Latgale Planning Region create preconditions for the development of specialised agriculture. The ecologically clean environment, in turn, and varied natural resources, facilitate the development of tourism, including ecclesiastical tourism.
480. The advantage of the Riga Planning Region is its convenient geographic location both in comparison with other planning regions and internationally. The Riga Region is a significant transport hub at a national and international level facilitating the development of logistics centres. The systems of links and communication in the Riga Region comply with modern requirements, and information technologies are widely used. The Riga Planning Region stands out among other regions with the concentration of population, services and manufacturing, ensured by the influence of Riga as a significant development centre. The region is characterised by high potential of science and technology: such highly qualified specialists as scientists, engineers, technicians, workers and managers are concentrated in the region and work in particular knowledge intensive and high technology sectors – software engineering, machine building, pharmacology, biotechnology. The Riga Region attracts qualified workforce from other regions of Latvia as well. In the future, the Riga Planning Region will have a leading role in the orientation of the development of the national economy towards a knowledge-based production (information and communication technologies, biotechnologies, pharmacology, ecologically clean food and deep wood processing) and services with high added value (transit, tourism, financial services, business management, distribution of goods and services). In the future, the Riga Planning Region will have a major role in the promotion of international competitiveness of Latvia.
481. The Vidzeme Planning Region is crossed by major national motorways and railways, as well as the main natural gas pipeline. The territory is crossed by highways of international significance linking the region with the Republic of Estonia and the Russian Federation. Thus, support to the transit infrastructure could promote entrepreneurial activity. There are several economically active towns in the region: Valmiera, Cesis, Aluksne, Gulbene, as well as Smiltene, that all together form a basis for a balanced, polycentric settlement structure. Valmiera is presently developing rapidly and could strengthen to become a powerful centre of economic development in the future. The potential of the region is facilitated by agricultural traditions, well-developed processing of agricultural products and food processing, as well as tourism infrastructure and tourism objects – an almost unchanged natural environment and the Gauja National Park.
482. The Zemgale Planning Region is crossed by major transport corridors that provide a gateway from the West to East (Riga – Moscow) and from north to south (VIA Baltica). At the same time, one must note the poor condition of the road and bridge infrastructure, hampering the development of transport and populated areas. Jelgava, Jekabpils and Aizkraukle can be regarded as the most significant economic and social development centres of the region. Bauska and Dobeles also have significant development potential. The scientific and research

potential of the Agricultural University of Latvia, the vicinity of Riga, the richest agricultural land in Latvia and high industrial production form the development potential of the region.

483. In the network of development centres, it is important to develop cities that at both the level of the European Union and nationally (Member States) are acknowledged to be significant driving forces ensuring balanced territorial development (Cohesion Policy), as well as largely contributing to achievement of growth and employment objectives (Lisbon Strategy). At the same time it is important to ensure the development of rural territories in the network of development centres because these territories concentrate resources (human resources, production resources, natural resources, etc.) that facilitate the growth of cities.
484. Latvia is characterised by a high level of urbanisation, i.e. the population is concentrated in cities (in January the rural population in the Riga Region accounted for 48% of the total population of the region, in the Vidzeme Region – 42.1%, in the Kurzeme Region – 62.1, in the Latgale Region 57.6%, whilst in the Zemgale Region – 47.8%). However, in some cities and planning regions of Latvia, negative social and economic development trends can be observed hampering polycentric development opportunities. One of the major indicators of economic activities characterising the disparities between cities/towns is the budget income of urban Local Governments. For example: in 2005, the budget income of 7 urban Local Governments (Riga, Daugavpils, Liepāja, Jelgava, Rēzekne, Ventspils, Jūrmala) accounted for 54% of the total Local Government budget income⁹⁵. In 2004, 7 towns (Riga, Daugavpils, Liepāja, Jelgava, Rēzekne, Ventspils, Jūrmala) together accounted for 73%⁹⁶ of the GDP of Latvia.
485. Disparity in the unemployment rates in cities with the highest and the lowest rate during a five year period has been considerable, with the trend to increase; at the beginning of 2000 – 9.2 times, but at the beginning of 2004 – 12.6 times. The biggest differences and changes during five years according to the proportion of personal income tax, can be observed in the group of small and average towns according to the number of inhabitants. In general, a correlation between the number of inhabitants and the value of the development index⁹⁷ can be observed. The average development index with the highest negative value is found in groups of towns with the lowest number of inhabitants.
486. Rural territory accounts for 89% of the total territory of the country, however, only 32% of the total population lives in rural areas. Structural changes in rural economy, especially in agriculture, can be observed in rural areas. The proportion of agriculture in the GDP is low (4% in 2004). In rural areas, as in the country in total, the level of entrepreneurial activity is low. Entrepreneurship is developed in such sectors as trade, transport services, agro-service, processing, wood-processing and crafts, as well as rural tourism. Non-traditional agricultural and non-agricultural entrepreneurial activities are undeveloped. Food and wood processing companies, being the most significant and economically strongest companies in rural areas, are the major investors and creators of new jobs.
487. At the beginning of 2004, the unemployment rate in the rural municipalities of Latvia accounted for 8.0% in average, which was by 0.9 percent lower than at the beginning of 2000 (8.9%), and 0.6 percent higher than at the beginning of 2003 (7.4%). The average unemployment rate in the rural municipalities of Latvia in the period 2000-2003 was by 1.5-1.8 percent higher than the unemployment rate in towns.

⁹⁵ Programme for Latvian Cities. Strategies for the Economic Development of Cities „A Quick Audit of Local Government Data”, The World Bank, Regional Studies Centre Ltd, 2004.

⁹⁶ Latvia's Regions in Figures. CSB . Riga, 2004.

⁹⁷ The population in 12 Latvian towns is below 2 thousand, in 19 towns it is 2-4 thousand, in 15 towns – 4-8 thousand, in 18 towns – 8-16 thousand, in 6 towns – 16-32 thousand, in 3 cities – 32-64 thousand and in Riga – 700 thousand.

488. The low level of income, as well as lack of financial capital and economic experience, have influenced migration of economically most active inhabitants from rural to urban areas and abroad. The above facilitates the development of sparsely-populated territories affecting the total development of rural territories⁹⁸. The migration of inhabitants from rural to urban areas creates the need for access to additional services in cities/towns (job, place of residence, transport, etc.), as well as for support for renovation and development of wornout infrastructure.
489. The aim of a polycentric country is to ensure the economic and social activity of its population, as well as the availability of services in all regions of Latvia at a distance acceptable to each inhabitant, implementing the scenario of balanced development providing for balanced development of the different areas of the country, accounting for their specifics and opportunities, and preserving their characteristic features. In order to implement the balanced development scenario in Latvia, it is necessary for the overall national policy to aim towards an increase of economic and social potential of the development centres. This can be accomplished by the implementation of measures aimed at the preservation of human resources, promotion of economic activity and the provision of availability and accessibility of varied services that, in turn, would provide for the attractiveness of the populated area and its standard of living.
490. Availability of services is determined by several factors:
- sufficient capacity of human resources;
 - infrastructure necessary for the organisation of provision of services,
 - distance to service centres requiring optimum and arranged networks of roads and developed public transport,
 - access to services without leaving the place of residence (e-services);
 - cost of receiving services.
491. Additional factors facilitating the attractiveness of a residential area and the standard of living are the following:
- favourable preconditions for entrepreneurship;
 - entertainment and recreation opportunities;
 - well-organised system of housing;
 - well-organised culture infrastructure, availability and good quality of culture services;
 - education opportunities, including preschool education establishments.
492. In order to ensure support opportunities for the growth of all areas of the country, facilitating attractiveness of residential areas and an increase in the standard of living, it is necessary to provide for a mutually complementing set of support instruments that would ensure mutual coordination of regional and sectoral policies. The instruments provided should be differentiated by territories and prioritised by themes.
493. The analysis of the statistical data according to the levels of development centres shows that development centres of national and regional significance are characterised by a high concentration of inhabitants (62% of all inhabitants), a concentration of higher education establishments (100%) and a lower demographic load (~545). For comparison: in development centres of amalgamated municipality significance, the demographic load accounts for ~655. Only in the development centres of national significance does the proportion of economically active enterprises account for ~65%. Also the number of

⁹⁸ In the period of 2000-2004, the changes in the proportion of urban and rural population differed by region. In the Riga region, the proportion of the urban population decreased by 0.9%, in the Latgale region – by 0.1% but in the Vidzeme region its urban population increased by 0.6%, in the Zemgale region – by 0.5% and in the Kurzeme region – by 0.2%..

employees having principal work is high in these centres (67% of all persons employed in principal work). Based on the data analysis, it can be concluded that in the development centres of national and regional significance, the emphasis should be put on support activities aimed at increasing the economic competitiveness nationally (for example: promotion of science development, knowledge-based economy, intellectualisation of economy, technological excellence, development of road infrastructure linking development centres, increase in qualification of the employed, etc.).

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

495. Main problems to be solved:

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

1.10. International Competitiveness of Riga

496. At present Riga is already the centre of political, economic and cultural life of Latvia, as well as the central metropolis of the Baltic States region, but its role in the context of wider regions, for example: the Baltic Sea Countries or the European Union, is significantly less. Although Riga has several key preconditions for becoming a metropolis in a broader geographical context, for example: advantageous geographical location between the East and the West and the most important centre of transport, communications, economic activities and culture in the Baltic States, there is a need for purposeful investment that would strengthen Riga as a socio-economic and cultural centre, thus developing it as the metropolis of business transactions, science and cultural excellence in the broader region. Currently Riga is already the driving force of the Latvian economy, thus strengthening its international competitiveness will make a significant contribution to the socio-economic development of Latvia as a whole in the future, facilitating creation of a larger tax basis to be used for decreasing socio-economic disparities in regions.
497. The National Development Plan 2007-2013 sets forth that promotion of Riga as the centre of business transactions, science and cultural excellence in Europe and the Baltic Sea region is essential for the strengthening of Latvia's global competitiveness. Further transfer of excellence, potential and resources created in Riga to other regions of Latvia is a key precondition for balanced development and improved standard of living.
498. Strengthening of the international competitiveness of Riga includes two mutually interlinked directions of development:
- The development of Riga as a metropolis of the Baltic Sea region;
 - The development of Riga as one of the most powerful capitals of the EU.
499. Currently the position of Riga in comparison to such metropolis of the Baltic Sea region as Stockholm and Copenhagen, is characterised by the following indicators.
500. The geographic advantage of Riga as well as Stockholm and Copenhagen is their location on the Baltic Sea. Although Copenhagen is closer to the political and geographical centre, and to the largest metropolis of Europe, the advantage of Riga is its location at the cross point of the East-West and South-North transit corridors. But due to development of transport technologies, Riga may lose its geographic advantages.
501. At the beginning of 2005, the number of inhabitants in Riga accounted for 731 762, that is 31.7% of the total population of Latvia. The average number of inhabitants in other capitals and large cities of the EU is much higher, but among metropolis and regional centres there are such capitals of the Baltic Sea Countries, such as Copenhagen with 500 000 inhabitants and Stockholm with 750 000 inhabitants. However, such a high concentration of population in one city is not characteristic to other large cities of the European Union.
502. The total area of Riga accounts for 307 km², which is larger than Copenhagen (88 km²) and Stockholm (216 km²).
503. The population density in Riga is one of the lowest among the largest cities of the Baltic Sea region (in 2004 the population density in Riga was 2845 persons per km², in Stockholm – 4048, but in Copenhagen – 5871). But in the Riga City the natural land-surface territory and natural surface water systems account for 16 652 ha or 54.2%, which creates an ecologically clean environment and advantages for inhabitants.
504. In 2004, the unemployment rate in Riga accounted for 3.4%. Comparatively, at the same time it was 7.1% in Copenhagen and 4% in Stockholm.
505. The majority of employed, work in the trade sector (in 2004 18.8% of the total number of the employed), the second largest number of inhabitants is employed in industry (in 2004 18.3%

of the total number of the employed). In Stockholm and Copenhagen, respectively, the majority of employed (almost 50%) work in sectors such as financial transactions and real estate (20 – 24%), trade, transport and communications (20-23%).

506. The number of companies per 1000 inhabitants in Riga is almost 40, which amounts to the average number in the EU, including among the states of the Baltic Sea region. Besides, 56% (data of 2003) of all companies registered in the country are registered in Riga, which is the highest rate among the states of the Baltic Sea region.
507. The port of Riga is the fourth largest port on the eastern coast of the Baltic Sea with regard to cargo turnover. Cargo turnover has the trend to increase reaching almost 25 000 000 tons in 2004. However, the port of Riga shows one of the lowest indicators among the cities of the Baltic Sea region concerning passenger traffic.
508. Riga Airport is the largest airport among the Baltic States, according to the number of passengers served. The number of passengers served at the Riga International Airport accounted for 1 878 000 in 2005, but for 17 000 000 at the Arlanda Airport in Stockholm in 2004 and for 20 000 000 in the Kastrup Airport in Copenhagen.
509. The majority of foreign investment made in Latvia is concentrated in Riga and at the beginning of 2005, investments in the share capital of companies registered in Riga reached almost 1 billion lats and the above investments were made by more than 12 thousand investors from various countries.
510. Riga is the most often visited place in Latvia by foreign tourists. In 2004 Riga was visited by 50% of all visitors. In 2004 in comparison with the year 2000, the number of tourists to Riga increased by 32%. In 2004 Riga was visited by more than 1 million visitors. Copenhagen was visited by 15 million tourists in 2004, but Stockholm by approximately 17 million. Besides, the number of business tourists visiting Riga is increasing, it has increased by 15% reaching 350 000 business tourists in 2004. Copenhagen and Stockholm as business tourism destinations have been more attractive and the number of business tourists is even eight times higher.
511. Riga is the largest centre of science and higher education in Latvia due to the fact that major scientific and research centres are concentrated there, and the number of students in higher education establishments of Riga is 80% of all students. In comparison with other metropolis of the Baltic Sea region, the concentration of state scientific, research and education potential in Riga is much higher.
512. Riga is the major cultural centre of Latvia due to the fact that major national cultural centres are located there and more often not only national, but also regional international cultural, sports and business events are organised there.
513. In comparison with Stockholm and Copenhagen, the urban environment in Riga City is presently not as attractive as in Copenhagen or Stockholm. The above is due to many aspects, for example: environment pollution, security, quality of public services infrastructure, as well as other aspects.
514. Taking into consideration the above, it can be concluded that the strong points and growth possibilities of Riga as an international development centre are determined by its growing economy and tourism, science and research potential, vacant area, as well as the development of Riga as an international transport junction.
515. Major factors hampering the international competitiveness of Riga are its underdeveloped infrastructure, high inflation and low GDP in comparison with other metropolis of the Baltic Sea region.
516. According to the assessment of experts, the technical condition of the main streets in Riga can be evaluated as good in 35% of cases, in 51% of cases as satisfactory, but in 14% of cases as

poor. As the traffic intensity in streets of Riga is 15 times higher than the average in the country, the lifetime of road surfacing built according to single standards and using the same technologies and materials is shorter than for motorways. There are 100 bridges, cross-overs and pedestrian tunnels in Riga, 36 of them are in good condition, 46 in poor condition but 17 objects are in an unsatisfactory condition.⁹⁹

517. When planning the development of the Riga City as a development centre of international significance, it should be noted that Riga is a significant centre maintaining the link between the Eastern market and the market of the EU and vice versa; thus, during the development, significant attention should be paid to the development of the transport and communications infrastructure, thereby increasing the significance of Riga as the gateway-city of the Eastern part of Europe. Taking the above into consideration, it is important to modernise the transport infrastructure that would facilitate development of the city as a logistics and trade centre. At the same time it is important to be aware of the fact that the sphere of functional activities and the influence of Riga stretches beyond its administrative borders, thus the development of Riga is to be analysed in the context of the development of the Riga agglomeration, as well as the development of Latvia and the Baltic Sea Region.
518. In 2004 the inflation rate was the highest during the last six years reaching 7.3%. Prices for goods increased by 7.8%, while the prices for services – by 6.1%. The comparatively high inflation rate has an adverse impact on the entrepreneurial environment due to the fact that both entrepreneurial planning and the credit liabilities are burdened.
519. The GDP per capita in Riga is 1.4 times higher than the average in Latvia, but at the same time it is up to seven times less than in other cities of the Baltic Sea region. Although the GDP growth in the Riga City starting from 1998 was more rapid than in Latvia in total, the GDP rate still lags behind the average GDP in capitals of the European Union. Low GDP rates prevent production of sufficient financial resources for the necessary investment.
520. The main factors facilitating the international competitiveness of Riga are its convenient geographical location with access to the sea, its location at the junction of the East-West transit corridor, its multicultural society as well as a developed Riga City Development Plan.
521. The Riga Passenger Port is a very convenient shipment hub both for traffic towards the Scandinavia and Western Europe. During the last eight years the cargo volume dispatched and received has almost tripled.
522. The population in Riga is multinational. Riga is one of the few cities, where the majority of inhabitants have a good command of three languages (Latvian, Russian and English).
523. The Riga Long-term Development Strategy to 2025 has been developed, as well as the Riga Development Plan 2006-2018, consisting of the Development Programme (for 7 years) and the Spatial Plan (for 12 years). The Riga Development Plan defines the main objectives and tasks to be reached in the long-term.
524. In order to strengthen the competitiveness of Riga internationally, the following is to be done using the strengths and opportunities of Riga:
- adjustment of the existing transport infrastructure, as well as creation of new transport systems;
 - development of the economy based on the East-West linkage;
 - transfer of the city administrative centre beyond its historic centre and making the Old Town more attractive to tourists;
 - development of public and private partnership;
 - promotion of development of small and medium sized enterprises;

⁹⁹ Data of the Ministry of Transport and Communications

- improvement of cooperation of other metropolis of the Baltic Sea region with Riga;
- development of Riga as one of the administrative centres of the European Union;
- development of business tourism;
- development of science, technologies and innovations.
- Promotion of the Riga City image and improvement of the marketing strategy.

2. STRATEGY OF THE OPERATIONAL PROGRAMME „INFRASTRUCTURE AND SERVICES”

2.1. SWOT Analysis of the Operational Programme

525. The SWOT analysis (strengths, weaknesses, opportunities and threats) is a widely applied method that enables a concentrated layout of findings and conclusions reached as a result of conducting analysis of current situation.

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

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

Areas	Strengths	Weaknesses	Opportunities	Threats
			jobseekers is strengthened as a result of measures implemented by the State Employment Agency	
- employment and unemployment	<ul style="list-style-type: none"> ▪ High female employment rate ▪ A stable and sustainable system of social security, social assistance and social services 	<ul style="list-style-type: none"> ▪ A high proportion of the long-term unemployed ▪ A high youth unemployment ratio (15-24 year olds) ▪ A low self-employment rate, insufficient knowledge to start a business ▪ Undeclared employment ▪ Considerable social exclusion and risks related thereto ▪ Discrimination by gender is observed ▪ Limited possibilities to establish work-life balance ▪ Distinctive gender segregation in studies leading to subsequent gender segregation in occupations and the labour market ▪ Insufficient capacity and infrastructure of institutions involved in the elaboration and implementation of employment and social policy ▪ Weak local partnerships for implementation of effective and integrated employment policy 	<ul style="list-style-type: none"> ▪ The development of social services as an alternative to those provided by state and municipal institutions ▪ An integrated approach to gender equality and age equality in all national policies ▪ The results and efficiency of active employment measures are improving thus contributing to the reduction of unemployment ▪ Business activity is increasing as a result of national measures and initiatives ▪ Implementation of flexicurity principles (flexible labour contracts, part time jobs, increase of role of social partners etc) 	<ul style="list-style-type: none"> ▪ Increasing social exclusion may result in growing numbers of children without primary education ▪ Substantial increase in the proportion of persons receiving social services and social care
- education and	<ul style="list-style-type: none"> ▪ A developed network of higher 	<ul style="list-style-type: none"> ▪ No systematic analysis of the 	<ul style="list-style-type: none"> ▪ Application of international 	<ul style="list-style-type: none"> ▪ Continued inability of the

Areas	Strengths	Weaknesses	Opportunities	Threats
training	<p>and vocational education establishments in the whole territory of Latvia</p> <ul style="list-style-type: none"> ▪ A high general educational level of the population ▪ A large density of higher school students (one of the highest indicators in Europe and the world) ▪ A qualitative, available and competitive education preferred to be one of the most important priorities of the state and government ▪ Elaborated national project documents of the politics to develop education and lifelong education in the period of 2007 – 2013 ▪ Experience in the implementation of the bilingual education and the national minorities' ▪ A contemporary normative bases of educational system 	<p>medium term economic demand for vocational and higher education, national qualification system and educational programmes are not correspondent to the labour market requirements</p> <ul style="list-style-type: none"> ▪ Limited capacity of the educational system due to ageing infrastructure in all levels of education ▪ Insufficient qualification and number of the compulsory school teachers ▪ Insufficient qualification strengthening and upskilling activity of the academic staff , as well as aging of the a staff ▪ Insufficient number of students and graduates in the masters and doctors programmes ▪ Insufficiently developed career counselling schemes for young people ▪ Inefficient cooperation among vocational education establishments and employers ▪ A low prestige of vocational education and insufficient quality of it, unsatisfactory number of the vocational students ▪ A low density of students in the fields of natural sciences, 	<p>(especially EU) experience and practices to improve the educational system and participation in comparative quality research</p> <ul style="list-style-type: none"> ▪ Increasing the quality of education in Latvia and improving its conformity to the labour market requirements by strengthening cooperation between educational institutions and employers and making investments in the development of the educational system of the country ▪ The improved content of education in natural sciences and the implemented centralized exam system ▪ Demand for qualified branch specialists promoting development and improvement of education supply. ▪ A great investment of students and credit resource means in graduation process verifying education supply and prestige in the state ▪ Possibilities of out of school education and education of interests ▪ Lifelong education guidelines and implementation of action projects, developed continuing 	<p>education system to align with the labour market needs and requirements</p>

Areas	Strengths	Weaknesses	Opportunities	Threats
		<p>technologies, engineering and health care</p> <ul style="list-style-type: none"> ▪ Limited opportunities of life-long learning (continuing education), as well as limited educational opportunities for groups at risk of social exclusion ▪ Insufficient infrastructure and qualifications of the teaching staff to integrate students with special needs ▪ Inadequate educational infrastructure and equipment ▪ Long-term incapacity of the education system to adapt to labour market needs 	<p>education supply</p> <ul style="list-style-type: none"> ▪ Available education infrastructure for lifelong education needs 	
- health care	<ul style="list-style-type: none"> ▪ Successfully started reforms in the health care system ▪ The scientific potential of medicine 	<ul style="list-style-type: none"> ▪ Poor health of the general population ▪ Rapidly growing occupational diseases, a high proportion of accidents at work ▪ Inadequate quality and unequal accessibility of primary, secondary and tertiary health care and emergency health care services ▪ Insufficient emphasis on health promotion and preventive measures in the health care system ▪ Reproductive health – a low priority in the context of 	<ul style="list-style-type: none"> ▪ Increasing awareness of the general population that a healthy lifestyle will result in higher quality of the labour force 	<ul style="list-style-type: none"> ▪ Increase in the direct payments by patients prevents providing timely health care services to a growing number of people in Latvia

Areas	Strengths	Weaknesses	Opportunities	Threats
		<p>improving the current demographic situation</p> <ul style="list-style-type: none"> ▪ A structural mismatch of the health care staff characteristics to the development needs of the sector ▪ Insufficient accessibility to health care services enjoyed by groups at risk of social exclusion 		
Infrastructure and services	▪	▪	▪	▪
- energy	<ul style="list-style-type: none"> ▪ A high level of renewable energy sources in use ▪ A well developed electricity distribution grid and international electric power transmission lines ▪ Naturally formed underground gas repositories of strategic importance 	<ul style="list-style-type: none"> ▪ Inefficient and environmentally-unfriendly heat production technologies ▪ Low energy efficiency ▪ Insufficient use of local and alternative energy sources 	<ul style="list-style-type: none"> ▪ Harnessing public-private partnership opportunities to encourage and accelerate the development of infrastructure ▪ Opening the electricity and gas markets 	<ul style="list-style-type: none"> ▪ Dependence on foreign energy sources ▪
- environment	<ul style="list-style-type: none"> ▪ High-quality natural resources, including groundwater resources 	<ul style="list-style-type: none"> ▪ Low accessibility to and quality of centralised water distribution services ▪ Insufficient and inefficient waste water treatment ▪ Insufficient waste collection, sorting and recycling effort ▪ Insufficient infrastructure for municipal solid waste and hazardous waste management ▪ A considerable number of inherited polluted areas and 	<ul style="list-style-type: none"> ▪ Harnessing public-private partnership opportunities to encourage and accelerate the development of infrastructure ▪ Well-organised spatial planning 	<ul style="list-style-type: none"> ▪ Lack of a complex assessment scheme and a strategy of technogenic and environmental risks, limited possibilities of environmental monitoring and control ▪ Increased pressure on the environment due to the extensive development of the capital city

Areas	Strengths	Weaknesses	Opportunities	Threats
		<p>degraded industrial sites</p> <ul style="list-style-type: none"> ▪ Insufficient tourism infrastructure, especially in protected nature areas 		
- cultural and tourism infrastructure	<ul style="list-style-type: none"> ▪ Rich and internationally relevant tangible and intangible heritage, manifestations of high-quality traditional and modern culture ▪ Well-preserved diversity identity of the local culture ▪ Culture ranks comparatively high in the hierarchical system of values of Latvian society ▪ Diverse and unpolluted environment, abundant landscape assets 	<ul style="list-style-type: none"> ▪ Insufficiently exploited socio-economic potential of the cultural environment, functionally outdated and obsolete cultural infrastructure ▪ Concentration of cultural life in the capital city of Riga; disproportionate supply of cultural products ▪ An insufficient range of internationally competitive and recognized products on offer ▪ Lack of evenly distributed, high-capacity and premium-quality tourism services and infrastructure ▪ Distinctive seasonal fluctuations of tourism services 	<ul style="list-style-type: none"> ▪ Cultural heritage and cultural services are important resource for promotion of cultural tourism and life quality as well as sustainable socio economic development of regions ▪ Increasing demand for cultural products in the regions of Latvia ▪ Growing intensity of international cultural exchange and exports ▪ Growing tourism market ▪ Growing demand for health, recreational, cultural and active tourism products 	<ul style="list-style-type: none"> ▪ Brain drain of productive and qualified labor force from the regions, decrease of economic activity, depopulation, split of society, lack of shared values ▪ Decreasing international competitiveness of Latvian culture products ▪ Degrading cultural environment and irreversible deterioration of heritage sites and values ▪ Stalling tourism development rates ▪ Growing competition in the international tourism market
- transport	<ul style="list-style-type: none"> ▪ Optimum distribution of transport infrastructure ▪ A large proportion of significant transport infrastructure is included in various projects of the EU importance ▪ Rapid passenger turnover growth in „Riga” airport 	<ul style="list-style-type: none"> ▪ A large number of traffic accidents ▪ Deteriorating technical conditions of road and rail infrastructure ▪ Inefficient and non-competitive public transportation services in cities and commuter areas ▪ A decreasing coverage of the 	<ul style="list-style-type: none"> ▪ Harnessing public-private partnership opportunities to encourage and accelerate the development of infrastructure ▪ Development of a common port policy aimed at diversification and more efficient use of ports ▪ Developing „Riga” airport into an important European air transportation hub boasting 	<ul style="list-style-type: none"> ▪ Competition of the neighbouring countries in providing transit services ▪ Introduction of an aviation fuel tax

Areas	Strengths	Weaknesses	Opportunities	Threats
		<p>railway network used for passenger carriage</p> <ul style="list-style-type: none"> ▪ Insufficient capacity of the sea passenger terminal of Riga ▪ Non-optimum capacity of port access roads ▪ Outdated small port infrastructure ▪ Outdated infrastructure of regional airports ▪ A low proportion of vehicles adjusted for use by persons with disability (mobility impairment) ▪ Insufficient funding for the development of air transport infrastructure ▪ Insufficient capacity of „Riga” airport terminal 	<p>stability in high quality passenger and freight services, thus creating preconditions for the development of other industries.</p>	
Sustainable development	<ul style="list-style-type: none"> ▪ High-quality, environmentally clean, sparsely-populated environment ▪ Sufficient forest, land and water resources ▪ Preserved biodiversity 	<ul style="list-style-type: none"> ▪ Weak integration of the environmental policy in sectoral policies ▪ A considerable proportion of environmental infrastructure is incompliant with the EU requirements 	<ul style="list-style-type: none"> ▪ Prospecting new oil and gas deposits 	<ul style="list-style-type: none"> ▪ Lack of a strategy and assessment of technogenic risks ▪ Transboundary pollution
Macroeconomic stability	<ul style="list-style-type: none"> ▪ High GDP growth ▪ Low budget deficit ▪ Low public debt 	<ul style="list-style-type: none"> ▪ Rapidly increasing inflation 	<ul style="list-style-type: none"> ▪ A favourable environment for investment and rapidly accelerating private investment 	<ul style="list-style-type: none"> ▪ Risks of overheating the economy
Balanced territorial	<ul style="list-style-type: none"> ▪ Even distribution of urban areas 	<ul style="list-style-type: none"> ▪ Significant disparities in 	<ul style="list-style-type: none"> ▪ Riga – the metropolis of the 	<ul style="list-style-type: none"> ▪ Continued decrease in population

Areas	Strengths	Weaknesses	Opportunities	Threats
development	<ul style="list-style-type: none"> ▪ Even distribution of transport infrastructure ▪ The favourable geographical location of the capital city of Riga ▪ Republican cities are located close to primary transport corridors 	<ul style="list-style-type: none"> ▪ socioeconomic development trends observed comparing the capital city of Riga and the rest of Latvia, as well as among planning regions ▪ Disparities in the availability of services ▪ Weak development of local centres (villages and towns) ▪ The migration of human resources from rural areas to cities. ▪ Low internal mobility of the labour force 	<p>Baltic Sea region</p> <ul style="list-style-type: none"> ▪ Cooperation between Euroregions, transboundary cooperation ▪ Use the potential of cities'/towns' to catalyse economic and social development in planning regions counterbalancing the over-concentration of population and economic activity in the capital city and the surrounding territories ▪ Integrated territorial development ▪ Urban-rural co-operation 	<p>in particular areas of the country</p> <ul style="list-style-type: none"> ▪ Increasing / non-reducing social-economic development gap between Riga and the rest of Latvia's territory ▪ Reduced potential impact of overall investments in urban areas due to insufficient coordination and complementarity of investments ▪ Expressed preservation of centre-periphery division
Equal opportunities	<ul style="list-style-type: none"> ▪ A high female employment rate compared to the EU average ▪ Improved legislation to ensure equal rights and opportunities ▪ 	<ul style="list-style-type: none"> ▪ Comparatively low public awareness of the role of various gender equality aspects in different areas ▪ Environment that is not adapted to the needs and requirements of persons with functional disabilities (including education and employment) ▪ 	<ul style="list-style-type: none"> ▪ Professionals of various backgrounds educated on gender equality issues and their role ▪ Preconditions set for the implementation of an integrated approach towards gender equality (a mechanism created) ▪ Active non-governmental organisations addressing issues related to disabled people and groups of population at risk of social exclusion ▪ A coordinated, concerted and strategic approach to encourage social inclusion 	<ul style="list-style-type: none"> ▪ Insufficient awareness of policy-makers of the need to apply an integrated approach towards gender equality ▪ A growing share of the population at risk of social exclusion ▪ Employers are not encouraged to recruit disabled people, ex-convicts and individuals of other groups at risk of social exclusion ▪
Information	<ul style="list-style-type: none"> ▪ A stable growth rate in the IT 	<ul style="list-style-type: none"> ▪ Unevenly developed ICT 	<ul style="list-style-type: none"> ▪ The availability and quality of 	<ul style="list-style-type: none"> ▪ The monopolisation of the

Areas	Strengths	Weaknesses	Opportunities	Threats
society	<p>sector</p> <ul style="list-style-type: none"> ▪ A high growth rate of Internet users ▪ The development of information systems of the main national registers has been completed ▪ Active development of e-commerce 	<p>infrastructure, limited availability of Internet access, especially to broadband networks</p> <ul style="list-style-type: none"> ▪ The limited range of e-government services is a disincentive for the promotion of the information society ▪ Shortage of ICT skills of those to become part of the information society processes 	<p>ICT services are expected to improve as a result of increasing competition</p>	<p>electronic communications sector</p> <ul style="list-style-type: none"> ▪ Widening of the “digital gap”
International competitiveness of Riga	<ul style="list-style-type: none"> ▪ Together with its satellites, Riga is the largest city by population in the Baltic-Scandinavian region ▪ Riga is an important crossing point of transportation routes and communications channels ▪ Growing economy and tourism ▪ A low unemployment rate ▪ Spatial development opportunities ▪ A large share of foreign investments is concentrated in Riga ▪ Scientific and research potential is concentrated in Riga ▪ Riga is a port city ▪ Multicultural environment ▪ Recreation potential 	<ul style="list-style-type: none"> ▪ Low GDP per capita ▪ High inflation ▪ Unattractive infrastructure ▪ Absence of local energy sources 	<ul style="list-style-type: none"> ▪ Riga as the central metropolis of the Baltic states ▪ Riga as a city of well-maintained and organised urban environment and public infrastructure ▪ Riga as a cultural, business and tourism centre ▪ The development of services and production areas focussed on the international market ▪ Commercialisation of results produced by applied sciences, innovations and the transfer of technology ▪ A centre attractive to foreign investment 	<ul style="list-style-type: none"> ▪ The development of international transport corridors bypassing Riga ▪ Emigration of the skilled labour force ▪ The decreasing role of geographic advantages due to technological developments ▪ Overheating economy ▪ Deteriorating conditions in the field of foreign policy ▪ Increasing Riga’s internal disparities and expansion of deprived areas

2.2. Strategy Description

527. The task of the OP strategy is to define the absorption objectives and priorities of the ERDF and the CF funded programmes for the programming period of 2007-2013. The strategy is based on the main principles and guidelines of the Community Strategic Guidelines for Cohesion (CSG), National Development Plan 2007-2013 (NDP), Lisbon National Reform Programme of Latvia (LNRPL), and the Single Strategy for the National Economy (SSNE).
528. The OP strategy covers only those priorities that will be implemented through attracting the ERDF and the CF co-finance. However, the implementation of the strategy must not be viewed separately from the overall national development policy and measures identified for implementation under the remaining two Operational Programmes co-financed by Structural Funds, and measures completed independently from assistance derived from the EU funds, e.g., measures to be financed from national, municipal and other sources of funding, or measures not directly related to financial investments, but rather to modifications and changes in sectoral policies, legislation, or administration. The above measures are detailed in the NDP, LNRPL, SSNE and other policy planning documents.
529. The above SWOT analysis has identified a range of challenges and development problems that are critical for the future development. Overall, Latvia enjoys favourable conditions for balanced and sustainable development set by, e.g., even distribution of towns and cities in the country, a precondition for the development of a polycentric state, high-quality and sparsely-populated environment, sufficient conditions of local natural resources, optimum distribution of transport infrastructure. At the same time, the future economic growth and balanced territorial development are threatened by deteriorating infrastructure or its non-conformity to quality requirements set by the growing economy, coupled with the low quality and limited availability of public services. The strategy is aimed at reducing a potential risk of infrastructural or public service shortages impeding the rapid future growth of the economy or adversely affecting the quality of life of communities residing in various areas of the country.

Main principles for the Strategy

530. *Continuity* – by commencing the implementation of the SF and the CF in 2004, Latvia has set achievable medium-term and long-term objectives, as well as a range of priorities that are detailed in the SF Single Programming Document (SPD) and the CF Reference Framework for the financing period of 2004 – 2006. The SF and CF interventions have to continue the commenced investment effort in areas where the set restructuring goals have not been accomplished yet. The SF and CF assistance for the period of 2007 – 2013 must function as logical continuation of investments already made or being made during the OP drafting phase, furthermore, the assistance has to be based on experience and results of the 2004 – 2006 period.
531. *Strategic approach and multi-annual planning* – the funding absorption strategy must be based on a seven-year policy planning cycle and derived from the analysis of current situation, identified problem areas, on the basis of which a development investment strategy is elaborated, as well as measurable objectives and results to be achieved are identified.
532. A strategic approach to the absorption of the EU funds may be ensured only on the condition that the *principle of concentration* is observed. Although the financial assistance of the EU made available to Latvia is substantial, it is still aimed at providing co-finance to national financial contributions committed to address development issues of concern. Consequently, to ensure maximum efficiency and increased impact of the SF-supported investments on the economic and social growth of the country, Latvia must ensure targeted and focussed application of funding made available by prioritising the supported areas and concentrating

the EU fund assistance in the areas of highest necessity and, at the same time, most considerable return. It must be acknowledged that both financial resources and administrative capacity, and time resources for the period of 2007 – 2013 are limited, hence the inevitable requirement to select a specific number of key measures for assistance where the potential of achieving the set development goals is the highest.

533. *Additionality* – the SF and CF investments for national development may not substitute national investment efforts financed from the state budget up to the current period. The SF and CF assistance must act as additional support in areas, where the state is currently making investments, or in areas, where the state has defined a clear reform and development strategy aimed at economic and social growth, the implementation of which can be leveraged by the SF or CF funds.
534. *Public-private partnerships* – the limited national and municipal finance for the implementation of public investment projects translate into insufficient maintenance and development of infrastructure that may cause negative economic consequences, thus reducing the public sector efficiency, value of national assets and their economic returns. By seeking potential resources for further development of infrastructure and services, a new public and private cooperation model has evolved – public-private partnerships (PPP) that are based on the capacity of the model to combine the strengths of both sectors through harnessing the innovative potential of a private entrepreneur in providing services and rationally using the budgetary finance. Furthermore, due to scarcity of public funding it is of critical importance to promote efficient management and application of the above financial resources by exercising the advantages of the private sector. Consequently, the application of the PPP model must be promoted in the SF and CF absorption process.

Single Strategy for the Absorption of the EU Funds

535. A single Strategy for the Absorption of the EU funds (Structural Funds and the Cohesion Fund) is defined in the National Strategic Reference Framework (NSRF). The task of the EU funds assistance in the period of 2007 – 2013 is to facilitate faster economic growth of the country, approaching the average level of welfare in the EU member states. This aim shall be measured as the desire to reach the average per capita level of gross domestic product (GDP) of the EU member states. In order to achieve this level, Latvia has set the following attainable results for implementation of the Lisbon National Reform Programme of Latvia (LNRPL) and also EU funds in 2007 – 2013:
- retain an annual GDP growth rate of 6-8% (baseline of 2006 – 11.9%);
 - increase the employment rate to 70%, inter alia the employment rate for women to 66% and for older people to 55% (baseline of 2006 – 66.3%, the employment rate for women – 62.3%, the employment rate for older people – 53.3%);
 - decrease the unemployment rate under 6% (baseline of 2006 – 6.8%);
 - reach at least 53% of EU average productivity indicator (GDP by PPS per employee) (baseline of 2005 – 47.9%).
536. Besides this Latvia sets the following impact indicators for the EU funds intervention:
- decrease the long-term unemployment rate to 2.0% as of the number of economically active inhabitants (baseline of 2006 – 2.5%);
 - to increase the percentage of population provided with waste water management services in compliance with legislation provisions till 62% (baseline of 2004 – 9%);
 - to reach the time saving for passengers 10.9 million EUR per year due to the built and reconstructed roads.

537. For Latvia to attain the development level of the rest of the EU through the fund assistance, it will implement the National Development Strategy defined by the Government in the National Development Plan (hereinafter – the NDP). The Development Strategy of the NDP emphasises an educated, creative and ambitious individual, and sets the development of an economy based on education, science and competitive businesses as the main goal. Therefore, EU funds aid in 2007 – 2013 will primarily be focussed on education, technological excellence and the flexibility of companies, as well as the development of science and research, thus facilitating the development of a knowledge-based economy in the country. In addition to the above strategic goal it is essential to strengthen other preconditions for sustainable economic growth and life of individuals in general.
538. In order to achieve the aforementioned overall goal, the investments of EU funds have been planned according to three thematic axes:
- Axis I - development and efficient use of human resources,
 - Axis II - strengthening competitiveness and progress towards a knowledge-based economy,
 - Axis III - improvements in public services and infrastructure as a precondition for balanced territorial (regional) and national development.
539. Along with these three thematic axes, horizontal priorities are also important in the absorption of SF and the CF – balanced territorial development, international competitiveness of Riga, facilitation of macro-economic stability, equal opportunities, sustainable development, as well as the development of an information society.
540. Investment from the ERDF and CF OP “Infrastructure and Services” is mainly linked to the thematic axis III “Improvements in Public Services and infrastructure as a precondition for balanced territorial and national development”, however, it is equally important to ensure complementarity with the first and third thematic axes for which financing is ensured by the Operational Programmes financed from the ESF and ERDF.

Strategic Goals of the OP

541. A precondition for the sustainable development of Latvia and progress towards a knowledge-based economy is also the accessibility and attractiveness of its territory both for entrepreneurs and the population in general. From the point of view of human resources, it is important to ensure the population of Latvia with an adequate quality of education, work and living, irrespective of the part of the territory in which they reside. From the point of view of economic development, a situation when insufficient infrastructure and public services become obstacles for rapid economic growth must not be allowed. The NDP has put forward an objective: to ensure preconditions for human life as well as for economic and social activity, also mentioning the development of infrastructure as one of the priorities.
542. Recognising that investments in infrastructure require extensive financial resources and their implementation takes a long time, as well as the fact that the national development strategy is focussed on economic development based on education, knowledge and competitive businesses, in the 2007 – 2013 period, the main emphasis will be put on such investment in infrastructure and services that has a direct and immediate impact on the implementation of the strategy.
543. One of the most essential activities in the development of State infrastructure is SF investment in infrastructure, ensuring development of human capital. In this case the modernisation of educational infrastructure, in particular, facilitates the development of human resources required for development of the economy, and the preparation of a qualified labour force necessary for progress towards a knowledge-based economy. Utilising the investment in educational infrastructure and the technical provision of education (school supplies, equipment, devices and facilities), the performance of professional training, studies and

research must take place in a well-equipped environment corresponding to current study content and a working environment in innovative companies of the respective industry. This will significantly improve the training of highly qualified professionals in line with the requirements of a modern labour market. Meanwhile investment in the infrastructure of such service industries related to the development of human resources as employment, social and healthcare infrastructure, are also necessary.

544. A precondition for the development of an information society and the growth of a knowledge-based economy is the functioning of efficient and widely accessible information exchange mechanisms. It justifies the new and efficiently co-ordinated investment into the development of information and communications technology (hereinafter – the ICT) infrastructure and services, the improvement of accessibility to public networks, as well as the provision of ICT and information processing skills. In this field the support for ICT infrastructure and services (third thematic axis) and investment into human capital (first thematic axis) must be mutually co-ordinated and supplementary.
545. Through SF and the CF funds, the transport sector will ensure the State becomes more evenly accessible and the accessibility to various areas of its territory is improved. Meanwhile it must be ensured that the capacity, quality and safety level of the transport infrastructure increases in proportion with the demand generated by economic growth. This requires the timely development of transport infrastructure of international importance and improved quality of the existing infrastructure (motorways, railway, ports, airports) and quality improvement of transport infrastructure at a regional and local level (mainly motorways), as well as the improvement of the public transport system and its quality.
546. In order to stipulate integrated approach to the implementation of transport investments in Riga and surrounding territory the Ministry of Transport in cooperation with Riga municipality and Riga planning region will elaborate conception paper for Integrated Planning for Development of Passengers and Cargo Transport System for Riga and its Agglomeration. It will in an integrated manner comprise the transport investments foreseen in existing policy planning documents – Riga Development Programme 2006-2012, Riga Region Spatial Planning as well as Transport Development Guidelines 2007-2013. The conception paper will provide the coordinated interrelation of investments in different modes of transport and support areas (roads, streets, public transport, railway, port, airport, traffic safety, etc), linking the investments focused both to the passengers and cargo. Moreover, the conception will include the description of the investment needs, as well as its prioritisation, analysis of impacts, proposals for more effective interrelation of different sub-sectors of transport system and minimization of possible negative effect. The investments in Riga and its agglomeration foreseen by this OP are conditional upon existence of the abovementioned Integrated Planning for Development of Passengers and Cargo Transport System for Riga and its Agglomeration. The conception is scheduled to be prepared and presented to the Monitoring Committee and the European Commission by February 29, 2008.
547. Investment into the environmental and energy infrastructure, including heat supply, shall facilitate a significant increase to the coverage, quality, cost efficiency and sustainability of the services offered. Along with the need to introduce the requirements and objectives set forth in the EU laws and regulations concerning environmental protection, it is essential to ensure that such investment increases the accessibility of particular areas of the country territory to investors and visitors, as well as guaranteeing a quality of life for the local population. Development opportunities of territories may be significantly affected by environmental risks, as well as inherited polluted areas. Therefore, it is necessary to perform the required activities to reduce the risks and their adverse impact.
548. Forecasts for the emissions of greenhouse gases (carbon dioxide, methane, monovalent nitrogen oxide, etc.) show that by implementing the current policy of reducing climate

changes in those sectors which produce the most greenhouse gas emissions – energy, transport, agriculture and waste management – Latvia will be able to meet its commitments for emission reductions laid down in the Kyoto Protocol to the UN Framework Convention on Climate Change for 2008-2012 (in this period total greenhouse gas emissions are to be reduced by at least 8%, in comparison with 1990 levels), but within the context of this policy planned emissions reduction measures will demand large investment.

549. Untouched natural areas, biological diversity, cultural and historical heritage are the resources, which, if properly utilised, could be targeted for the improvement of the economic potential of the State and its particular territories, thus fostering economic activity, as well as the improvement of indicators of quality of life. Therefore, the SF and the CF assistance in these fields shall achieve the improvement of infrastructure and public services linked to the resources mentioned, in such way as to allow for its use as contributor for the attraction of further investment (particularly from the private sector) and increased economic activity in the neighbouring area, where by developing and improving tourism products, a larger number of visitors will be achieved for the State in general and in particular areas.

550. In the framework of the "Regions for Economic Change" initiative the Managing Authority in cooperation with MRDLG commits itself to:

- Make the necessary arrangements to welcome¹⁰⁰ into the mainstream programming process innovative operations related to the results of the networks in which the region is involved;
- Allow in the Monitoring Committee (or programming committee) the presence of a representative (as an observer) of the network(s) where the Region¹⁰¹ is involved, to report on the progress of the network's activities;
- Foresee a point in the agenda of the Monitoring Committee (or programming committee) at least once a year to take note of the network's activities and to discuss relevant suggestions for the mainstream programme concerned;
- Inform in the Annual Report on the implementation of the regional actions included in the "Regions for Economic Change" initiative.

550.¹ The Action Plan annexed to the Communication of the Commission on the EU Strategy for the Baltic Sea Region (published on 10 June 2009) identifies a set of priority areas and flagship projects. When necessary new cooperation mechanisms, in addition of which that are already established in the implementation and monitoring process of this Operational Programme, will be used concerning activities with relevance for the Baltic Sea Region Strategy within the framework of each priority axis of this Operational Programme. A number of projects in the relevant activities of this Operational Programme contribute or will contribute to the implementation of the Baltic Sea Region Strategy Action Plan. Each year in the Annual Report of the Operational Programme, the contribution of the activities under the different priority axes, including the number of projects and their corresponding financial amounts (total planned costs and amounts of payments made) to the relevant priorities and subpriorities of the Baltic Sea Action Plan will be described and commented.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

OP Priorities

551. In order to achieve the previously mentioned strategic aims and simultaneously ensure efficient management of the ERDF and CF, the Operational Programme has put proposed eight priorities as follows:

¹⁰⁰ Create the channel to appropriate priority for financing.

¹⁰¹ A Region can be a Region (NUTS 2) or a Member State (e.g. when no Regional level foreseen in the OP).

- Infrastructure for strengthening human capital. Priority financed by the ERDF, focussed on the provision of modern and high quality services in the fields of education, employment, social and health-care by providing support mainly for the improvement of infrastructure and equipment.
- Facilitation of accessibility to the territories. Priority financed by the ERDF, focussed on the accessibility of different parts of the State territory and services to the population ensuring through the development of ICT, the introduction of electronic administration and the improvement of transport junctions at a regional level.
- Development of transport networks of European importance and sustainable transport improvement. Priority financed by the CF focussed on the improvement of accessibility to the State in general and particular parts of its territory by improving the transport infrastructure, as well as by promoting the development of an environmentally-friendly transport system.
- Ensuring a quality environment for living and economic activities. Priority financed by the ERDF focussed on the establishment of preconditions required for economic activity, as well as for the improvement of indicators of quality of live in different parts of the country by investing in environmental infrastructure and services, preservation of natural and historical heritage and the development of tourism products.
- Facilitation of the environmental infrastructure and environmentally friendly energy. Priority financed by the CF, focussed on the establishment of environmentally-friendly development preconditions by improving the environmental infrastructure, as well as by increasing energy efficiency and the use of renewable resources in providing centralised heat supply services.
- Polycentric development. Priority financed by the ERDF focussed on promoting the potential of cities/towns as a driving force of regional development.
- Technical assistance for implementation of the ERDF. Priority co-financed by the ERDF within the framework of which support for ensuring the fund management functions will be provided.
- Technical assistance for implementation of the CF. Priority co-financed by the CF under which support will be provided for ensuring the fund management functions.

Interrelation of OP with Horizontal Priorities in NSRF

552. *Balanced territorial development* – to ensure balanced territorial and sustainable development of the nation, it is of critical importance to reduce disparities between the levels of development in various areas of the country, especially, disparities between the capital city region and other areas, by implementing a polycentric development model. Enforcing a homogenous distribution of urban areas enables the formation of a structure where development centres of national importance are complemented by important regional, municipal and local development centres. The task of development centres is to serve as drivers of social and economic growth in their respective areas, as well as fulfil the functions of public service centres. The ERDF and the CF assistance in the framework of the OP for infrastructure and services must aim to reduce the unfavourable socio-economic trends by providing support to national and regional development centres.
553. *International competitiveness of Riga* – a strong position of Riga as a centre of excellence in business, research and culture in the Baltic Sea region is a critical factor for a rapid growth of the whole country. Strengthening the economic potential and international competitiveness of the capital city, as well as transferring the effects of the city's growth to the rest of the country are also the tasks of investments from the EU funds. Within the framework of the ERDF and CF OP, special attention will be paid to infrastructure improvements in Riga, for instance,

transport junctions, infrastructure of education and higher education, etc., recognising the great impact of the city on the development of the country in general.

554. *Macroeconomic stability* – the macroeconomic stability of the country is dependant on the economic capacity to maintain the growth rate and ensure the sustainability of such growth. The ERDF and the CF interventions under the OP for improvements in public services and infrastructure must play an essential role in promoting the cost efficiency of the above sectors thus strengthening the financial sustainability of the nation. The application of public-private partnership solutions in various development projects of public interest will be an important condition for a sustainable financial policy in the period of 2007-2013. To this end, special support must be provided to those ERDF and CF co-financed initiatives that mobilise private funding in addition to public funding (EU and Latvian).
555. *Equal opportunities* – eradication of any kind of gender, race, ethnic, religion, belief-based, disability, sexual, or age discrimination and ensuring equal opportunities for all groups is a horizontal principle to be respected in all areas of the ERDF and CF intervention under the OP. Development of infrastructure of public services providers will ensure accessibility of environment and information to persons with functional disorders.
556. *Sustainable development* – rational use of natural resources and protection of environment for the next generations is a precondition for the national development. Consequently, the application of the SF and CF funding must consider the necessity to reconcile the economic growth and use of natural resources, to avoid the economic and social progress being made at the expense of overexploiting natural resources and degrading environmental quality. To achieve the above objective, the ERDF and the CF implementation requires environmental impact assessments conducted for all major investments in infrastructure, promotion of environment-friendly technologies in projects co-financed by the ERDF and the CF, as well as application of the best available techniques in the OP implementation process.
557. *Information society* – the development of the information society is closely related to the progress towards a knowledge-based economy and knowledge society, as it determines access to knowledge as the main resource for national development. Consequently, an important priority for the implementation of the ERDF and the CF in the period of 2007-2013 is to improve the accessibility to public services through ICT. Action must be taken to bridge the “digital gap” in the society, which is determined by inaccessibility of informational and knowledge resources due to remoteness of residence, limited incomes, or insufficient skills of certain groups in the society. The ERDF, in particular, has to focus on improving accessibility to ICT from the point of view of infrastructure and quality of services.
558. Within the framework of every priority of the OP, measures and activities will be supported in compliance with the support areas permitted in the regulations and the strategy outlined herein. In implementing each of the priorities, achievement of the horizontal priorities must be ensured. Compliance to and implementation of the horizontal priorities are achieved by foreseeing , special activities focussed on a particular horizontal priority in each measure, developing specific project selection criteria, as well as ensuring monitoring of result indicators of the achievement of horizontal objectives.

3. DESCRIPTIONS OF PRIORITIES AND MEASURES

Priority 3.1 “Infrastructure for Strengthening Human Capital”

559. Priority funded by ERDF and aimed at ensuring up-to-date and high-quality services in the field of education, employment, social and health care, by providing support to the improvement of infrastructure and equipment.

Justification of Priority

560. Analysis of the current situation identifies the following strengths and weaknesses as well as threats and opportunities justifying investment in the framework of this priority.

Table 31: SWOT Analysis of Priority 3.1. “Infrastructure for Strengthening Human Capital”

Strengths	Weaknesses
<ul style="list-style-type: none"> - Nation-wide network of higher and vocational educational bodies has been developed - Successful implementation of the health care system reform - There is established the state policy in development of health care services providers, ensuring further development of integrated health care system - High proportion of higher school students (one of the highest in the EU and the world) - Qualitative, accessible and competitive education forwarded as one of the main priorities of government and State - Elaborated national policy planning documents for education and lifelong education development for 2007-2013 - Modern normative system of educational system - High level of comprehensive education indicating that a large part of the population is interested in receiving education 	<ul style="list-style-type: none"> - The workforce’s qualifications and skills do not correspond to labour market demand - Not systematic analysis in vocational and higher education mid-term national economy demand, national qualification system and educational programmes does not correspond to the demands of labour market - Low proportion of students in natural sciences, technologies, engineering and health care - Lack of appropriate infrastructure for students with special needs - High levels of long-term and youth unemployment - High level of economically inactive people of a working age - Limited opportunities to balance work and family life - Poor health of the general population - Unequal accessibility of primary, secondary and emergency medical assistance care
Opportunities	Threats
<ul style="list-style-type: none"> - Higher availability and quality of vocational education leads to development of the economy, especially in technology and knowledge-based branches - Quality involvement of educational establishments in wood-processing, chemical industry, metal working industry, transport and logistics, communications (ICT) clusters - Accessibility to education and employment services 	<ul style="list-style-type: none"> - Emigration of labour - Decrease in birth rate resulting in rapid decrease of student totality in all levels of education - Aging and possible lack of educators - Emigration of prepared new specialists to other countries - Increased costs of educational services - Insufficient financing of the implementation of activities of policy planning documents in public health sector

<ul style="list-style-type: none"> - Improved educational content in natural sciences and introduced system of centralized exams in secondary education - Demand for qualified specialists promoting the development and improvement of educational supply - Comparatively high credit resource investments of students in higher education gaining what confirms education demand and prestige in the State - Accessible educational infrastructure for the needs of lifelong education - International co-operation in offering of educational services - Increased employment rate due to labour reserves (for instance, economically inactive people, social exclusion risk groups, the unemployed etc.) - Improved public health conditions lead to higher levels of employment and productivity - Improvement of primary, secondary and tertiary health care and emergency medical assistance, will ensure better quality and accessibility of health care services 	<ul style="list-style-type: none"> - Lack of continuity and succession of implemented public health measures - Change of political “players” would change state priorities: diminishing public health importance - Disagreement between institutions, which are involved in implementation of public health goals
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561. In order to support and supplement the European Social Fund’s investment in employment, health care and education, and in order to provide the economy with a qualified workforce and to increase the employment rate, as well as to foster the economy’s restructuring towards knowledge-based spheres, development and strengthening of the appropriate infrastructure and services in the fields of education, employment, social and health care is required.

Objective of the Priority

562. The objective of the priority is to ensure efficient use of human capital as the most substantial resource in the Latvian economy, to increase competitiveness and employment indicators by improving infrastructure and equipment in education, employment, social and health care systems and by providing higher quality services to the society.

Measures

563. The framework of this priority incorporates 5 Measures. The Measure “Tertiary (Higher) Education Infrastructure” is aimed at improving the higher education bodies’ infrastructure and material supply in the branches of vital importance for national development. The Measure “Vocational Education Infrastructure” aims towards ensuring the infrastructure and material supply required for high-quality educational programmes and also ensuring accessibility of vocational education in prisons. The Measure “Ensuring Educational Infrastructure for General Skills” is focussed on ensuring the appropriate infrastructure and material supply in the branches of vital importance for national development at the level of comprehensive education and providing access to comprehensive education for people with special needs. The Measure “Employment and Social Services Infrastructure” is intended to continue improvement of labour market institutions infrastructure, as well as the improvement

of a working capacity assessment system and social services implementation system infrastructure. The Measure “Health Care Infrastructure” is focussed on elaboration of hospital health care services while developing the outpatients’ health care system.

Synergy

564. The Measures under this Priority are closely interlinked with the aid provided by the ESF to such fields as education, employment, health care and social integration, thus ensuring support to the respective infrastructure. The infrastructure and material technical basis modernisation of higher, vocational and comprehensive educational establishments is an important premise for the implementation of improved educational and continuing educational programmes in the framework of education measures in Operational Programme “Human Resources and Employment”.

Cross-financing

565. In order to ensure effective implementation of the Priority and according to the principles of integrated development, potential beneficiaries will be given an opportunity to propose and implement projects and parts of projects that fall within the scope of the European Social Fund, subject to the provisions of article 34(2) of the Regulation (EC) No.1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund that allow for a cross-financing. The cross-financing in framework of priority will not exceed 10% of project’s eligible expenditures, not exceeding 10% of ERDF financing of priority.

Indicators

566. Outputs:
- Quantity of supported educational institutions with modernised infrastructure and training equipment – 428¹⁰² (target in 2009 – 250).
 - Number of supported social services providers where accessibility of services has been ensured for persons with functional disorders – 40 (target in 2009 – 15).
 - Quantity of supported institutions involved in health care – 142 (target in 2009 – 85).
- (With modifications approved by the Cabinet of Ministers of Latvia with order No444 (26.09.2013.))*
567. Results:
- Students in prior study programmes in the definite study year in the areas of national economy importance provided by modern educational infrastructure and training equipment – 90% (base value in 2004 – 5%¹⁰³, target in 2009 – 40%).
 - Average increase in number of persons benefiting from social services provided by the supported institutions – 2%¹⁰⁴ (base value in 2004 – 0%, target in 2009 – 1%).
 - Average number of patients per practising primary health care physician – 1691 (base value in 2004 – 1728, target in 2009 – 1713).

¹⁰² In the mentioned quantity of supported educational institutions are included all higher, vocational, general and special educational institutions, i.e. 8 prisons which have received support for improvement of education infrastructure.

¹⁰³ In 2004, modern infrastructure was available approximately for 10-15% of higher education study programmes and 1% of vocational study programmes that estimates on average 5%. ERDF support is foreseen only for educational programmes of national economy importance which are determined in description of every measure.

¹⁰⁴ Number of persons benefiting from social services provided by the supported institutions in 2004 was 78 000 (int. al. Social integration center - 1084, State Agency Centre of Technical Aids - 18326, Central Occupational Medicine Expertise Commission - 58590), therefore increase by 1% and 2% in 2009 and 2013 implies that in 2009 the number of persons supported will be 78 780, but in 2013 – 79 560.

Measure 3.1.1 „Vocational Education Infrastructure”

Introduction

568. National aims and objectives in the field of vocational education are in line with the aims and objectives set until 2010 in the field of education defined by the EU and they are harmonised with the so called Lisbon employment scenario „From fighting unemployment to mobilising inactive resources” which covers the period until 2015. The Measures implementing the employment policy during the following years are planned to be harmonised with the declaration on priorities of the Latvian employment policy, including improvement of quality and accessibility of education, continuing education and vocational education, as well as the provision of special assistance to regions with the highest unemployment rates signed between Latvia and the European Commission on 6 February 2003 in Brussels. Vocational education infrastructure, i.e. school supplies, plays an important role in lifelong education opportunities in regions and for the groups at risk of social exclusion.

Objective of the Measure

569. The objective of the Measure is to extend accessibility and to improve the quality of vocational education according to the national and regional labour market requirements.

Description and Justification of the Measure

570. The infrastructure of state and municipal educational establishments is out-dated and cannot ensure the development and competitiveness of a workforce required for economic development, especially in the field of engineering sciences, production and processing. In order to ensure vocational education’s relevance to the labour market’s needs, according to the National Development Plan (NDP) 2007-2013 and EU Structural Funds National Strategic Reference Framework programme 2007-2013, the following educational programmes are defined as priority: mechanics and metal work, energy, electronics and automatics, transport, construction, wood processing, agriculture and food processing, chemical industry, tourism, textile industry and creative industries.
571. Investments so far made by the European Regional Development Fund in the improvement of material supply (shops and laboratories) to vocational education programmes implemented in 28 vocational education establishments are insufficient to ensure improved infrastructure, resources and accessibility of high quality vocational education, because resources are invested only in the improvement of separate study subjects and therefore uniform improvement of vocational education quality and comprehensive relevance to the needs of labour market cannot be observed.
572. It is forecast that in the following seven years, the number of primary school graduates will decrease by 43%. As a result of the improvement of the vocational education infrastructure, professional orientation measures and modernisation of vocational education programmes supported by the European Social Fund, the annual increase in the number of students graduating from primary schools (% of total primary school graduates) is forecast to reach 26% in the academic year 2005/2006 and 36% in 2013/2014.
573. Currently available training equipment fails to provide students with the skills and qualifications required in the labour market. There is a lack of computer equipment in vocational education establishments. Computer classes are ensured for all secondary schools, 80% of primary schools, 81% of evening schools and 62% of special schools. The annual state budget financing for vocational education is spent on ensuring accessibility of vocational education and covering current expenses by attempting to maintain the number of students enrolled in the vocational programmes. The State budget annually provides for approximately 0.2 million LVL for investment in the improvement of education establishments’

infrastructure, which constitutes only 6% of the investment required to ensure up-to-date education. Capital repairs of buildings, purchasing and modernisation of educational aids is mainly accomplished by means of foreign assistance and Structural Funds projects.

574. The discrepancies between the material supply of vocational education programmes, including comprehensive education natural sciences programmes and the educational programmes' content requirements set by the qualification standards and the labour market threaten implementation of the EU programme „Education and Training” 2010, namely, ensuring that 85% of up to 22 years old have received secondary education, as well as ensuring an increase in the number of graduates from vocational education establishments - from 33% in 2005 to at least 40% in 2013. Taking into account the limited technical educational aid supplies, vocational educational bodies are forced to implement programmes that provide a lower level of professional qualification. In Latvia only 66% of total the number of students participate in vocational secondary education programmes (in the majority of EU member states the rate is above 75%, EU in average – 77%).
575. It is necessary to ensure accessibility to education establishment buildings for vocational students with special needs and disabilities. In addition it is necessary to improve the buildings to meet sanitary and technical requirements.
576. Due to poor material supply, prisoners have limited possibilities to acquire vocational education in their places of imprisonment. Currently 330 prisoners in 7 prisons are provided with vocational education programmes on an annual basis. The level of vocational education is satisfactory only in Ilģuciems prison. Each year the Prison Administration Board submits its proposals for the implementation of vocational education programmes in prisons to the Ministry of Education and Science. In order to develop vocational education and to ensure uniform modernisation of educational aids in the places of imprisonment, it is necessary to provide for support which would allow the implementation of at least two related educational programmes and the utilisation of equipment in implementation of 14 educational programmes. The regional aspects, as well as specific evaluation criteria for assessing implementation of vocational education programmes in places of imprisonment, will be used in the process of selection for modernisation of vocational education programmes and educational equipment.
577. European Regional Development Fund funding for the development of vocational educational establishments' infrastructure should be planned so that support is provided to the establishment of a modernised vocational education establishments network where necessary, by consolidating resources of several establishments according to the locations of territorial development centres, simultaneously offering a wide scope of vocational education programmes for various groups of society, and taking into account the percentage of graduates from primary schools, results of labour market research, namely, demand for workforce resources and necessary professions, trends in the regional economical development and growth potential of vocational education establishments. Specific criteria will be taken into account during the selection of projects. Support will be provided for those vocational educational institutions which will be able to ensure sustainability of investment as well as prepare qualitative specialists according to labour market needs in long term.

List of Indicative Target Groups of the Measure

578. The list of indicative target groups of the measure are vocational education establishments, vocational students and educators, justice and imprisonment executive bodies, prisoners and educators.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

579. The measure “Vocational Education Infrastructure” should be implemented in accordance with the National Development Plan 2007-2013 and the National Strategic Reference Framework 2007-2013. Education infrastructure dimension is in line with the following NDP strategic Measures and sub-Measures: Educated and Creative Individual (including High-quality Primary Education, Compulsory Secondary and Accessible Higher Education, Training the Workforce to Meet Requirements of the Labour Market, and Efficient Application and Life-long Development of the Creative Potential of an Individual) and Modernisation of Scientific Infrastructure in Institutes and Higher Educational Establishments.
580. Education development policy in Latvia is mainly determined by Education Development Guidelines for 2007-2013 and Lifelong Education Policy Guidelines for 2007-2013 which state the necessity of education quality improvement, thus providing accessibility and efficiency of expenses. The main objective of the educational development in Latvia is to form a balanced educational system providing opportunity to gain a qualitative education for every inhabitant of Latvia adequate to every individual’s interests, abilities and needs of development of State economy. As one of the most important tasks there can be singled out the provision of education supply correspondent to the needs of national economy development with the help of vocational education system modernisation and its prestige raise.

Previous Assistance

581. During the period 2000-2003, funds from the World Bank’s project to the amount of 3 million LVL, have been invested in the renovation of 17 buildings of vocational education establishments. EU Structural Funds in the programming period 2004-2006 will provide 3.1 million LVL from the European Regional Development Fund to be invested in the development of 28 training shops (laboratories) for vocational educational establishment (approximately 1/3 of all vocational educational establishments), including improvement of material supplies for vocational education programmes (vocational educational establishments implement more than 200 vocational education programmes). Installation of natural sciences training room and laboratory is being carried out in one vocational educational establishment as a pilot project financed from the ESF. Three vocational educational establishments in each region are adjusted for persons with disabilities.

Synergy

582. Development of vocational educational establishments’ infrastructure and modernisation of material supplies for primary vocational education programmes are a prerequisite for the implementation of the NSRF prior vocational primary and continuing education programmes elaborated by the framework of the Measures “Development of Vocational Education and General Skills” and “Development of Lifelong Learning and Capacity Strengthening of Institutions Responsible for Education and Lifelong Learning Policy” defined in the operational programme „Human Resources and Employment”. This activity is supplemented by the Measure “ICT Infrastructure and Services” under the operational programme „Infrastructure and Services”, which will support the computerisation of vocational education and improve accessibility to the Internet.
583. In framework of measure “The preservation and renewal of rural heritage” supported by the Rural Development Programme 2007-2013 there is foreseen the support for professional educational institutions. The non-overlapping of the investment will be ensured, in framework of EAFRD providing the assistance for educational institutions for renovation of buildings, where the majority of curricula relates to the agriculture, the EAFRD supports the renovation of buildings which has the status of cultural heritage and are located in the rural area. The

EAFRD do not provide the support for educational equipment. In framework of this measure it could be allocated also for vocational educational institutions that could be supported under EAFRD concerning the renovation of buildings.

Coherence with Horizontal Priorities

Balanced Territorial Development

584. The Measure will foster implementation of the polycentric development model in vocational education. Balanced territorial development will be ensured by supporting vocational educational establishments in all planning regions, as well as by setting quota of funds available to a region, taking into account the existing and forecast number of primary school graduates in the region and the correspondence of modernised vocational education programmes to the economic development trends in the respective region. The quantity and locations of the modernised education programmes and establishments will be defined based on proposals from the Tripartite Co-operation Sub-council on Vocational Education and Employment. Vocational educational establishments will be adjusted to the requirements of individuals with special needs, ensuring even distribution at the regional level.¹⁰⁵
585. Distribution of financial resources between the regions will ensure accessibility to high-quality vocational education throughout the territory of Latvia and foster attraction of a more qualified and competitive workforce to regional companies, thus reducing migration to vocational educational establishments in Riga and retaining the economically active population and workforce in the regions.

Macroeconomic Stability

586. The Measure has no direct impact on the macroeconomic stability. Though, there are activities provided for the improvement of vocational education quality and preparation of educated and skilled labour force promoting development of national economy in the territory of Latvia. The support will be ensured for the productive areas providing economical investments in the mid- and long-terms, for instance, mechanics, metal processing, power industry, electronics and automatics, transport, building, wood processing, agriculture, chemical industry, tourism and textile industry.

Sustainable Development

587. Sustainable development is provided by noticing recommendations of planning regions development agencies on vocational educational programme priorities according to labour market demands, environmental estimate during infrastructural improvements, and observation of environmental standards during project elaboration, implementation and building exploitation processes.

Equal Opportunities

588. Implementation of the Measure will contribute to the attainment of objectives set by the horizontal priority “Equal Opportunities”. Activities will be aimed at improving the offer of vocational education programmes and professions to population, including people in places of imprisonment. The selection on vocational education programmes to be modernised and educational establishments to be supported, as well as the amount of financing for each educational establishment and total amount for regional establishments will be based on

¹⁰⁵ Selection of the establishments to be adjusted for individuals with special needs will be made in cooperation with Social Integration Centre under the Ministry of Welfare.

principles of equal opportunities, thus avoiding discrimination by gender or by any other criteria. In addition, it is planned to support adjustment of vocational educational establishments for individuals with disabilities.

Information Society

589. The development of information society is provided by measure synergy with measure “ICT Infrastructure and Services” of operational programme “Infrastructure and Services” which includes support for computerization and Internet accessibility in vocational education. Besides, the Measure „Vocational Education Infrastructure” includes support for the purchase of specific software or computer equipment in order to ensure teaching of certain vocational education programmes, for instance, spatial design, logistics, accounting etc.

International Competitiveness of Riga

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

Indicative Activities

591. Indicative activity 3.1.1.1. Modernisation of equipment and improvement of infrastructure for implementation of vocational education programmes.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

592. Indicative objective: Implementation of vocational education programmes by means of improved infrastructure, thus fostering vocational education to meet the labour market requirements.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

593. The list of indicative target groups: Vocational educational establishments, vocational students and educators.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

594. The list of indicative final beneficiaries: Vocational educational establishments.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

595. Indicative activity 3.1.1.2. Improvement of vocational education infrastructure and modernisation of equipment in places of imprisonment.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

596. Indicative objective: Providing the imprisoned with the opportunity to acquire professional qualification in the place of imprisonment.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

597. The list of indicative target groups: Prisons’ administrations, prisoners and educators.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

598. The list of indicative final beneficiaries: Institutions that implement state policy in the field of imprisonment as an executive body of criminal judgement.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Measure 3.1.2 „Tertiary (Higher) Education Infrastructure”

Introduction

599. In compliance with the Lisbon strategy, the EU has defined a new strategic objective – to become the most competitive and dynamic knowledge-based economy in the world. The European Council has emphasised the role of education as the central driving force in the development of economy. Latvian education policy is also aimed at ensuring up-to-date and high-quality education corresponding to the national and global labour market requirements, as well as economic and social needs in the regions (the framework of the long-term document “Model for Growth of Latvia: Individual First”, which was approved by the Saeima on 2005.10.26., Cabinet of Ministers order No. 684 of 2005.10.19. “National Reform Programme of Latvia 2005-2008”).

Objective of the Measure

600. The objective of the Measure is to improve the quality of higher education and to extend its accessibility in branches that are important for the development of the economy, simultaneously strengthening the capacity of higher educational establishments and ensuring qualification of the workforce according to labour market requirements, and ensuring a sufficient number of graduates from higher education programmes in such fields as natural sciences, mathematics, IT, engineering sciences, health care, environmental sciences and creative industries corresponding to the labour market requirements.

Description and Justification of the Measure

601. Substantial quantitative changes have taken place in the field of higher education in Latvia since regaining independence. In the academic year 2005/2006, the total number of students in higher educational establishments reached 131.6 thousand, which is by 46% more than in 1999 (“Report on higher education in Latvia 2005 (numbers, facts and trends)” prepared by the Ministry of Education and Science). In this respect, Latvia is one of the leading countries in Europe (56.6 students per 1000 inhabitants), which indicates the demand for higher education in Latvia. In accordance with the objectives defined in the National Development Plan, the activities implemented in the framework of this Measure will contribute to the general accessibility to improved higher education.
602. The Latvian higher education is characterised by a negative trend of having a small proportion of students studying natural sciences, engineering sciences and technologies. In comparison with the average EU indicators, only 5.2% of students in Latvia are studying natural sciences and mathematics, while the average indicator in the EU was 11.8% in 2004 (source: Eurostat). The proportion of students in engineering and technologies was one of the lowest in the EU – only 9.5%. Although the proportion has increased in comparison with 2004 (in 2006, 5.3% in natural sciences and mathematics, 10.3% in engineering and technologies from the totality of higher school students), it is still one of the lowest in the EU.
603. Latvian higher educational establishments are provided with insufficient material and technical supplies and infrastructure, namely, only 25-30% of total number of study and scientific work rooms are modernised and correspond to current requirements, 20-25% are in satisfactory condition, while 50% of educational establishments require renovation. Laboratory equipment and facilities are worn-out, and their renovation is a substantial problem in practically all state higher educational establishments, especially in regional establishments, where in some cases it is not possible to perform research work („Report on higher education in Latvia 2005 (numbers, facts and trends)” prepared by the Ministry of Education and Science). In addition, access to educational establishment buildings for individuals with functional disorders should be ensured.

604. The support in the framework of Measure is aimed towards development of balanced educational system concentrating on increase number of graduates in higher educational programmes of natural sciences, information technologies, arts (creative industries), engineering, health care, environmental sciences and agriculture, as well as modernization of engineering, production, processing, natural sciences, health care, agriculture, forestry, fisheries, veterinary science and environmental protection education programmes, ensuring that the mentioned programmes become more attractive, by developing interdisciplinary and interuniversity study programmes and complementing the activities of the Measure „Development of Higher Education” of the operational programme „Human Resources and Employment”.

(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))

605. Comprehensive educational establishments lack qualified teaching staff and appropriate material supplies in natural sciences programmes. The Measure provides for support of higher educational establishments that train natural sciences teachers.

606. The higher education system is not able to adapt to the requirements of the labour market and economic sectors. The trained specialists in the fields of engineering, production, processing and other technical sciences are not able to respond to modern production processes, because the higher educational establishments fail to provide training of skills and knowledge in an environment that is approximated to recent developments in production and technologies. The Measure is planned to provide for modernisation of material and technical environment required for vocational education programmes.

607. Insufficient integration of higher education and science has left a substantial impact on the quality of higher education, which directly affects the capacity of teaching staff and the number of doctorate students. The activities in the framework of this Measure will provide for material and technical supplies required for the implementation of modernised doctorate study programmes.

608. In order to concentrate resources and to ensure efficiency of investment, it is planned to provide support to universities and colleges which are competitive in the international academic environment and which provide educational programmes in priority fields mentioned above. In addition, taking into account the economical development trends in the regions, it is necessary to support development of new educational programmes falling within the scope of priorities, especially in regional higher educational establishments. Taking into account the fact that the creative resources of the Latvian higher educational establishments are not used efficiently, support will be provided to higher educational establishments offering educational programmes in the field of creative industries. This will foster the development of competitive creative industries and the enhancement of innovative potential of the higher educational establishments.

List of Indicative Target Groups of the Measure

609. The list of indicative target groups of the measure are the higher educational institutions established by State and other legal persons, students of educational study programmes, masters and doctorates, academic personnel.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

610. The Measure “Tertiary (Higher) Education Infrastructure” should be implemented in accordance with the National Development Plan 2007-2013 and the National Strategic Reference Framework 2007-2013. The NSRF Educational infrastructure dimension is in line with the following NDP strategic Measures and sub-Measures: Educated and Creative Individual (including High-quality Primary Education, Contemporary Secondary and

Accessible Higher Education, Training the Workforce to Meet Requirements of the Labour Market, and Efficient Application and Life-long Development of the Creative Potential of an Individual) and Modernisation of Scientific Infrastructure in Institutes and Higher Educational Establishments.

611. The Measure should be implemented in accordance with the objectives and actions defined in the Education Development Guidelines 2007–2013, which provide for quality and accessibility of education, cost-efficiency as well, in accordance with Higher Education, Science and Technology Development Guidelines 2002-2010 which provide for improved higher education, science and technology as the basis for long-term development of a civil society, economy and culture. As one of the most important tasks in Education Development Guidelines for 2007-2013 there can be singled out the provision of education supply correspondent to the needs of national economy development thus ensuring preparation of highly qualified specialists in accordance with the requirements of today's labour market. Investment in the education infrastructure are foreseen with the education development strategy defined in the mentioned planning documents, thus ensuring modern education equipment for implementation of qualitative study programmes.

Previous Assistance

612. The Ministry of Education and Science National Programme „Improvement / modernisation of the higher educational establishments premises and equipment” is being implemented during the EU SF planning period 2004-2006. The investment allowed for the successful launch of implementation of the set objectives, however, due to limited resources only 8-10% of the intended improvement, renovation and modernisation activities have been accomplished. ERDF co-financing for SPD national programme „Improvement / modernisation of the higher educational establishments premises and equipment” constitutes 4 603 718 LVL.

Synergy

613. The investments in educational infrastructure (Thematic axis 1) planned in OP “Infrastructure and Services” measure “Tertiary (Higher) Education Infrastructure” is mutually coordinative and supplemented with investments in human capital (Thematic axis 1) provided by OP “Human Resources and Employment” Priority “Higher Education and Science”. Measure is correlated to activities “Support to improvement of higher education studies” and “Support to doctor's and master's studies“ in OP “Human Resources and Employment”. In order to provide OP “Human Resources and Employment” implementation of highly qualified specialists preparation according to the needs of national economy development there will be modernized infrastructure and equipment necessary for the higher educational study programmes in measure “Tertiary (Higher) Education Infrastructure”. Measure “Tertiary (Higher) Educational Infrastructure” impacts additionally on implemented measure “Development of Science and Research Potential and Infrastructure”. Although in both measures will be improved infrastructure of higher education institutions, investments will not overlap because in OP “Infrastructure and Services” support will be given for the infrastructure necessary for the study programmes implementation, but in OP “Entrepreneurship and Innovations” investment will be provided for research infrastructure in the higher educational institutions.

Compliance to Horizontal Priorities

Balanced Territorial Development

614. This Measure will, in general, contribute to the improved competitiveness of the regions by the training of qualified specialists required both at regional and national level and by fostering restructuring of the workforce. Assistance will be provided to competitive higher

educational establishments (universities and colleges) in all planning regions, as well as by setting a quota of funds available to a region, taking into account the number of students studying the priority programmes in the region, territorial development index and correspondence of the modernised or newly developed education programmes to the economic development trends in the respective region. From the regional perspective, support to regional higher educational establishments will be a priority, thus fostering the training of qualified specialists required both at regional and national level and by fostering restructuring of workforce and regional development.

Macroeconomic Stability

615. The Measure has no direct impact on macroeconomic stability. The Measure's activities are aimed at improvement of education quality and relevance, training of a qualified and skilled workforce in order to enhance the development of the economy throughout the territory of Latvia.
616. Assistance will be provided to productive branches, which in the mid and long-term, ensure investment in the economy (for instance, in higher education priority status is assigned to the branches that are of importance for the economy – natural sciences, IT, engineering, production, construction, environmental protection etc.). In addition, training of high level professionals who are able to plan, create and implement advanced technology products as well as products and services with high value added will foster the development of the economy and development of innovation based and creative industries.

Equal Opportunities

617. The measure does not allow for discrimination (gender, race, ethnical origin, religion of beliefs based discrimination) in the selection process of higher educational establishments and target groups to be supported. The selection on education programmes to be modernised and educational establishments to be supported, as well as the amount of funding for each educational establishment and total amount for regional establishments will be based on principles of equal opportunities, thus avoiding discrimination by gender or any other criteria. In addition, it is planned to support the adjustment of several higher educational establishments for individuals with functional disabilities.

Sustainable Development

618. The Measure fosters sustainable development by contributing to human resources and the improvement of infrastructure, by providing the population with innovation and employment-oriented education at different levels of territorial development centres, thus contributing to an even distribution of population in the territories, as well as improving consistency with environmental requirements in the operation on educational establishments.

Information Society

619. Development of information society will be provided by the synergy with the activity "Improvement of IT infrastructure and IT system for the research needs" under measure "Science, research and development" of operational programme "Entrepreneurship and Innovations". Research institutions and higher educational institutions will be involved in the academic data transmission network developed within the framework of the activity. The Measure will, in general, contribute to the development of an information society, since it includes the following planned activities for fostering development of information society: fostering of the use of e-environment and e-resources in higher education, and improved offer of e-studies.

International Competitiveness of Riga

620. In the framework of measure support will be provided for internationally competitive institutions (universities, higher educational establishments, colleges) that are mostly located in Riga. Thus the international competitiveness of Riga as the main research development centre in the state will be fostered.

Indicative Activities

621. Indicative activity 3.1.2.1. Modernization of premises and devices for higher educational establishments, including provision of education opportunities for individuals with functional disabilities.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

622. Indicative objective: Improve quality and accessibility of higher education, modernize infrastructure of higher educational establishments, including conformity to individuals with functional disabilities, provision with devices, equipment and technologies and support for establishment of new colleges in the regions.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

623. The list of indicative target groups: Higher educational establishments founded by State or legal entities, academic staff, and students, masters and doctorates.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

624. The list of indicative final beneficiaries: Higher educational establishments founded by State or other legal entities.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Measure 3.1.3 “Ensuring Educational Infrastructure for General Skills”

Introduction

625. During recent years the Latvian educational system has been improved and it is now an integral part of the European educational system. According to the Lisbon strategy, the EU has defined a new strategic objective – to become the most competitive and dynamic knowledge-based economy in the world. The European Council has emphasised the role of education as the central driving force in the development of economy. Latvian education policy is also aimed at ensuring up-to-date and high-quality education in compliance with national and global labour market requirements, as well as economic and social needs in the regions (the framework of the long-term document “Model for Growth of Latvia: Individual First”, which was approved by the Saeima on 2005.10.26., Cabinet of Ministers order No. 684 of 2005.10.19. “National Reform Programme of Latvia 2005-2008”).

Objective of the Measure

626. The objective of the measure is to improve the level of general skills provided by comprehensive education especially in mathematics and natural sciences, by promoting optimisation of the network of comprehensive secondary education, as well as to provide accessibility of comprehensive education for individuals with functional disabilities.

Description and Justification of the Measure

627. At the beginning of 2005, there were 383 secondary schools, 486 primary schools and 33 evening schools teaching according to primary and secondary school curricula. 7% of comprehensive education establishments face risks due to safety concerns in buildings and premises. Retaining the current number of schools and the low proportion of investments per school, the share of degraded schools will stand at 60% in 10 years. At the same time, demographic conditions in the country suggest a decreasing number of school students, whilst labour shortages have resulted in a deficit of teachers in the majority of schools. Consequently, the economic sustainability of primary and secondary education system is possibly only on condition that the network of these schools is optimised.
628. In Latvia there are approximately 10 000 children with functional disabilities in the age group which is subject to compulsory education, including 1500 children with severe functional disabilities (movement disabilities requiring technical aids). Three comprehensive educational establishments have been adjusted to the needs of students with movement disabilities until 2006 (Riga 71st Secondary school, Rezekne 6th Secondary school and Riga Catholic Grammar school). In total 76 children with movement disabilities study in these schools. There are five partially adjusted comprehensive educational establishments (1 in Kurzeme region, 1 in Riga and 1 in Latgale region). 18 children with movement disabilities study in these schools. As of 2006, there are 63 special educational establishments in Latvia, including 5 fully adjusted and 15 partially adjusted for the needs of individuals with movement disabilities. Educational opportunities for children with functional disabilities (visual, hearing etc.) should be developed taking into account the type and severity of functional disorders as well as acknowledging the fact that these children require special assistance in overcoming their disability. In addition, it is necessary to adjust educational establishments' premises for the target groups thus reducing risks of exclusion.
629. According to the PISA survey of 2003, Latvian youth in the age group of 15-16 years show lower performance than average results in the world and Europe. In 2004 there were 3782 (11%) 9th grade students who failed to graduate from primary school, while 12.2% of primary school graduates in mathematics exam received an assessment below grade 4. Almost a third of graduates from comprehensive educational establishments are forced to enter the labour market without qualifications and with poor basic skills. The current situation shows that it is

necessary to improve infrastructure and material supply in order to extend general knowledge and working skills of the students. A priority would be assistance to prospective secondary schools (location, number of students, number and kinds of implemented study programmes) which are planned to be developed in accordance with the regional development plan thus ensuring the sustainability of investments in general educational institutions.

630. Some graduates from secondary education establishments have insufficient knowledge in natural sciences. It is caused by inadequate and out-dated equipment of natural sciences study rooms and laboratories, as well as insufficient and out-dated teaching materials. Specially equipped study rooms are of great importance in the process of learning natural sciences, because the understanding of these subjects requires practical activities and demonstrations, especially when studying advanced technologies and scientific methods. Teaching materials and study room equipment currently available fail to provide for up-to-date teaching content. Teaching materials (demonstration and laboratory equipment) in schools are generally worn-out and scarcely renewed during the last 10-15 years. Study rooms lack computers, video projectors and other equipment required in the process of teaching content. Laboratory articles, reagents and biological preparations are renewed in insufficient amounts. Visual aids in schools are outdated as well.
631. According to the data from District education boards it is necessary to renovate natural sciences study rooms in secondary schools during the 2007-2013 planning period, and the selection of the supported schools should be made according to the following criteria: prospects of the educational establishment (number of population in the respective municipality, current and forecasted number of students, existing employment possibilities in the municipality), qualification of teaching staff (especially in natural sciences), students' performance in natural sciences.

List of indicative Target Groups of the Measure

632. The list of indicative target groups of the measure are the following - comprehensive education establishments, special education establishments, students in comprehensive education establishments, students with functional disabilities in comprehensive education establishments, students in special education establishments, educators of comprehensive and special educational establishments.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

633. The measure "Ensuring Educational Infrastructure for General Skills" should be implemented in accordance with the National Development Plan 2007-2013 and National Strategic Reference Framework (NSRF) 2007-2013. The NSRF Educational infrastructure dimension is in line with the following NDP strategic measures and sub-measures: Educated and Creative Individual (including High-quality Primary Education, Mandatory Secondary and Accessible Higher Education, Training the Workforce to Meet Requirements of the Labour Market, and Efficient Application and Life-long Development of the Creative Potential of an Individual) and Modernisation of Scientific Infrastructure in Institutes and Higher Educational Establishments.
634. Education development policy in Latvia is mainly determined by Education Development Guidelines for 2007-2013 and Lifelong Education Policy Guidelines for 2007-2013 which state the necessity of education quality improvement, thus providing accessibility and efficiency of expenses. The main objective of the educational development in Latvia is to form a balanced educational system providing opportunity to gain a qualitative education for every inhabitant of Latvia adequate to every individual's interests, abilities and needs of development of State economy. Investment in the education infrastructure is foreseen with the education development strategy defined in the mentioned planning documents.

Previous Assistance

635. During the EU SF planning period 2004-2006 National Programme „Improvement of secondary education in natural sciences, mathematics and technology subjects”, which includes equipping of natural sciences study rooms in 50 secondary schools (13% of total number of secondary educational establishments), which are becoming consultative and methodological regional centres for implementing methodological and continuing education functions for teaching staff in the district. These establishments will serve as a support base in working with students who are especially interested in studying natural sciences and mathematics.
636. ESF co-financing for SPD national programme „Improvement of secondary education in natural sciences, mathematics and technology subjects” constitutes 4 446 309 LVL.

Synergy

637. The investments in educational infrastructure provided by Measure “Ensuring Educational Infrastructure for General Skills” are mutually coordinative and supplemented with OP “Human Resources and Employment” measure “Development of Vocational Education and General Skills” which provides support in order to improve youth level of general knowledge and skills in the level of secondary education improving methodology of subjects and promoting interest about subjects of natural sciences and technologies. The implementation of activity “Improvement of infrastructure for students with special needs in comprehensive and special education establishments” is correlated to OP “Human Resources and Employment” activity “Development of lifelong education and cooperation and capacity strengthening of institutions responsible for education and lifelong learning policy” which provide implementation of inclusive education activities for youth with functional disabilities, and measure “Social Inclusion”. Measure supplements also OP “Infrastructure and Services” measure “ICT Infrastructure and Services” which supports computerization of comprehensive educational establishments and improvement of Internet access.
638. In order to prevent investment of means provided for the activity “Provision of appropriate material supplies required for the implementation of high-quality natural science programmes” in such secondary schools which can be reorganized in the framework of activity “Support for optimization of comprehensive educational establishments” there will be determined criteria of selection excluding possibility for schools of reorganization to apply for the funding of natural science classroom equipment.

Coherence with Horizontal Priorities

Balanced Territorial Development

639. The Measure will foster implementation of the polycentric development model in education. Balanced territorial development will be ensured by supporting comprehensive education establishments in all planning regions, taking into account the existing and forecast number of students in the region. In order to provide proper distribution of funding for modernization of natural science classrooms in comprehensive schools of Latvia, a regional district quota will be prescribed. The foreseen changes in student proportion during 2007-2013 will be taken into consideration in quota calculations. There is envisaged that 60% of primary school graduates will continue studies in comprehensive secondary school programmes and 40% in vocational educational programmes in the study year 2012/2013. The number and locations of establishments to be supported will be defined in accordance with proposals from the city and district municipalities. Educational establishments will be adjusted to the needs of individuals with movement disabilities, thus providing regional equality.

Macroeconomic Stability

640. Measure has no direct impact on the horizontal priority of economic stability. Measure activities are focused on improvement of education quality and accessibility.

Equal Opportunities

641. Integration of the horizontal priority will be ensured by adjusting comprehensive education establishments to the needs of students with movement disabilities – students with special needs will not be forced to seek special forms of education and there will be at least one general secondary educational establishment in each district adjusted for the needs of these students. Investing in the improvement of accessibility of the teaching environment in special education establishments provides for equal opportunities for students with special needs to acquire appropriate education.

Sustainable Development

642. The Measure fosters sustainable development by contributing to human resources and the improvement of infrastructure, by providing the population with high-quality comprehensive education at different levels of territorial development centres, thus contributing to even distribution of population in the territories, as well as improving consistency with environmental requirements in the operation of educational establishments.

Information Society

643. Development of information society is ensured by synergy measure with OP “Infrastructure and Services” measure “ICT Infrastructure and Services” which will support computerization and improvement of Internet access in comprehensive educational establishments. In the framework of measure “Ensuring Educational Infrastructure for General Skills” will be promoted use of modern technologies in classroom equipment and study process of natural sciences as well as proper educational possibilities for students with functional disabilities.

International Competitiveness of Riga

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

Indicative Activities

645. Indicative activity 3.1.3.1. Provision of appropriate material supplies required for the implementation of high-quality natural science programmes.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
646. Indicative objective: To improve the quality of education in natural sciences at general secondary education level and to create preconditions for national development in science and technology based branches of economy.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
647. The list of indicative target groups: Comprehensive education establishments, students and educators of comprehensive educational establishments.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
648. The list of indicative final beneficiaries: Municipality that is the founder of comprehensive educational establishment.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

649. Indicative activity 3.1.3.2. Support for optimisation of comprehensive educational establishments.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

650. Indicative objective: To improve the quality of secondary education, support optimisation plan for optimization of educational establishments aiming at sustainability and significant improvements to the existing quality standards.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

651. The list of indicative target groups: Establishments of comprehensive education, students and educators of comprehensive educational establishments.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

652. The list of indicative final beneficiaries: Municipality or union of municipalities.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

653. Indicative activity 3.1.3.3. Improvement of infrastructure for students with special needs in comprehensive and special education establishments.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

654. Indicative objective: To ensure access to educational establishments for students with functional disabilities (mobility impairment, visual or hearing malfunction etc.) as well as to improve the educational environment in special education establishments facilitating development of working and household skills for students with special needs.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

655. The list of indicative target groups: Students with functional disabilities in comprehensive education establishments, students in special education establishments, educators of comprehensive and special educational establishments.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

656. The list of indicative final beneficiaries: State administrative institution or municipality that is the founder of special educational establishment or comprehensive educational establishment.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Measure 3.1.4 „Employment and Social Services Infrastructure”

Introduction

657. In order to support investment in human capital and availability as well as quality of public services throughout the territory of Latvia, substantial investments should be provided in the social services infrastructure. In relation with implementation of Lisbon strategy, measures corresponding to Latvia's socio-economic situation are based on the National Reform Programme of Latvia 2005-2008, including fostering of employment and improvement of labour market institutions and the social services infrastructure. Besides, the EU development strategic objective, namely ensuring of greater social cohesion of 2000 is followed by the newly developed EU Social Inclusion Strategy aiming at the reduction of poverty and social exclusion in the EU by 2010. The National Reform Programme of Latvia includes the national strategy for the reduction of poverty and social exclusion, related measures and institutional mechanisms required for successful implementation. The main tasks in the field of social inclusion are defined in the Joint Memorandum on Social Inclusion and the National Report on Strategy for Social Protection and Social Inclusion 2006-2008.

Objective of the Measure

658. The objective of the Measure is to support employment and measures fostering inclusive labour market by means of developing up-to-date and client-oriented labour market institutions, improvement of social services, as well as the fostering of harmonisation of work and family life.

Description and Justification of the Measure

659. More than 40 000 individuals of working age are diagnosed with a disability (initial or repeated diagnosis) every year, for which approximately 4% the State Medical Examination Commission of Health and Capacity for Work (hereinafter - SMECHCW) and its structural units recommend re-qualification. SMECHCW and its 18 structural units form an extensive and accessible examination network, thus ensuring services to individuals in their vicinity. Investing in the institutional network will support successive implementation of the new disability diagnostic system which is planned to be supported by the European Social Fund and which will improve access, management of client flow in their vicinity and provide client satisfaction.
660. Vocational rehabilitation services are aimed at ensuring the renewal and development of professional knowledge and skills, as well as training for new qualifications according to the type and severity of individual's functional disability and previous level of education and qualification. Vocational rehabilitation services in Latvia are provided by the State Agency „Social Integration Centre”, which needs to provide for the accessibility of individuals with functional disabilities in all branches, enabling them to receive vocational rehabilitation services. The buildings require adjustment for study purposes and target groups' requirements, in order to implement 23 vocational rehabilitation programmes developed with the support of the ESF in the period until 2013, thus doubling the annual number of people receiving vocational rehabilitation services. Vocational rehabilitation provides opportunities for disabled individuals to return to the labour market after receiving the services and to become taxpayers instead of beneficiaries.
661. State funded social rehabilitation services for individuals with hearing disabilities are provided by the Latvian Association of the Deaf. The number of individuals with severe hearing disabilities in Latvia is as follows: ~ 2000 deaf-mute individuals (in Estonia ~ 2000) and 30 000 individuals with hearing problems (in Austria ~ 1.4 million individuals). The State currently provides for social rehabilitation services to the average amount of 3.5 hours per person a year (there is no limitation of social rehabilitation services in Austria, Belgium,

Finland and Sweden). The services are provided in social rehabilitation centres located in Riga, Daugavpils, Valmiera, Kuldīga, Ventspils, Rēzekne, Pļaviņas and Smiltene. In order to ensure even distribution and nation-wide coverage, rehabilitation centres should also be established in Liepāja and Jelgava.

662. State financed social rehabilitation services for individuals with visual disabilities are provided by the rehabilitation centres of the Latvian Society for the Blind, one centre is located in Riga and 12 territorial daytime rehabilitation centres. There are approximately 40 000 individuals with severe vision problems in Latvia, including ~7000 individuals who are practically blind. In order to ensure accessibility for all clients, rehabilitation centres require adjustments for individuals with functional disabilities. After receiving social rehabilitation services, some clients engage in training or enter the labour market, while there are some clients who require special support which can be provided in the specialised shops. Assisted employment is required for individuals with visual disabilities, for currently only ~ 15% out of people with visual disabilities in the age of working capacity are employed.
663. The establishment of specialised shops and assisted employment is also required for individuals with mental disabilities. There are approximately 6000 individuals with mental disabilities in Latvia who suffer from mental disorders that impede their ability to communicate and enter the labour market. The only alternative social service available to the individuals with mental disabilities is care and social rehabilitation services provided in daytime centres (544 clients in 2005). Taking into account the severity of disability and the results of rehabilitation, individuals with mental disabilities require differentiated support measures that are efficient and adjusted to individual needs of clients and their abilities to enter the labour market.
664. Technical aids are provided by the State Agency “Technical Aids Centre” (TAC), with headquarters located in Riga and 5 regional branches in Rēzekne, Daugavpils, Valmiera, Dobeles and Kuldīga. Each regional branch provides services to an average of 850 clients a year, while Riga more than 4800 are provided with services each year. The existing branches fail to provide even distribution and accessibility of services to all regional clients.
665. Labour market institutions provide services to more than 100 thousand clients a month, besides the number of clients tends to increase. In 2004 State Employment Agency (SEA) provided services to an average of 182 322 clients a month (in 2000 - 180 087). In 2005 Professional Career Counselling State Agency provided employment related services to 43 176 individuals (in 2000 - 17 284). In 2004, the State Labour Inspectorate supervised 121 095 companies compared to 85 502 companies in 2000. The 42% increase indicates that the scope of clients and number of units to be supervised is substantially increasing along with the increased workload and insufficient capacity of available technologies. In 2000 there were 38 200 unemployed involved in active employment measures, and the number has increased substantially ever since, constituting 77 026 individuals in 2004. The increase in quantity is connected with wider scope of the offered services, increased awareness of the available services and granted EU Structural Funds. Therefore ICT solutions are required to ensure provision of timely services to clients and to maintain appropriate data bases and to ensure efficient data exchange. The employment rate of registered unemployed has been rather stable during the recent years, in 2000 it was 43 656, and in 2004 - 41 843, this is caused by shortage of jobs and limited opportunities to settle for permanent work, which would enable the use of the knowledge and skills acquired in the framework of active employment measures. In 2005 the employment rate of registered unemployed had risen to 44 013, which can be explained by the fact that more vacancies had been registered in the branches of SEA than in 2004 due to improved co-operation and better partnership with employers and improved ICT which all resulted in a larger number of unemployed who had found jobs.

666. However, the support so far granted to the development of infrastructure in labour market institutions has been insufficient, the existing infrastructure and IT systems are out-dated, and therefore it is not possible to provide clients with up-to-date and good quality services, to ensure timely exchange of information between branches and centres and to ensure operation of uniform client registration system. The most critical situation can be observed in the structural units of the State Labour Inspectorate – the premises are inaccessible for individuals with functional disabilities, there are highly limited possibilities to ensure timely operation and analysis of information in the process of supervising the implementation of policies and decision-making.
667. In 2004 the national employment rate in the age group 15-64 was 62.3% (EU-25 63.3%), the employment rate for women was 58.5% (EU-25 55.7%). Although the employment rate for women in Latvia is higher than average rate in the EU, additional measures are required to ensure equal opportunities in the labour market. One of the factors hindering women employment is the lack of available children and other individuals' care services.
668. At the beginning of the academic year 2005/2006 in Latvia and especially in the Riga planning region, there was a total of 15 080 pre-school children awaiting positions in pre-school educational institutions. The main problem identified is the number of available positions in pre-school educational institutions. Although children in the age group of 5-6 are ensured with pre-school educational programmes (97% or 98%), the number of positions in nursery schools for children of age 2-4 is insufficient. Currently there are 276 (52%) local municipalities lacking pre-school educational institutions. Besides, according to the data from the Central Statistical Bureau, the number of pre-school educational institutions is gradually decreasing. The technical condition of pre-school educational institutions does not meet current requirements (including inaccessibility for individuals with movement disabilities) - most of the buildings are 30-35 years old, their utility networks, heating facilities, water supply and ventilation systems are severely worn-out, thus causing risk of emergency situations. At the same time, taking into account the aging of population, there is an urgent need to ensure accessibility to alternative care services for individuals requiring care.
669. Therefore, in order to contribute substantially to harmonisation of work and family life, it is necessary to improve and modernise infrastructure in pre-school educational institutions and to support alternative services providing care to children and other individuals requiring care.

List of Indicative Target Groups of the Measure

670. The list of indicative target groups of the measure are providers and clients of labour market services, medical examination institutions, social rehabilitation services providers, vocational rehabilitation services providers, institutions providing supplies of technical aids and their clients - individuals with functional disabilities.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

671. The National Reform Programme of Latvia defines the improvement of social care and social rehabilitation infrastructure, improvement of accessibility to vocational rehabilitation and technical aids, as well as improvement of infrastructure in labour market institutions as a significant measure. One of the basic principles of the EU employment policy is aimed at ensuring of harmonised labour market requirements by means of modernisation of labour market institutions, especially employment agencies in the EU, thus ensuring integration in the implementation of Lisbon strategy and accomplishing employment objectives.
672. The above-mentioned priorities are also highlighted in the National Development Plan. The NSRF investments in social infrastructure correspond to the following NDP strategic Measures and sub-Measures: Health as a Value, and Inclusive and Retaining Labour Market

(including Support for Promoting Employment, and Reduction of Long-term Unemployment and Integration in the Labour Market of Groups of People at Risk of Social Exclusion).

673. The policy priorities related to support for the disabled and persons with potential disability are set in the Policy Guidelines for Reducing Disability and its Consequences 2005-2015. The document provides for the development of a range of disability prevention measures, improvement of the diagnostic system to detect disabilities, as well as the improvement of the social protection system for disabled persons and promotion of employment of people with special needs.

Previous Assistance

674. During the EU Structural Funds planning period 2004-2006 according to Latvia's Objective I Structural Funds Programme 9,21 million LVL (13.10 million EUR) (incl. 7,23 ERDF million LVL (10,28 million EUR), 1,98 million LVL (2,82 million EUR) were attracted. Infrastructure in 20 institutions providing social services and 48 employment institutions was improved.

Synergy

675. Implementation of the measure is basically related to implementation of the OP „Human Resources and Employment” measures „Employment” and „Social Inclusion”. The capacity building measure for labour market institutions to ensure providing of high-quality services (including improvement of working methods and training of employees) should correspond and be complementary to the activities under the Measure „Employment and Social Services Infrastructure”, which is aimed at improvement of client service infrastructure in the labour market institutions. The activities for improvement of assessing of capacity for work and implementation of social services system within the framework of the measure „Social Inclusion” require support from both ESF and ERDF. Activities of the measure „Employment and Social Services Infrastructure” will be complemented by the activities within the measure “ICT Infrastructure and Services”.

Coherence with Horizontal Priorities

Balanced Territorial Development

676. In order to implement a balanced development scenario in Latvia, it is necessary to strengthen development centres by implementing measures aimed at retaining human capital, fostering economic activity and the accessibility to diverse services. In accordance with the polycentric development approach, support within the framework of the activities „Improvement of assessing of capacity for work and infrastructure in the institutions implementing social services” and „Improvement of infrastructure in the labour market institutions” will be provided to development centres of national, regional and local importance, granting priority to projects aimed at providing services as close to the clients' place of residence as possible in the territories, where the services currently are not available or available in insufficient scope, diversity and quality. Pre-school educational establishments and extended opportunities of alternative care provide for the basic services required to ensure an attractive environment in populated areas, thus fostering economic activity and employment, especially among women. It is planned to concentrate support in Riga and development centres of national and regional importance within the framework of the activity “Development of infrastructure in pre-school educational establishments in Riga and development centres of national and regional importance”. Within the framework of activity it is planned to apply regional quotas calculated on the basis of the number of population, number of children waiting for a place in pre-school educational establishments, number of children of pre-school age and number of places in regions' pre-school educational establishments within the framework of activities. In total, support will be provided for implementation of 10 projects in the development centres

of national importance and for implementation of 20 projects in the development centres of regional importance, which are indicated according to the planning regions' needs reflected in the regional development planning documents. ERDF funding in the amount of 10% of the total amount of the activity will be provided for the implementation of the planned projects in Riga.

677. Within the framework of the activity "Support to improving accessibility to alternative care services" the support will be provided for the territories outside of the development centres of national and regional importance applying quotas determined on the basis of the number of population, number of day care institutions, number of children of pre-school age and number of disabled persons in each planning region. Support for Riga is not planned within the framework of the activity.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Macroeconomic Stability

678. The Measure has not a direct impact on macroeconomic stability, however, the planned activities will contribute to promotion of macroeconomic stability, especially taking into account that investments are aimed at improved quality of public services, prevention of disabilities and development of rehabilitation services, thus reducing losses related to disabilities and increasing economic activity and productivity, contributing to general economical growth.

Sustainable Development

679. The Measure „Employment and Social Services Infrastructure” will not directly facilitate achievement of the objectives of the horizontal priority “Sustainable Development. Project applicants will be required to make an environmental impact assessment of the planned actions in cases defined by the national legislation.

Equal Opportunities

680. Specific activities are planned to implement the principle of equal opportunities and the eradication of discrimination, namely, improvement of the quality of social services for target groups – individuals at risk of social exclusion, and will contribute to integration of the aforementioned individuals within the framework of the Measure „Employment and Social Services Infrastructure”. Improved infrastructure of the public services providers will ensure improved accessibility to services and information for individuals at risk of social exclusion.

Information Society

681. The Measure „Employment and Social Services Infrastructure” directly fosters the development of an information society, providing for substantial improvement of accessibility to public services – development of information offices in public places, ensuring self-service facilities, including web services and on site activities in branches, modernisation of IT in order to provide for services that meet the clients' requirements.

International Competitiveness of Riga

682. The Measure is not directly related to the horizontal priority “International Competitiveness of Riga”.

Indicative Activities

683. Indicative activity 3.1.4.1. Improvement of infrastructure in institutions assessing capacity for work and providing social services.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
684. Indicative objective: Development of infrastructure in institutions assessing capacity for work and providing social services in order to ensure access for the disabled and individuals with potential disabilities, improved quality of social services and state support system for the disabled.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
685. The list of indicative target groups: Medical examination institutions, providers of social and vocational rehabilitation services, institutions providing supplies of technical aids and their clients – individuals with functional disabilities.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
686. The list of indicative final beneficiaries: Disability examination institutions, vocational rehabilitation services institution, NGOs providing services to persons with vision or hearing impairments or mental disability, municipalities, institutions providing technical aids to persons with functional disorders.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
687. Indicative activity 3.1.4.2. Improvement of infrastructure in labour market institutions.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
688. Indicative objective: Development of up-to-date and client-oriented infrastructure, ensuring of good quality and timely services to clients and partners, improvement of ICT and working conditions according to the functions performed, providing comfortable conditions for clients receiving services and consultations, development of ICT, thus ensuring timely services, efficient data accounting and monitoring of policy implementation.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
689. The list of indicative target groups: Labour market institutions and their clients.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
690. The list of indicative final beneficiaries: Labour market institutions, which are implementing the state policy at least in one of mentioned areas – prevention of unemployment, decrease unemployment and unemployed and job seeker support area, juridical labour relation, labour safety and dangerous equipment technical monitoring area, development of career support system area, providing career advice services for giving age inhabitants, supporting and developing methodology base for career consultations.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
691. Indicative activity 3.1.4.3. Development of infrastructure in pre-school educational establishments in development centres of national and regional importance.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
692. Indicative objective: Fostering of equal employment opportunities, as well as accessibility to employment and services in development centres of national and regional importance, developing of infrastructure in pre-school educational establishments.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

693. The list of indicative target groups: Families with pre-school children in the development centres of national and regional importance.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
694. The list of indicative final beneficiaries: Municipalities, municipal institutions.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
695. Indicative activity 3.1.4.4. Support to improving accessibility to alternative care services.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
696. Indicative objective: Fostering of possibilities of equal employment opportunities improving social care, social abilities and spare time possibilities for children, disabled persons and retired persons, developing the availability of alternative care services outside the development centres of national and regional importance.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
697. The list of indicative target groups: Children, disabled persons and retired persons and their carers who need alternative care services.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
698. The list of indicative final beneficiaries: Municipalities, municipal institutions, NGO's who have been registered in the register of social services providers.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Measure 3.1.5 “Health Care Infrastructure”

Introduction

699. By examining the demographic situation in Latvia, the population and workforce aging trends can be observed. It is clear that measures will be required to maintain as many able-bodied inhabitants on the labour market as possible and to reduce work disability risks due to illnesses. Based on the European Social Charter and the objectives defined in the Lisbon Strategy, in the health care field, it is essential for Latvia to become involved in the achievement of the common EU goals to improve health care quality and standards. It is planned to develop the infrastructure of health care sector in accordance with the Cabinet order of 20 December 2003 No.1003 “Development Programme for Providers of Hospital and Outpatients’ Health Care Services”, the Cabinet order of 19 July 2005 No.444 “On Basic Guidelines for Development of Emergency Medical Assistance Service” and the Cabinet order of 28 December 2005 No.854 “On Implementation Plan for 2005-2010 of the Development Programme for Providers of Outpatients’ and Hospital Health Care Services”, the ultimate objective of which is to provide the population with accessible health care services of good quality as close to the place of residence as possible and achieve efficient use of health care resources in the country.

Objective of the Measure

700. The objective of the measure is to improve the quality of the health care service to ensure efficient medical treatment process and optimise the number and location of health care providers, perform medical treatment of higher quality thus ensure a faster return of the workforce to the labour market.

Description and Justification of the Measure

701. Today there is insufficient accessibility of primary health care services, particularly in rural areas. According to calculations, the worst situation is in the Latgale Region where on average there are 1802 patients per practising primary health care physician, also in other regions, if compared to the level in the EU (the number of patients per practising primary health care physician in Estonia is 1500, Norway – 1205 and Germany 679) the situation is not favourable (average number of patients per primary health care physician in Riga Region is 1738, Zemgale Region – 1670, Kurzeme Region – 1704 and Vidzeme Region – 1689).
702. Meanwhile the hospital location network is very dense and the hospital natural service zones overlap several times, the hospitals are not loaded sufficiently and resources are not used efficiently. Not only across the country in general, but also within separate regions, there is great difference in the load on bed space and average treatment time. Therefore it is planned to reduce the number of hospitals in Riga Region from 42 to 18, in Zemgale Region from 19 to 7, in Kurzeme Region from 15 to 6, in Vidzeme Region from 17 to 8 and in Latgale Region from 18 to 7.
703. Analysing the existing situation in the health care infrastructure it is stated that the total number of places of practising of primary health care physicians is 1349, number of hospitals – 112, number of emergency medical assistance teams is 177 and the number of emergency medical assistance stations is 80. According to the Implementation Plan for 2005-2010 of the Development Programme for Providers of Outpatients’ and Hospital Health Care Services the number of places of practising of primary health care physicians shall be increased (number of places of practising corresponding to the need in every region by priority development in rural territories and territories outside cities, as well as in areas where these activities are not facilitated by already existing additional factors (for instance, great concentration of work places, etc.)), number of hospitals shall be reduced at the same time increasing the number of teams and stations of emergency medical assistance and in addition regional management and

operation centres shall be established as well as the Central Management and Operation Centre.

704. The death rate in Latvia caused by malignant tumours in 2005 was 253.2 deaths per 100 000 inhabitants (Data source: HSMTSA , 2005 Report on Health and Health Care of the Population of Latvia). There has been an increase of the factors that particularly influence the development of malignant tumour. The rate of oncological diseases in Latvia per 100 000 inhabitants in 2001 was 369.7, but in 2004 – 431.1. A great problem is the detection of malignant tumours in late phases, when it is impossible to save the person's life. Health care services requiring high class specialists and special equipment are offered in regional diversified hospitals, local diversified hospitals, as well as in specialised centres and specialised hospitals. The majority of the specialised centres are located in Riga. In ensuring the tertiary health care services, an important fact is modern medical equipment and adequately qualified specialists as well as an organised environment where the service is provided. Provision with equipment is quite diverse: although there is equipment available ensuring examination and treatment at the EU level in some branches, the situation is not satisfactory, for instance, it is only possible to satisfy the current demand for ray therapy by extending the working hours of the equipment in the evenings or holidays.
705. Medical treatment technologies are concentrated mainly in Riga and treatment facilities of particular larger cities. The majority of the technologies are used irrationally and are financially unjustified: concentration of overlapping technologies takes place and they are not working at full load. For example, analysing average number of examinations per one digital tomography equipment in 2005 by regions, there are differences in number of mentioned examinations per one equipment from 2623 examinations in Kurzeme and 2694 examinations in Vidzeme till 4094 examinations in Zemgale and 4581 examinations in Riga region. Analysing average number of examinations per one digital tomography equipment in 2005 by health care institution – differences in number of mentioned examinations per unit of equipment are from 142 examinations in Ludza area hospital to 9137 examinations in clinical university hospital "Gaiļezers".
706. According to the Implementation Plan for 2005-2010 of the Development Programme for Providers of Outpatients' and Hospital Health Care Services it is planned to introduce medical equipment purchase system by establishing a data base of medical devices used by the health care institutions to ensure that medical devices are particularly used in the 11 regional diversified hospitals, primarily ensuring the necessary equipment for primary health care services and emergency medical aid.
707. The death rate in Latvia caused by accidents is 87.97 death cases per 100 000 inhabitants; however in European countries the rate is on average at 47.42 (in the Netherlands - 15.97, Germany - 17.22, Austria – 24.25). These indicators are greatly influenced by the timing and quality of emergency medical assistance. It should be noted that currently the co-ordination of the emergency medical assistance service is not sufficient encumbering provision of prompt aid to patients, particularly in rural areas. Causes of such a situation are the great distances, poor road conditions, insufficient number of emergency medical assistance teams, as well as the large differences in technical equipment between emergency medical assistance teams in different districts.
708. In accordance with statistics data of Centre Disaster Medicine average emergency medical assistance teams arriving time to a patient in cities is 8.1 minutes and in rural areas 21.8 minutes. In rural areas and especially in areas, where emergency medical assistance provided by one team (Zilupe, Kārsava, Viļaka, Aizpute etc.) patient emergency medical assistance receive after more than 25 minutes till 2 hours (analysing complaints about activities of emergency medical assistance institutions). It is important to notice that time of emergency medical assistance teams arriving to patient is not correct due to registration system of

emergency medical assistance in most areas is not automatic and registration going on by hands on paper. That is why only after elaboration of management and dispatch centre of emergency medical assistance teams with automatic call registration and management system it will be able to receive correct statistical data about average emergency medical assistance teams arriving time to the patient.

709. According to the data of Health Statistics and Medical Technologies State Agency in 2003 the death rate per 100 000 inhabitants caused by accidents, intoxication and consequences of external impact for men was 290.92, women – 140.08. In 2004 injuries, intoxication and consequences of external impact was the third most frequent death reason in Latvia (17.3% of all death reasons). The death rate indicators per 100 000 inhabitants due to injuries, intoxication and consequences of external impact are as follows: Estonia (2002) – men 253.04 and women 54.22, Lithuania (2003) - men 255.57 and women 56.49, Austria (2003) - men 66.21 and women 25.42, Germany (2001) - men 50.307 and women 19.63, Czech Republic (2003) - men 96.25 and women 35.38.
710. According to the Cabinet order of 20 December 2003 No.1003 “Development Programme for Providers of Outpatients’ and Hospital Health Care Services”, organisation of the health care infrastructure requires financing to the amount of 440 million LVL. To achieve the objectives specified in the programme, it is planned to use EU Structural Funds funding, the State budget, Municipal budgets and other funding. Funding to medical treatment institutions will be granted according to their location, thus facilitating the development of regions and the health care system development in the whole territory of Latvia. For the support practising primary health care physicians, regional aspects will be taken into account, as well as criteria introduced in the Cabinet regulations.

List of Indicative Target Groups of the Measure

711. The list of indicative target groups of the measure are the ambulatory health care service recipients, emergency medical assistance recipients, stationary health care service recipients.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

712. In the National Development Plan of Latvia, one of the issues to be solved is improvement of accessibility to health care services to the population by developing the health care infrastructure, paying particular attention to the primary health care and the emergency medical assistance. According to the National Strategic Reference Framework for 2007-2013 the social infrastructure within health care will be improved in line with the Implementation Plan for 2005-2010 of the Development Programme for Providers of Outpatients’ and Hospital Health Care Services that quantify the health care infrastructure to be improved.
713. The measure shall be implemented in accordance with the Development Programme for Providers of Outpatients’ and Hospital Health Care Services (approved by the Cabinet order of 20 December 2003 No.1003) and the Basic Guidelines for Development of Emergency Medical Assistance Service (approved by the Cabinet order of 19 July 2005 No.444).

Previous Assistance

714. Within the EU Structural Funds programming period for 2004-2006, a total of 12.45 million LVL (17.72 million EUR) (in total with national funding 21.15 million LVL (30.09 million EUR)) from the assets of the European Regional Development Fund were attracted for implementation of the Development Programme for Providers of Outpatients’ and Hospital Health Care Services.
715. In addition, 10.89 million LVL (15.50 million EUR) funding was allocated from the State budget for investment projects implementation under the mentioned programme in 2005, in

2006 – 38.04 million LVL (54.13 million EUR) and in 2006 amount of 51.51 million LVL (73.29 million EUR) was attracted based on government guarantees.

Synergy

716. Measure is linked with measure “Tertiary (Higher) Education Infrastructure” and measure “Vocational Education Infrastructure” of operational programme “Infrastructure and services” and measure “Development of Tertiary (Higher) Education”, measure “Development of Vocational Education and General Skills” and measure “Development of Lifelong Learning and Cooperation and Capacity Strengthening of Institution Responsible for Education and Lifelong Learning Policy” of operational programme “Human Resources and Employment” due to measures are directed to increasing of number of students in natural sciences, engineering and medical programmes. In accordance with Development Programme for Providers of Hospital and Outpatients’ Health Care Services elaborated basic guidelines „Development of Human Capital in Health Care” (for period from 2005-2015) is directed in increasing the number of students in and medical programmes.
717. Measure is linked with measure “Health at Work” of operational programme “Human Resources and Employment” because when improving the health care of the population, it is important to contribute both to the infrastructure and to measures to develop of health care human recourses, including health promotion, researches and evaluations in public health sector, development of capacity, knowledge and competence of institutions personal that are involved in health promotion and health care processes, development of health care services accessibility to groups at risk of social exclusion.
718. Measure is indirectly linked with measure “ICT Infrastructure and Services” of operational programme “Infrastructure and Services” due to measure “ICT Infrastructure and Services” is directed to develop of electronic services and information systems of public administration, although in accordance with basic guidelines “e-Health in Latvia” to develop computerizing of health care system.
719. Measure is linked with measure “Infrastructure of Environmental Protection” of operational programme “Infrastructure and Services” that is directed to develop separated waste management systems in health care institutions.

Coherence with Horizontal Priorities

Balanced Territorial Development

720. Taking into account the fact that the Implementation Plan for 2005-2010 of the Development Programme for Providers of Outpatients’ and Hospital Health Care Services has been prepared to develop health care system in all of Latvia, balanced territorial development across the country will be ensured by performing optimisation of the network of providers of Hospital health care services to increase the quality of the health care service and improve the use and concentration of medical equipment used for treatment of patients; by arranging the provision of emergency medical assistance to ensure fast and efficient provision of aid in the pre-hospital phase; by fixing the infrastructure of providers of Outpatients’ health care services (detailed information on support allocation distributed among the planning regions has been reflected in the Cabinet order of 20 December 2003 No.1003 “Development Programme for Providers of Outpatients’ and Hospital Health Care Services”, the Cabinet order of 28 December 2005 No.854 “On Implementation Plan for 2005-2010 of the Development Programme for Providers of Outpatients’ and Hospital Health Care”, and the Cabinet order of 19 July 2005 No. 444 “On Basic Guidelines for Development of Emergency Medical Assistance Service”).
721. Balanced territorial development for improvement of the health care system will take into account the following criteria:

Operational Programme „Infrastructure and Services”

- in activity “Development of Ambulatory Health Care” – at least 10 projects in each planning region;
- in activity “Development of Emergency Medical Assistance” – at least 1 management and dispatch centre in each planning region;
- in activity “Development of Providers of Stationary Health Care” – at least 5 projects in each planning region.

Macroeconomic Stability

722. As the optimisation of health care expenditures is one of the main objectives of the measure “Health Care Infrastructure”, macroeconomic stability will be facilitated.

Sustainable Development

723. The measure is focussed on the policy objective specified in the basic Guidelines of Sustainable Development of Latvia, 2002: reduce sickness rate, death rate and disability rate, increase the life expectation of the population of Latvia, change attitude of individuals towards the health, and improve health condition of the population.

Equal Opportunities

724. The objective of the health care is to ensure accessibility to the health care services to all inhabitants of the country by observing the solidarity and social fairness principle. Ensuring the health care particular person categories will not be separated, for instance, inhabitants in the poverty and social exclusion risk groups. However in order to ensure accessibility to health care and equal opportunities to receive health care, measures are carried out in the health care system, indirectly impacting upon the inhabitants in poverty and social rejection risk groups.

- 725.
726. Taking into account the fact that health care services can be receive irrespective of sex, social status and lifestyle the horizontal priority „Equal Opportunities” will be observed and the whole society will be the beneficiary. Activities planned under the measure will have a positive impact on ensuring equal opportunities to different groups of the society. As the result of implementation of the activities, the population will have accessibility to primary, secondary and tertiary health care services of higher quality and emergency medical assistance services, there will be possibilities to diagnose in due time and treat different diseases for women and men. In all medical treatment institutions receiving financing for improvement or development of infrastructure within the EU Structural Funds planning period from 2007 to 2013 it is planned to ensure accessibility of the environment to persons with functional disorders according to the Construction Law and the Cabinet regulations

Information Society

727. The activity “Development of Emergency Medical Assistance” will indirectly impact on creation of information society.

International Competitiveness of Riga

728. The activities within the framework of this measure provide for harmonised and balanced development of the Riga City as a business, scientific and cultural metropolis of the Baltic Sea region.

Indicative Activities

729. Indicative activity 3.1.5.1. Development of ambulatory health care.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
730. Indicative objective: To improve the infrastructure of providers of the ambulatory health care services thus technically ensuring and developing ambulatory health care services, including primary health care providers network.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
731. The list of indicative target groups: Ambulatory health care service recipients.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
732. The list of indicative final beneficiaries: Municipalities, in which territories State Agency for Compulsory Health Insurance based on evaluation of services availability prioritize to improve or to develop new place of practising of primary health care physician, in accordance with Cabinet order of 28 December 2005 No.854 "On Implementation Plan for 2005-2010 of the Development Programme for Providers of Outpatients' and Hospital Health Care" 1st annex and hospitals, which in accordance with Cabinet order of 20 December 2003 No.1003 "On Development Programme for Providers of Outpatients' and Hospital Health Care" will be transformed into health care centres.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
733. Indicative activity 3.1.5.2. Development of emergency medical assistance.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
734. Indicative objective: To improve emergency medical assistance services available in Latvia in order to provide quick and effectiveness medical assistance in pre-hospital period.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
735. The list of indicative target groups: Emergency medical assistance recipients.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
736. The list of indicative final beneficiaries: Subordinated institution under the Ministry of Health that is responsible for development and operation of emergency medical assistance system.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
737. Indicative activity 3.1.5.3. Development of providers of stationary health care.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
738. Indicative objective: Ensure optimisation of the network of providers of Hospital health care services by increasing the quality of health care services as well as improvement and concentration of medical equipment required for the treatment of patients.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
739. The list of indicative target groups: Stationary health care service recipients.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
740. The list of indicative final beneficiaries: Stationary health care institutions that have signed an agreement with State Agency for Compulsory Health Insurance and will have the status of hospital in year 2010 in accordance with Cabinet order of 20 December 2003 No.1003 "On Development Programme for Providers of Outpatients' and Hospital Health Care".
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Priority 3.2 “Promotion of Territorial Accessibility”

741. Priority is funded by the ERDF and aimed at the promotion of accessibility of various areas of the country and availability of services to inhabitants through the development of the ICT, introduction of electronic administration and improvement of the transport network of regional significance.

Justification of the Priority

742. The analysis of the present situation allows for identification of the following strengths and weaknesses, as well as threats and possibilities that justify investment in this priority.

Table 32: SWOT Analysis of Priority 3.2 “Promotion of Territorial Accessibility”

Strengths	Weaknesses
<ul style="list-style-type: none"> - Even distribution (coverage) of the transport system in the territory of the country - Increase in cargo turnover in small ports - Stable growth rate in the IT sector - Increase in the number of Internet users - Information systems have been created for all major registers of state significance - High e-commerce development rate 	<ul style="list-style-type: none"> - A large number of traffic accidents - Unsatisfactory condition of road and municipal street infrastructure (deterioration) - Condition of hydro-technical constructions in small ports does not comply with safety and technical standards - Territorially unevenly developed ICT network, restricted access to Internet, especially to broadband Internet - Insufficient choice of e-government services
Opportunities	Threats
<ul style="list-style-type: none"> - Territorial accessibility and availability will increase economic activity beyond the region of the capital city - Diversification of economic activity in small ports - Further development of the ICT sector, increase in e-service opportunities, increased ICT use in business - Reduction of number of traffic accidents in populated areas and Riga 	<ul style="list-style-type: none"> - Development of a “digital gap” between different groups of society and inhabitants of various areas - Insufficient competition in the electronic communications sector

743. In order to improve accessibility to various areas of the country, either when moving physically or using the transport infrastructure, as well as to improve availability of the different services and economic activities to inhabitants through the application of contemporary ICT possibilities, investment for improvement of infrastructure of the respective sectors and service quality is to be ensured.

Objective of the Priority

744. The Priority objective is to achieve better accessibility of different areas of the State, as well as availability of information and services to inhabitants of the State through the improvement of transport infrastructure of regional significance and ICT services and infrastructure.

Measures

745. Two measures are implemented within the Priority. In the framework of the Measure “Promotion of Accessibility and Transport System” development of roads and ports will be supported beyond the TEN-T network. In the framework of the Measure “ICT Infrastructure and Services” provision will be made for the development of general-use and special information networks and the implementation of e-government.

Synergy

746. The support rendered within the Priority is complementary to the CF activities in the transport sector, as well as to the support of the local infrastructure provided by the European Agricultural Fund for Rural Development and support to the port infrastructure provided by the European Fisheries Fund.

Indicators

747. Output indicators:
- Total length of state category 1 roads covered with asphalt pavement – 330 km (target in 2009 – 100 km).
 - Total length of reconstructed transit streets – 20 km (target in 2009 – 0 km).
 - Electronic services created (including publicly available electronic services and public sector electronic services (i.e. the services that one institution renders to another))¹⁰⁶ – 150 (target in 2009 – 70).
 - Number of newly created public internet access points – 400 (target in 2009 – 80).
748. Result indicators:
- Passenger’s time saving resulting from paving of state category 1 roads – 611 734 EUR/year (base value in 2004 – 0 EUR/year, target in 2009 – 218 741 EUR/year).
 - Share of reconstructed transit streets in total length of transit streets – 8% (base value in 2004 – 0%, target in 2009 - 0%)¹⁰⁷.
 - Proportion of users of electronic services per 100 residents – 35 (base value in 2004 – 7, target in 2009 – 15).

¹⁰⁶ Services may have various levels of informatisation: Level 1 – information: Information about service is clear and understandable and available in web site of service provider. Level 2 – downloading of forms: The service is rendered in tradition way, although it is possible to download, print and fill out forms. Level 3 – submission of documents electronically: Institutions may use electronic documents to render services by signing agreements with clients. Level 4 – two-way interaction: Whole workflow, that is necessary for rendering of services, is electronic only.

¹⁰⁷ Total length of transit street in populated areas is around 240 km, excluding Riga city, where reconstruction of transit streets is not foreseen.

Measure 3.2.1 “Promotion of Accessibility and Transport System”

Introduction

749. In compliance with the document “A Growth Model for Latvia: PEOPLE FIRST” approved by the Saeima, the growth priority is to raise the standard of living of the population in every respect, including: material and intellectual welfare, physical and social security, as well as assurance of sustainability of welfare development. In order to provide the population of Latvia with the opportunity to use modern infrastructure and to receive services necessary for a high standard of living, quality, modern and safe national and regional transport infrastructure accessible to all is to be established in the next seven years, thus providing for the satisfaction of the social and economic needs of various national and regional social groups in the long-term. Investment in the infrastructure is one of the major investment trends facilitating the cohesion of socio-economic indicators of less developed regions. Infrastructure is the backbone of the national economy and the society upholding State development. Rapid, sustainable and balanced development of the national economy depends on the sustainability of this backbone. European Union transport policy White Paper also sets forth that the user is the focus of the transport policy. This is why improvement of road traffic safety, optimal use of each mode of transport in freight and passenger carriage and high quality urban transport development have been advanced as topical issues at the European level. Taking in consideration worsening of roads conditions stated in operational programme “Infrastructure and Services” situation analysis, the large proportion of Category 1 state roads with gravel surface, increasing traffic intensity and related accelerated speed of road disintegration, large number of traffic accidents, insufficient traffic safety measures and the fact that many populated areas are crossed by transit roads, SWOT analysis notes that a large number of traffic accidents and unsatisfactory condition of roads and municipal streets infrastructure are major weak points in promotion of territorial accessibility and attainability. Thus arrangement of Category 1 roads, transit streets in municipal areas and traffic safety improvements in populated areas are a necessary precondition to improve accessibility and attainability of territories, thus creating possibilities for increased economic growth outside the capital region.

Objective of the Measure

750. The objective of the Measure is to establish a quality, modern and safe national and regional transport infrastructure accessible to all facilitating the improvement of road safety and ensuring the satisfaction of social and economic needs of various social groups in the long-term.

Description and Justification of the Measure

751. Category 1 roads link regional and amalgamated municipality level development centres and ensure their link with the main national roads. Along with the increase in vehicle flow actual intensity which exceeds the expected forecasted growth, and due to the lack of resources for renovation of road surfacing, reconstruction of road surfacing and construction of new roads, the road quality indicators decrease considerably each year. In 2006, the traffic intensity on Category 1 roads in different segments varied from 100 vehicles per 24h to 13 700 vehicles per 24h around densely populated areas. Of all the 129 Category 1 roads, on 56%, the traffic intensity is above 1000 vehicles per 24h. It is anticipated that the traffic intensity on Category 1 roads in the next ten years will on average increase by 2-3% per year. 74.9% of state Category 1 roads have black surfacing and 25.1% - splinters and gravel. According to the evaluation data of Category 1 national roads with gravel surfacing in 2006, 32.31% are in poor condition, 62.13% are in satisfactory and 5.56% are in good condition². Evaluation of

² SJSC „Latvijas Valsts ceļi”.

the Category 1 national roads with gravel surfacing does not reveal the real situation due to the fact that for more than 16 years the upper level of these roads has not been renovated due to insufficient funding, thus only 10% of these roads are not to be renovated. Only 5.56% of gravel surfaced Category 1 roads provide safe and comfortable driving conditions. Bearing capacity of surfacing does not correspond to the growing transport loads, grooves are forming. Every year trends of “sandpit” formation are increasing in gravel road sections. All of the above-mentioned factors have a negative impact on road safety and increase the daily maintenance costs for Category 1 roads. Therefore it is necessary to continue asphaltting of gravel roads started in 2004-2006 period.

752. The throughput capacity of the State’s main motorways and urban main streets in the majority of cases is sufficient, although in many places it is close to its maximum. In the largest cities, the main problems already today are caused by a lack of multi-level crossings and unreconstructed crossings on a single level, where traffic is not channelled and an intelligent traffic control system is not ensured. Drivers are forced to lose more and more time in traffic jams, thus seriously jeopardizing road safety. There are a considerable number of single level railroad crossings with high car and train traffic intensity in the country which also decreases road safety and increases traffic time. Many populated areas are crossed by transit roads, where the above problems are most topical.
753. The task of the Ministry of Transport is to ensure cheap, safe and comfortable traffic in the state, but in accordance with Latvian legislation state roads routes in the cities are not placed under the management of the Ministry of Transport. Therefore with the initiative of the Ministry of Transport the united financing model for state roads and streets has been elaborated, namely, by the increase of financing for state roads, is increasing financing for streets of municipalities. Nevertheless currently total amount of financing is insufficient, in order to maintain in good going order all the roads and streets. It is necessary to co-finance reconstruction of transit roads of cities, so that municipalities do not limit traffic in road routes in territories of the cities (in transit roads) because of poor maintenance.
754. Work of improving road traffic organization schemes is being done in the whole network of municipal roads and streets; however the financial problems do not allow attracting attention more actively to improvements in traffic safety. The main emphasis is placed on maintenance of roads and streets in the current condition. It is difficult to implement traffic safety improvement measures without sufficient financing. In 2006 68.8% of all traffic accidents with casualties, 39.8% of all traffic accidents with killed victims and 66.1% of accidents with all injured was registered on municipal streets and roads. Respectively in Riga city (from all traffic accidents registered in Latvia) in 2006 -40.4% of all traffic accident casualties; 17.2% of all killed; 39.3% of all injured. Guaranteeing pedestrian safety in municipal road and street network is a huge problem, solving which would allow to considerably improving traffic safety indices in Latvia. Pedestrian barriers have been reconstructed and pedestrian passages made which are not always well considered and correctly located. In 2006 from all traffic accidents colliding with pedestrians 85.2% of all casualties; 50.7% of all killed; 89.3% of all injured were registered on municipal roads and streets. Respectively in Riga city (from all traffic accidents registered in Latvia in 2006) colliding with pedestrians amounted to 51.6% of all traffic accidents with casualties, 25.0% with lethal outcomes and 54.9% of injured. Thus it is necessary in programming period 2007-2013 to continue traffic safety improvement measures in Riga and populated areas which were started in 2004-2006 period.
755. The cargo turnover in small ports has grown 3 times during last years and in 2005 amounted to 1241 thousand t. The increase in small ports’ cargo turnover plays a significant role in the development of surrounding regions – it becomes necessary to improve roads, create new jobs, thus facilitating economic growth. But it can be stated that the navigation infrastructure (wavebreakers, breakwaters, navigation channels etc.) is obsolete and does not meet the latest trends in freight transportation market. The obsolete common hydrotechnical structures make

maintenance of a particular depth in ports difficult and these structures need reconstruction. Improvement of hydrotechnical structures would facilitate shipping safety, including – the development of yacht tourism. At present the ports of Skulte, Salacgrīva, Mērsrags and Roja have engaged in Baltic Sea traffic and the ports are visited by freight ships with a carrying capacity of up to 5000 tons; and the handling of these ships advance new requirements regarding common hydrotechnical port structures. The infrastructure of small ports is located very close to the seashore and if the shore cordon line is not fastened, flooding of port territories during storms is possible.

756. Latvia plans by 2013 to increase by 50% the number of passengers transported by public transport in suburban traffic (Transport Development Guidelines for 2007-2013). Public transport has to become attractive and accessible for the whole society, in order to ensure free movement possibilities to inhabitants and stimulate inhabitants to give up private transport. Improvement of service quality and accessibility in rural areas is to be particularly emphasized, as well as integration of routes and transportation.

Indicative List of Target Groups of the Measure

757. The list of indicative target groups of the Measure are drivers of transport vehicles, passengers, pedestrians, traffic participants, especially inhabitants of cities and towns crossed by transit streets, as well as cargo dispatchers and recipients in port regions, inhabitants, existing and potential users of public transport (ones who use private cars on daily basis).

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

758. The Measure “Promotion of Accessibility and Transport System” will facilitate attainment of the tasks set forth in the strategy Thematic Axis 3 “Improvement in Public Services and Infrastructure as a Precondition for Balanced National and Territorial Development” of the National Strategic Reference Framework, as well as facilitating attainment of the horizontal priorities set forth ensuring the balanced and sustainable development of the territory.
759. The Community Strategic Guidelines, National Development Plan, Lisbon National Reform Programme of Latvia and National Strategic Reference Framework 2007-2013 emphasize the significance of transport infrastructure in economic development. According to the Community Strategic Guidelines, the provision of efficient, flexible and safe transport infrastructure can be regarded as a necessary precondition for economic development as it boosts productivity and thus facilitates movement of persons and goods. Article 158 of the Treaty sets out one of the main objectives of the European Community, namely, to strengthen the economic and social cohesion of the Community.
760. Other planning documents and regulatory instruments of Latvia that provide for activities in the Transport sector are the following: Sustainable Development Guidelines of Latvia, Common Strategy of National Economy, Transport Development Guidelines 2007-2013, Action Strategy of the Ministry of Transport and Communication 2007-2013, Road Traffic Safety Programme 2007-2013, State Road Network Maintenance and The Development Programme 2000-2015, Riga Development Plan (consists of three mutually linked main documents: Riga Long-term Development Strategy to 2025, Riga Development Programme 2006-2012, Riga Spatial Plan 2006-2018), Law on Road Haulage, Law on Road Safety, Law on Roads, Law on Naval Affairs Board and Maritime Safety, Sea Code, Law on Ports, Concept Paper on Coordination, Control, Safety and Protection Issues of Dangerous Cargo Haulage, Concept Paper on Establishment of State Route Network Agency.
761. In order to stipulate integrated approach to the implementation of transport investments in Riga and surrounding territory the Ministry of Transport in cooperation with Riga municipality and Riga planning region will elaborate conception paper for Integrated Planning for Development of Passengers and Cargo Transport System for Riga and its Agglomeration.

It will in an integrated manner comprise the transport investments foreseen in existing policy planning documents – Riga Development Programme 2006-2012, Riga Region Spatial Planning as well as Transport Development Guidelines 2007-2013. The conception paper will provide the coordinated interrelation of investments in different modes of transport and support areas (roads, streets, public transport, railway, port, airport, traffic safety, etc), linking the investments focused both to the passengers and cargo. Moreover, the conception will include the description of the investment needs, as well as its prioritisation, analysis of impacts, proposals for more effective interrelation of different sub-sectors of transport system and minimization of possible negative effect. The investments in Riga and its agglomeration foreseen by this measure are conditional upon existence of the abovementioned Integrated Planning for Development of Passengers and Cargo Transport System for Riga and its Agglomeration. The conception is scheduled to be prepared and presented to the Monitoring Committee and the European Commission by February 29, 2008.

762. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))*

Previous Assistance

763. In the 2004-2006 programming period with co-funding from the ERDF reconstruction of the infrastructure of Category 1 national motorways linking major economic centres and connecting them to the TEN-T network was carried out for the total sum of approximately 34 million LVL (approx. 48 million EUR). With the ERDF co-funding improvement of infrastructure and sea accessibility in small ports was initiated at the total sum of approximately 2.5 million LVL (approx. 3.55 million EUR) and optimisation of the transport system organisation and improvement of road safety in populated areas was carried out for approximately 5 million LVL (approx. 7.11 million EUR). With ERDF co-funding to the amount of approximately 15 million LVL (approx. 21.34 million EUR), improvement of the Riga City traffic control, road safety infrastructure, as well as public transport control elements was carried out. In the 2004-2006 programming period though ERDF co-funding it is planned to cover with asphalt surfacing Category 1 roads of total length 143,5 km, reconstruct of 9 bridges, 2 breakwaters, in the Riga City is foreseen construction and reconstruction of traffic lights , reconstruction of crossings and street segments, construction of two-level crossings, establishment of a passenger registration system, implementation of a single work order and installation of equipment of the global positioning system (GPS).

Synergy

764. The measure “Promotion of Accessibility and Transport System” is closely linked with CF investments in improvement of TEN-T road network, development of public transport, improvement of infrastructure of large ports, railway and airports as planned in operational programme “Infrastructure and Services” Priority “Development of Transport Network of European Significance and Promotion of Sustainable Transport” measure “Improvements and Development of Large Scale Transport Infrastructure” and measure “Development of Sustainable Transport System”. In parallel with the support of Trans-European Network (TEN-T) Budget, investments are planned in TEN-T road network, railway (including Rail Baltica), port and airport infrastructure, thus ensuring accessibility of TEN-T network and regional connection. Within the European Agricultural Fund for Rural Development, investments will be made in the reconstruction and renovation of roads and streets of rural municipalities, while within the European Fisheries Fund, improvement of infrastructure of small ports, in case if the particular infrastructure is directly related to the serving of fishing vessels and fishery. The construction of piers under the ERF is eligible in small fishing ports, excluding those which are involved in international cargo shipment. The mentioned measures will be mutually complimentary and will not overlap.

Coherence with Horizontal Priorities

Balanced Territorial Development

765. Provision of accessibility to the main state motorways and the improvement of transit roads will ensure more balanced state territorial development outside Riga. In regions the following activities will be facilitated: tourism development, development of entrepreneurial activities and creation of additional jobs, and tax income will increase in the budgets of the Local Governments, where the corresponding transport infrastructure objects are to be located. The most important project compliance criteria for activity “Improvement of State Category 1 motorway network” will be is location of the road segment within the State Category 1 motorways network, but planned quality assessment criteria - traffic intensity and actual mass restrictions for section covered by the project in springs and autumns. The total ERDF funding will be divided proportionately to total length of Category 1 roads and not-asphalted (gravel) roads in the respective planning region in proportion 50:50. The most important project compliance criteria for the activity “Improvement of transit streets in cities” (except Riga) will be: location of street within the routes of state main or Category 1 road network or their continuations, but the planned quality appraisal criteria - traffic intensity and condition of road surfacing. Within activity “Improvement of road safety in populated areas and Riga”, in the case of equal assessment, preference will be given to municipalities with a lower index of development.

Macroeconomic Stability

766. The provision of efficient, flexible and safe transport infrastructure can be regarded as a necessary precondition for economic development, as it boosts productivity and thus facilitates the movement of persons and goods. Asphalted gravel roads is a significant improvement for facilitation of economic activity in regions. Investments in the improvement of the infrastructure of small ports will ensure an increase in cargo turnover in small ports and investments attracted, including private investments, facilitated by project implementation.

Sustainable Development

767. Reconstructed roads will be safer for traffic, thus decreasing the number of traffic accidents in regional routes, simultaneously decreasing the environmental pollution risk that may occur as the result of traffic accidents, and inhabitants will be able to complete their journeys more quickly and safely. Investments in the improvement of the infrastructure of small ports will have a positive impact on maritime safety, decrease environmental pollution risk and will promote the improvement of the territory surrounding the ports. Implementation of the horizontal priority will be ensured by the determination of project quality evaluation criterion – the impact of the project on the environment.

Equal Opportunities

768. The measure in total is indirectly aimed at reaching equal opportunities goal of horizontal priority, because modernisation of transport infrastructure will promote equal opportunities for various social groups, ensuring accessibility, especially for people with functional disorders. As a result of project implementation, beneficiaries will be provided with a higher standard of living not only in urban, but also in rural areas.

Information Society

769. The activity is not directly related with the horizontal Priority “Information Society”.

International Competitiveness of Riga

770. Within activity “Improvement of Road Safety in Populated Areas and Riga” the Riga Municipality will be given an opportunity to receive assistance for the implementation of traffic safety and transport infrastructure modernisation, whereas a separate sub-activity will be earmarked.

Indicative Activities

771. Indicative activity 3.2.1.1. Improvement of the State Category 1 motorway network.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
772. Indicative objective: Convenient and safe traffic along the Category 1 motorway network ensured by laying asphalt surfacing on gravel roads (including renovation of bridges on the road network), which improve links between the development centres and their links with the national road networks, giving preference to roads with higher traffic intensity.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
773. The list of indicative target groups: Drivers, passengers, pedestrians.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
774. The list of indicative final beneficiaries: Ministry of Transport.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
775. Indicative activity 3.2.1.2. Improvement of transit streets¹⁰⁸ in territories of the cities.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
776. Indicative objective: Comfortable and safe traffic along the transit roads of cities/towns through the reconstruction and development of city transit roads within the routes of the main state motorways or Category 1 motorways in places where the present infrastructure has deteriorated (e.g. collapsed road segments) or where the infrastructure cannot carry an increasing traffic flow.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
777. The list of indicative target groups: Traffic participants, especially residents of the cities/towns that are crossed by transit streets.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
778. The list of indicative final beneficiaries: Municipalities.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
779. Indicative activity 3.2.1.3. Improvement of road safety in populated areas and Riga.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
780. Indicative objective: To improve road safety in populated areas through the eradication of “black spots” or places dangerous to traffic safety - not just those of a large accident and lethal outcome figures, but also potentially dangerous places - by carrying out different activities for transport infrastructure and traffic organization improvement in order to achieve increased road safety with a minimum investment. For example: reconstruction of crossings and energy efficient street lighting, instalment of traffic lights, construction of pedestrian roads and crossings.

¹⁰⁸ Transit streets - urban streets which are beginning or continuation of state main or state Category 1 roads and used by transit traffic.

- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
781. The list of indicative target groups: Drivers, passengers, pedestrians.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
782. The list of indicative final beneficiaries: Municipalities.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
783. Indicative activity 3.2.1.4. Improvement of infrastructure in small ports.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
784. Indicative objective: To ensure the stable operation of freight ports of regional significance, where international cargo shipments are handled, thus ensuring ports' operation and facilitating regional development.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
785. The list of indicative target groups: Cargo dispatchers and recipients of regions, where the ports are located, residents.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
786. The list of indicative final beneficiaries: Small ports authorities.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
787. Indicative activity 3.2.1.5. Public transport outside Riga.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
788. Indicative objective: To facilitate public transport development outside Riga as an alternative to private cars.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
789. The list of indicative target groups: Existing and potential public transport users (ones who use private cars on daily basis).
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
790. The list of indicative final beneficiaries: State and/or municipal companies that render public transport services.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Measure 3.2.2 “ICT Infrastructure and Services”

Introduction

791. At the present phase of social development called the information society, substantial national economic and competitiveness growth and further progress towards a knowledge-based economy can be achieved based only on an extensive application of information and communications technologies (ICT) in Public Administration, entrepreneurship and households. Access to information and knowledge as the main resource of national development, depends on ICT infrastructure development and effective application in Public Administration and all sectors of the national economy. The Community Strategic Guidelines place a special emphasis on the development of ICT infrastructure as a favourable option to increase the competitiveness of regions, and note the significant economic potential of improving the accessibility to e-Government services (e-services). The National Development Plan defines a priority of developing ICT infrastructure and services complying with different needs of inhabitants, as well as to provide general accessibility to public networks in order to ensure improved availability of information, knowledge and services.

Objective of the Measure

792. The objective of the Measure is to promote the development of an information society and knowledge-based economy, including to improve the efficiency of Public Administration, to facilitate the development of e-services, information systems and integration, to promote accessibility of information and services by facilitation of accessibility to Internet and broadband network infrastructure, thus increasing the general population’s opportunity to participate in different social processes.
793. For successful implementation of the measure, a steering committee will be convened to ensure coordinated assistance.

Description and Justification of the Measure

794. The present statistical data reveal insufficient development of the ICT infrastructure in the State, that hampering national economic growth and an increase in the standard of living.
795. The application of ICT in the receipt and delivery of public services is developing relatively slowly in Latvia, in comparison with other EU Member States. Many services important to inhabitants and entrepreneurs are not accessible electronically. In 2004 the e-administration in Latvia was assessed as being at the level of 5%³ (in the EU – 41%). In 2005, none of the 20 Public Administration basic services set forth by the EU to be accessible to inhabitants and entrepreneurs was fully accessible electronically. Weak development of e-services does not facilitate their wider application. A common national portal that would ease the receipt and delivery of e-services has not yet been developed in Latvia. In addition, in the municipal sector there is no such common access point for the application and receipt of services.
796. The existent information systems in different institutions and State regions are insufficiently developed, thus the technical basis for the development of e-services is deficient and accessibility of information and services to inhabitants and entrepreneurs, as well as information exchange among Public Administration institutions is hampered. Centralised state information systems used by all Public Administration institutions are not sufficiently developed and integrated, and compatibility and data exchange of different systems is not at the necessary level. Implementation of the measure is to facilitate both the development of centralised information systems and e-services, and the development of information systems and e-services in all Public Administration sectors (education, health care, employment and social security, culture, economy, legal and environmental matters, internal affairs, etc.).

³ Eurostat 2004.

797. Investment in the development of information systems and e-services in different sectors is based on policy planning documents and on the analysis of ICT infrastructure development, as well as on the situation in each particular sector. For example, in the education sector: the IT infrastructure in Latvian schools is generally obsolete and insufficient, educational bodies lack modern computers. The average number of computers per 100 pupils in Latvia is four times less than the average number in the EU⁴. Although 95% of all comprehensive schools have a permanent connection to the Internet, in only 47% of comprehensive schools is the connection speed satisfactory. Broadband Internet connection above 512 kbps is only in 22% of comprehensive schools. The situation in vocational education establishments is even worse. The educational process management system does not comply with the current needs of the education system. Teachers are insufficiently trained in the application of ICT. Another example: analysis of the current situation concerning ICT infrastructure in employment and the social sector shows that the infrastructure of institutions is obsolete and it is not possible to ensure modern and quality services to clients, efficient information exchange among affiliates and centres and single registration system of clients. The situation in many other sectors is similar underscoring the need for investment in ICT infrastructure.
798. In 2005 the level of Internet accessibility in different regions and in the country as a whole was not sufficient, although the level of Internet availability in Riga and other major cities of Latvia increased rapidly during the last years. In 2006, 41% of all households had computers (in 2000 – 4.7% of households), while only 42% of households had Internet connection (in 1999 – 0.8%).⁵ Compared to the other Baltic States – in 2006 in Lithuania 35% of households had Internet connection, in Estonia 40% of households, but in the EU25, an average 51% of households⁶. In 2006, 49.2% of inhabitants used computer regularly (at least once per week), while the Internet was regularly used by 46% of inhabitants⁷. Comparatively large differences in the intensity of Internet use (at home and at work) in urban and rural areas show that problems with Internet accessibility are more frequent in rural areas; thus it is necessary to promote the establishment of public Internet access points, especially in the municipalities of rural and border districts.
799. In order to ensure Public Administration institutions, inhabitants and other users with better and more convenient access to different Public Administration and commercial services and information, it is necessary to improve access to electronic communications services (broadband networks) in the whole territory of Latvia, simultaneously facilitating fulfilment of the objective of the EU Lisbon Strategy for 2010 – minimum speed for broadband 2Mb/s. In 2004 only 5% of households had access to a broadband Internet connection, but in 2005 – 15% (respectively on average, in Lithuania 4% and 12%, in Estonia 20% and 30%, the EU25 15% and 23%)⁸. One of the main reasons for the present situation is the low purchasing capacity of inhabitants in combination with the low population density that hampers the distribution of broadband access services and spread of electronic communications networks by entrepreneurs in distant regions.
800. Investment is also needed for the creation and development of an electronic communications network on national level. The technological platform for the telephone number “112” has not been established, thus hampering timely provision of rescue services.
801. Along with the increase in electronic information flow between State Administration institutions, greater attention is to be paid to the provision of information data transmission security and protection, for example, establishing a computer threat prevention group, whose

⁴ *Project report of Latvian Education Informatisation System (LIIS), LICTA (LIKTA) Conference 2005.*

⁵ *Statistical Yearbook of Latvia, CSB, 2005.*

⁶ *Eurostat 2004.*

⁷ *Statistical Yearbook of Latvia, CSB, 2005.*

⁸ *Eurostate 2004 and 2005.*

tasks would include preventive measure for threats to data security, quick response measures for the needs of State Administration institutions and cooperation with the private sector and foreign computer threat prevention groups.

List of Indicative Target Groups of the Measure

802. The list of indicative target groups of the measure are public administration institutions, local governments, users of ICT services.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

803. The Measure will be implemented according to the NSRF investment in Information and Communication Technologies. Conduct upon investment in the development of ICT infrastructure and services is set forth in several EU policy planning documents. The most significant of these are: the EU Initiative i2010 – A European Information Society for Growth and Development, the EU Ministerial e-Government Declaration that defines the future priorities of the EU concerning e-government: (increase in administrative efficiency through innovative use of ICT and improved user skills, improved accessibility to information and services, decreased administrative burden for inhabitants and entrepreneurs), the EU Action Plan on e-Government that provides for the main tasks of the EU Member State concerning e-government (development of effective and inclusive e-government, improvement of service quality and accessibility).

804. The major policy planning documents of Latvia that provide for investment in the development of ICT infrastructure and services are the following: Latvia's Concept Paper on e-Government (adopted in 2002), whose priority is modernisation of Public Administration and efficient application of ICT opportunities in administration, Latvia's e-Government Development Programme 2005-2009 that provides for the establishment of a more accessible, lower-cost and more democratic Public Administration through the application of ICT infrastructure, developed electronic services, and developed and integrated Public Administration information systems, Information Society Development Guidelines of Latvia 2007-2013 that set forth the long-term priorities for information society development (to expand the access structure and promote ICT accessibility, to develop users' knowledge and skills, to develop services and contents, to develop the application of ICT in business and innovations, to develop ICT science and research), Guidelines "E-Health in Latvia" that provide for strategic guidelines for the development of information technologies and telecommunications in the health care sector for the next 10 years, the National Cultural Policy Guidelines 2006-2015 "National State" that defines the necessity to create a cultural map, single information system and portal of cultural heritage and an institutional memory through the digitalisation of resources of cultural heritage, the Broadband Network Development Strategy 2006-2012 that provides for the establishment of broadband network in the territory of Latvia with the speed 256/128 Kbit/s²³, the National Environmental Policy Plan 2004–2008 that provides for the establishment of a single environment information system in the country and an increased proportion of modern technologies in the respective sector.

805. The measure complies with the National Development Plan and the Lisbon National Programme of Latvia in respect to the development of the ICT sector. The policy planning documents in the sectors of education, healthcare, culture and others have also been taken into consideration.

Previous Assistance

806. In the 2004-2006 period with ERDF co-funding, the National Programme Development and Improvement of the Infrastructural Foundation for Electronic Governance (henceforth – the ERDF National Programme) for the total sum of 12.7 million LVL (18,0 million EUR) was Operational Programme „Infrastructure and Services”

implemented. Within the above programme, information systems of national significance were established and improved, national and municipal electronic services introduced, the Internet connection in schools, libraries, museums, archives, Local Governments and other public institutions ensured; and the training of personnel organised. In order to establish the infrastructure necessary for the integration of the State Information System (SIS) and its introduction, and the development of e-services, in the period 2006-2007, the project of Integrated State Information System (ISIS) was implemented within the ERDF National Programme, providing for the creation of a mechanism ensuring the creation of links between registers, providers and recipients of e-services, as well as the implementation of e-services.

807. Through the attraction of the ERDF funding in the period 2004-2006, an open call for proposals "Development of Public Internet Access Points" was implemented for the total sum of 1 807 385 LVL. The project results will be aimed at the electronic services of public institutions and will improve accessibility to information and services of public institutions.
808. Through the attraction of the ERDF funding in the period 2004-2006, it is planned to implement a project for the development of broadband network access in distant territories for the total sum of 4 754 856 LVL. It is anticipated that as a result of the project, broadband access services will be developed in distant territories.
809. In 2000 the project of a single Local Government software and infrastructure development "Single Local Government Information System" was initiated with the funding from the State Investment Programme to the total sum of 2.12 million LVL and co-funding of Local Governments to the amount of 1.10 million LVL. Within the above project, Internet connections for 550 Local Governments were established, and the central data centre and software of the single Local Government information system was created.

Synergy

810. The Measure complements and is closely linked to the measure "Capacity Building of Human Resources" within the Priority "Administration Capacity Building" of the OP "Human Resources and Employment" that envisages to ensure training of users and administrators involved in the introduction of the information system, as well as development of the Administrator's Manual.
811. The Measure is closely linked to the activity "Capacity Building of Labour Market Institutions" of the measure "Employment" within the priority "Employment and Social Inclusion" of the OP "Human Resources and Employment", as well as to the activity "Improvement of Working Capacity Assessment and Social Services Introduction System" within the measure "Social Inclusion".
812. The measure complements measures within the priority "Education and Skills" measures of the OP "Human Resources and Employment".
813. The measure is related to the measures of entrepreneurial infrastructure and "Innovation and Technology Transmission of the OP "Entrepreneurship and Innovations".
814. The measure is related to the activity "Improvement of Working Capacity Assessment and Social Services Introduction System" within the priority "Infrastructure for Strengthening Human Capital" of the OP "Infrastructure and Services" that envisages to improve institutional infrastructure and the activity "Improvement of Infrastructure of the Labour Market Institutions" within which it is planned to improve client service infrastructure in labour market institutions, as well as to establish client registration systems and labour information points in public bodies.
815. The measure complements the measure "Health Care Infrastructure" of the OP "Infrastructure and Services" that envisages to support the improvement of the infrastructure of health-care institutions in order to increase the quality of health-care services through cost efficiency and

accessibility to patients, as the ICT development level in health care institutions is one of indicators for the quality and accessibility of services.

816. The measure is related to the measure “Socio-economic Impact of Cultural Environment” of the OP “Infrastructure and Services”.

Coherence with Horizontal Priorities

Balanced Territorial Development

817. Through implementation of the Measure, the ability of inhabitants of all regions and territories of Latvia to receive the benefits of the information society and use the opportunities offered by ICT will be increased. Activities within the Measure provide for ICT infrastructure development in State and municipal institutions and the development of public services and their electronic accessibility in the whole territory of the country. The Measure will ensure further development of Internet access points in the regions of Latvia, except for Riga city, including amalgamated municipality and local level development centres. Through the Measure, in territories where it is necessary, broadband network will be established. Support for development of public internet access points is planned mainly in local area development centres. For activity “Development of public internet access points” quotas will be applied to planning regions which will be calculated based on territory development index, support of the European Union structural funds for development of public internet access points in structural funds planning period 2004 – 2006 and internet access in households.

Macroeconomic Stability

818. Implementation of the Measure will facilitate macroeconomic stability of the country due to the fact that through an increased range and accessibility of services, including to entrepreneurs, and the development of information systems in various sectors, the development of different sectors of the national economy will be promoted, especially in the area of small and medium businesses.

Sustainable Development

819. Implementation of the Measure will facilitate sustainable development of the country through wider and more effective application of ICT in Public Administration, education and other institutions, better accessibility to information and services, an increase in education quality and skills, etc.

Equal Opportunities

820. Implementation of the Measure will significantly facilitate attainment of objectives set forth in the horizontal priority “Equal Opportunities”. ICT has a major role in the creation of an inclusive society. Through the development of ICT infrastructure, improved access to the Internet and, thus, to information and services, as well as equal opportunities for all inhabitants, including people with disabilities, large and single-parent families, pensioners, the unemployed and other groups of society subject to the risk of social exclusion, will be increased for participation in the political, economic, social and cultural life of society. Implementation of the Measure will, in general, have a positive impact on gender equality as well.

Information Society

821. Implementation of the Measure will significantly facilitate attainment of the objective set forth in the horizontal priority “Information Society”. Through facilitation of ICT application

in Public Administration, the following benefits will be achieved: increased range of Public Administration services, increased quality of services, improved accessibility of information and services, increased work efficiency in administration institutions and a decreased administrative and financial burden on society, a more active involvement of inhabitants in State Administration and social processes. The development and integration of Public Administration information systems will ensure availability and the procurement of current and quality information, and the exchange thereof among institutions, but the provision of a corresponding material and technical basis will eliminate the incompatibility of information systems of different institutions. The development of an information society will be facilitated by all activities of the Measure, including further development of public Internet access points, development of ICT infrastructure in State and municipal institutions, including education, health-care and other sectors which, in turn, will promote the development of e-services and information systems (including registers) and better compatibility, development of an electronic communications network of national significance, as well as improved accessibility to the broadband network.

International Competitiveness of Riga

822. Measure is not specifically directed towards development of international competitiveness of Riga, though development of ICT infrastructure and services within the measure will have a positive effect on development of international competitiveness of Riga.

Indicative Activities

823. Indicative activity 3.2.2.1. Development of electronic services and information systems of public administration.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

824. Indicative objective: Through the efficient application of ICT opportunities to improve the efficiency of public administration, to promote accessibility of public services electronically, their development, accessibility and quality, to decrease the administrative burden on inhabitants and entrepreneurs, to increase opportunities for inhabitants to become involved in social processes, to develop information systems through the provision of a technical base for the development of e-services and improved information exchange. The activity is aimed at the development of ICT infrastructure, including the development of information systems and services, in several sectors: health care, employment and social protection, culture and other, through both the provision of accessibility to information resources and the preservation of these resources. An important aim of the activity is to provide the education system with an appropriate, cost-effective, safe and reliable ICT infrastructure, a wider and more efficient use of ICT in educational institutions and during the education process, thus improving the quality and efficiency of education. The aim of the activity is also to develop and improve information systems that are envisaged for all or several public administration institutions, through the provision of compatibility and integration of these systems, as well as to develop services that are offered by several public administration institutions and where several information systems are used.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

825. The list of indicative target groups: Public administration bodies (including education, health care, culture and other), other users of information systems and e-services (inhabitants, Non-Governmental organisations, businesses, etc.).

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

826. The list of indicative final beneficiaries: Direct public administration institutions and planning regions.

(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

827. Indicative activity 3.2.2.2. Development of public Internet access points.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
828. Indicative objective: To increase Internet access to as many groups of society as possible, thus facilitating access to electronic and other services, and the information provided by Public Administration institutions and entrepreneurs, thus promoting social inclusion in social, economic and culture processes and improve the standard of living of inhabitants.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
829. The list of indicative target group: Inhabitants and other users of public Internet access points (Non-Governmental organisations, etc.).
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
830. The list of indicative final beneficiaries: Planning regions.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
831. Indicative activity 3.2.2.3. Provision of equal access opportunities to electronic communications services in the whole territory of the country (development of broadband network).
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
832. Indicative objective: To provide to inhabitants, entrepreneurs and public administration institutions, and other users in the whole territory of the country with convenient, fast and quality access to public information, public administration and commercial services through the use of electronic communications services or the provision of infrastructure for the development of broadband network in the country by encouraging investments of service providers.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
833. The list of indicative target group: Public administration institutions, inhabitants and other users of electronic communications services (broadband Internet).
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
834. The list of indicative final beneficiaries: Electronic communications entrepreneurs.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
835. Indicative activity 3.2.2.4. Establishment, development and improvement of electronic communications network of national significance and ensuring security of information data transmission.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
836. Indicative objective: To create necessary networks of electronic communication for carrying out Public Administration functions, to improve information exchange and access to information systems (including in case of emergency), to improve handling data security threat prevention issues.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
837. The list of indicative target group: Public administration institutions.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

838. The list of indicative final beneficiaries: Ministry of Transport, State institution or state enterprise, which has respective delegation in the Law.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Priority 3.3 “Development of Transport Network of European Significance and Promotion of Sustainable Transport”

839. The priority is financed by the CF and aimed at improvement of accessibility of the country as a whole and its separate areas through enhancing of transport infrastructure and facilitating development of environmentally sustainable transport systems.

Justification of the Priority

840. Analysis of the present situation allows identifying the following strengths and weaknesses as well as threats and possibilities that justify investment within this priority.

Table 33: Priority 3.3 “Development of Transport Network of European Significance and Promotion of Sustainable Transport”

Strengths	Weaknesses
<ul style="list-style-type: none"> - Optimum distribution (coverage) of the state main roads, railway network and ports in the territory of country - Increasing proportion of railway transport - A large proportion of the state main roads and railways is included in transport networks of European significance - Optimum distribution of the passenger railway network around Riga - Increase in number of passengers served in the Riga airport 	<ul style="list-style-type: none"> - Deteriorating condition of roads and railway infrastructure (deterioration) - Inefficient public transport services in cities and commuter areas and inability to compete with other modes of transport - Non-optimum use of port infrastructure - Decrease in high-value cargo turnover in large ports - Non-optimum capacity of the Riga airport - Insufficient proportion of transport vehicles suitable for individuals with movement disorders
Opportunities	Threats
<ul style="list-style-type: none"> - State main roads can ensure fast and efficient traffic and communication with centres of national and regional significance - Development of transit sector as well as transport and logistics cluster - Development of the Riga airport as air traffic centre of the EU significance - Development of Riga as passenger port of the Baltic Sea Region significance - Diversification and efficient use of port services - Use of public-private partnership resources for development of transport infrastructure - Relief of streets and roads of Riga and around Riga from traffic through facilitation of passenger carriage by rail 	<ul style="list-style-type: none"> - Rapidly increasing traffic intensity, especially around large cities, that facilitates faster deterioration of infrastructure - Increasing competition of the ports of the Baltic Sea Region

841. In order to facilitate accessibility of the country as a whole and its separate areas and not to allow weak points of infrastructure to hamper economic growth, as well as to use advantages of geographic location of Latvia for development of transit, transport and logistics services and to foster establishment of environmentally sustainable transport systems around large cities, investment is to be provided for improvement of road, rail, port and airport infrastructure and service quality.

Objective of the Priority

842. The objective of the Priority is improvement of high-quality, safe transport infrastructure integrated in the common transport system of the Eurasia that would facilitate national economic growth, accessibility of the country as a whole and its separate areas as well as development of environmentally sustainable transport systems.

Measures

843. Within priority measures in transport and sustainable transport sectors will be implemented. Within the Measure “Improvements and Development of Large Scale Transport Infrastructure” road, railway, aviation and port infrastructure will be developed and enhanced, quality of existing infrastructure as well as transport services safety will be improved with the aim to facilitate sustainable development of the state and regions and ensure long-term needs of society. Within the Measure “Development of Sustainable Transport System” support will be given for increased quality and efficiency of the Riga commuter area railway passenger services through implementation of new technologies and development of the rolling stock and infrastructure, as well as support for public transport development in Riga.

Synergy

844. Support within the Priority complements activities of the ERDF projects in the area of transport, as well as investments in local infrastructure co-financed by European Agricultural Fund for Rural Development and investments to the port infrastructure provided by the European Fisheries Fund.

Indicators

845. Outputs:
- Total length of constructed and reconstructed TEN-T road – 56.4 km (target in 2009 – 9.74 km).
 - Total length of constructed TEN-T railway – 52 km (target in 2009 – 0 km).
 - Number of ports received the investments for improvement of accessibility and hydrotechnical constructions – 3 (target in 2009 – 0).
 - Number of airports with constructed and/or reconstructed infrastructure – 4 (target in 2009 – 0).
846. Results:
- Value of passengers’ time saving resulting from construction and reconstruction of TEN-T roads – 10.3 million EUR/year (base value in 2004 – 0 EUR/year, target in 2009 – 0 million EUR/year).
 - Annual throughput capacity of the railway section Riga – Krustpils (incl. Skrīveri-Krustpils section) – 55 million tons (base value in 2004 – 28 million tons, target in 2009 – 28 million tons¹⁰⁹).
 - Annual processing capacity of Riga railway junction – 39.3 million tons (base value in 2004 – 26.1 million tons, target in 2009 – 26.1 million tons¹¹⁰).

¹⁰⁹ The project to improve the throughput capacity will be under way most of the time of the programming period therefore there will be no increase in capacity in 2009 yet.

- Increased annual throughput capacity of ports – by 7% (base value in 2004 – 0%, target in 2009 – 0%).
- Increase of capacity of international airport “Riga” terminal – by 25% (base value in 2004 – 0%, target in 2009 – 0%).
- Average age of rolling-stock – 24 years (base value in 2004 – 23 years, target in 2009 – 28 years)¹¹¹.
- Number of passengers yearly carried by railways in Riga suburbs and surrounding territory – 35.789 million passengers (base value in 2004 – 23.856 million, target in 2009 – 31.017 million).

¹¹⁰ The project to improve processing capacity will be under way most of the time of the programming period therefore there will be no increase in capacity in 2009 yet.

¹¹¹ Suburban electric train rolling stock: in 2004 average age of rolling stock was 23 years; in 2007 – 26; in 2009 – 28; in 2013 – 24 years; as the project is to be under way most of the programming period.

Measure 3.3.1 “Improvements and Development of Large Scale Transport Infrastructure”

Introduction

847. In compliance with the Community Strategic Guidelines transport is one of the major factors of development of modern economy. More than 10 million individuals are employed in the transport sector in Europe and its contribution in the gross national product accounts for more than 10%. But this is also a sector demanding huge investment in infrastructure and technologies in order to satisfy reasoned demand of society for mobility at the same time eliminating traffic jams and improving quality of infrastructure and services. European transport policy White Paper, sets forth that one of the major activities till 2010 is development of Trans-European Transport Network (TEN-T) including implementation of priority infrastructure projects, establishment of multimodal transport networks with emphasis on cargo transportation by rail, establishment of high-speed passenger carriage network, establishment of EU united air traffic management system, Galileo Project, promotion of sea and inland waterways (“sea motorways”, maritime safety, etc.).
848. Also in the National Development Plan and Latvian National Lisbon Programme one of the set forth tasks is to improve and develop quality of transport infrastructure of international significance, including reconstruction of the national main roads, modernization of railways, ports, airports thus ensuring their complete alignment in the TEN-T network and its links with the eastern neighbouring countries. Analysis of current situation of operational programme “Infrastructure and Services” states that a large part of state main roads, railways, large ports and Riga airport are TEN-T components, that traffic intensity is growing, but quality of infrastructure (roads, railways) is insufficient, even though development of transport infrastructure should always slightly outpace increase in cargo and passenger turnover. Necessity to improve ports’ infrastructure to enhance their competitiveness has been stated. With continued rapid increase in passenger volumes capacity of existing infrastructure of Riga Airport can become insufficient and technical solutions outdated. Underdeveloped infrastructure of regional airports hinders use of their potential in facilitation of tourism and increasing numbers of tourists in Latvia’s regions. SWOT analysis names as one of real possibilities development of Riga Airport into an important European significance air traffic centre, which would create preconditions for development of other sectors as well. It should also be considered that threat indicated by SWOT analysis - competition by neighbouring countries in rendering transit services - is a significant argument for improving port infrastructure.

Objective of the Measure

849. The objective of the Measure is to foster development of high-quality and safe transport system integrated in the common transport system of the Eurasia that would facilitate balanced and sustainable territorial development, ensuring social and economic needs of different groups of society in the long-term perspective.

Description and Justification of the Measure

850. The transport network of Latvia has become significant part of the European transport infrastructure. Basically all CF investments are planned for development of TEN-T and large part of them for development of alternative transport modes – maritime transport and promotion of railway transportation. As the EU transport policy sets forth development of single transport network through integration of different transport modes and link of remote areas with the central territories of the Europe, Latvia is to use its convenient geographic location, ensuring cargo and passenger transport flows, and to develop respective infrastructure. Latvia has explicit basic road network that includes 85% of the national main

roads and aligns in the TEN-T, and network of other roads that do not align in the TEN-T, but ensure link with it. The major traffic intensity has been registered in the main streets of the capital city Riga and on the national main Riga access roads. The most significant traffic intensity increase in the next years is to be expected on the national main roads that can reach 4-7% per year and 2-3% per year on other roads. More rapid traffic intensity increase is to be expected around large cities. The TEN-T network roads at the total length of 85.9 km cross territories of 26 cities and populated areas and form access roads to Riga at the total length of 38.6 km. Major problems of roads included in the TEN-T network are related with increase of carrying capacity of road pavement and bridges. Today's market necessity as well as requirements of the EU provide for maximum road transport axis load 11.5 tones and maximum transport vehicle full mass 44 tons that is to be achieved through road reconstruction. At the same time compliance of roads to road safety requirements is to be achieved. In period 2007-2013 by reconstruction of E22 road sections where the current road bearing capacity is insufficient and road technical condition does not correspond to traffic intensity and quality requirements, situation for transit transportation to/from Russia will be improved. By reconstructing section Ludza-Terehova, infrastructure required for solving border crossing problems will be built, for example, additional lane for queuing trucks.

851. In Riga and in other large cities due to increasing traffic flow intensity maintenance of quality of existing infrastructure elements cannot solve increasing problems related with ensuring of transport system operation. Technical condition of the main streets of Riga according to experts can be evaluated as good in 35% of cases, in 51% of cases as satisfactory but in 14% of cases as bad. As traffic intensity in Riga is 15 times higher than the average in the state, the pavement lifetime is shorter than for the national roads. After vehicle twenty-four hour counting on three bridges over the river Daugava, it was established that in 2005 the transport flow intensity has increased by 6% in comparison with the previous year. The fragmentary character of the Riga street network, especially main streets, regulated traffic intersections, one-level railroad crossings, restricted number of crossings over the river Daugava and unsettled issues of existent connection of bridges to the city street network together with increasing traffic intensity in particular segments facilitate significant decrease in transport flow speed and formation of traffic jams. As the Riga port is located in the territory of the city, cargo transport is extra load to the city transport infrastructure. In order to satisfy the increasing requirements of the national economy for high-quality transport system and ensuring infrastructure, the Riga Development Plan 2006-2018 provides for increased efficiency of the existent network of main streets through addition of missing links, creation of high-speed streets network, construction of new crossing over the river Daugava as well as elimination of narrow places in the access roads to the existent and to be built crossings as well as to improvement of links of city street network to the TENT-T road network.

852. Railway transport accounts for 56% of the total transport in the state and for more than 80% of cargo transport to ports in the TEN-T network: to Riga, Ventspils and Liepāja through Jelgava, Krustpils and major railway junctions in the eastern part of Latvia – Daugavpils and Rēzekne. Due to comparatively small distances, domestic railway freight transport is less developed and international railway transport is dominant: international railway transport accounts for 93.4% of the total volume. Trains mostly deliver cargo to ports of Latvia and are empty on their way back, thus there are vast possibilities to ensure cargo turnover in backward direction. Major problems hampering successful development of cargo transport are unsatisfactory technical condition of rail tracks and rolling stock. In all Baltic States proportion of cargo transportation by railway is very large in comparison with the Western Europe, mainly due to large volumes of transit transport to ports. For example: proportion of rail transport in Latvia in 2004 accounted for 55.8% of the total overland transport, in Estonia for 70%, but in Lithuania for 47%. Besides, this proportion has the tendency to increase year

by year, for example, in Latvia and Lithuania in 2004 in comparison with 2003 the proportion of railway transport has increased by 1.6% (in Estonia small decrease was observed – 1.3%).

853. The EU transport policy is aimed at increase of the railway transport role in the common transport system. The European Commission has declared support to initiatives of railway entrepreneurs that is aimed at promotion of compatibility of different transport modes, railway transport safety increase, decrease of impact upon environment and total cost-efficiency. In order to eliminate technical and administrative obstacles for development of railway transport in the Central- and Western-Europe, it is envisaged to find and implement best solutions for establishment of railway transport complying with market requirements between the Baltic States and Central- and Western-Europe in the route Tallinn-Riga-Kaunas-Warsaw (the project Rail-Baltica). In 2006 upon order of European Commission project feasibility study was carried out for the whole route Tallinn-Warsaw in order to determine possible route of the project, gauge and other technical parameters, by offering several alternatives and funding options. Further detailed study is required so that to analyse all aspects and make a justified decision on further development of the project - construction of European standard railway line (gauge 1435 mm) connecting the Baltic states with Central Europe. Within 2007-2013 programming period implementation of route Rail Baltica so-called 1st stage is envisaged - modernization of train traffic management and signalling system on the existing route where it has not been carried out previously, as well as other improvements to infrastructure which are not applied for co-financing from Trans-European Network (TEN-T) Budget. The activities foreseen in framework of Rail Baltica will be coordinated with the rest of countries involved in the project.
854. Internation airport “Riga” has become one of the fastest growing airports in Europe, number of passengers services has nearly quadrupled over the last four years. The Latvian air traffic market has become much more attractive and many new foreign air companies have entered it, flight ticket prices have considerably reduced, number of direct flights to and from Riga has significantly increased, air transport is becoming to broader scope of inhabitants and thus contribution of aviation in Latvian economy is getting ever larger. Development of Riga Airport is required mainly because of the growing passenger volumes. That is why relevant extension of Riga Airport capacity is required. According to data available to Ministry of Transport, in 2006 in the Riga airport the increasee in number of passengers served was the highest in comparison with 3 major airports of the Baltic States: in 2006 2.494 million passengers were served in Riga, which is an increase by 33% in comparison with 2005. At the same time Tallinn airport in 2006 served 1.54 million passengers, which is by 11% more in comparison with 2005, and 1.45 million passengers in Vilnius airport (increase by 11.3% in comparison with 2005). Development perspectives can be observed in the following spheres: through provision of complete compatability of air transport systems of Latvia and the EU, through provision of timely infrastructure of the Riga airport and air traffic regulation complying with demand and the EU requirements, through maintaining competitive fee policy and promotion of competition, through attraction of foreign companies and improvement, and expansion of network of regular and charter flights, significant increase in number of passengers will be ensured, preconditions for development of other sectors will be established and the Riga airport could become a significant air traffic center of the EU. Regional airports within the TEN-T network might have significant role in person searching and life-saving activities, in provision of coastal-guard and monitoring of sea aqatorium for environment protection purposes, as well as in territorial development through creation of new jobs in the region.
855. In order to evaluate further development possibilities of airports in the regions of Latvia, feasibility study of development conception of airports in the Kurzeme has been commenced in 2006 and is co-financed from the Cohesion Fund. Thus study will establish the most urgent development issues for regional airports and within it in 2007 analogous study will be carried

out regarding development perspectives of Daugavpils aerodrome. Decisions about attracting investments to particular airports will be made only based on results of feasibility studies on regional airports' development.

856. The Baltic States ports operate in conditions of fierce competition - both mutually and by competing with Russia's ports. General strategy for ports development is defined in the planning document "Transport Development Guidelines 2007-2013", and general ports policy is formed in the Ports Council, which under the guidance of prime minister operates since 1996, and where common issues for all ports are solved, including also ones related to infrastructure development. Although the total cargo turnover in the large ports of Latvia increases, negative tendencies in particular cargo groups can be observed related with competition increase among ports of the Baltic Sea Region. Particular decrease can be observed in the volume of the highest value cargo (general cargo, crude oil, etc.) that indicates negative port development tendencies. After comparison of cargo turnover in the eastern ports of the Baltic Sea, it becomes clear that Ventspils during the last 5 years has lost its leader position and in 2005 is in the fifth place after St. Petersburg, Primorsk and Tallinn. Cargo turnover in the Riga port has increased and it in 2005 was in the 5th place according to the cargo turnover (in the 6th place in 2000, when Butinge and Primorsk had not started operation yet). In Liepāja cargo turnover has not increased significantly during the last years.
857. Investments in the large ports are aimed at development of infrastructure for handling new types of cargoes and access roads, in order to optimize ports' capacities. Major problems in development of port infrastructure are related with lack of proper access roads (road and railroad) as well as unsatisfactory condition of hydrotechnical construction (piers and breakwaters) that requires additional funding for maintenance of necessary depth in shipping routes in ports. Essential attention has to be paid to the impact of port infrastructure on quality of marine environment when pollution with heavy metals and oil products exceeds allowed norms.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
858. Organization of sea passenger carriage has been ineffective in Latvia so far. In order to promote development of sea passenger carriage, the Riga passenger port development project is being implemented within which it is planned to implement complex of several activities for reconstruction of the existent passenger terminal and building of new one as well as construction of piers of small ships and yachts, etc. Although the Riga port is the main passenger port in Latvia its passenger service possibilities have not been fully used and passenger carriage from Riga does not comply with possibilities of Riga as metropolis and centre of the Baltic States. Number of passengers in the Riga port is considerably less than in ports of Tallinn and Klaipeda. In order to relief streets of Riga from the heavy transport flow towards port and to encourage use of the city central part for public activities, it is planned to transfer port activities from the centre towards the sea through development of unused territories on the left bank of the River Daugava. To ensure more efficient use of the shorter maritime routes, with support of EU funds access of land transport modes (railway, roads) to seaports has to be provided for further development of ferry traffic and other maritime freight as an alternative to road transport.
859. Within the measure selection of projects will be done based on priorities established in planning document "Transport Development Guidelines 2007-2013", appraising economic effectiveness, urgency and maturity of each project.

List of Indicative Target Groups of the Measure

860. The list of indicative Measure target groups are road traffic participants, road cargo dispatchers and receivers, railway cargo dispatchers and receivers, railway passengers,

passengers in airports, air freight dispatchers and receivers, port passengers and port cargo dispatchers and receivers.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

861. Community Strategic Guidelines, National Development Plan and Lisbon National Reform Programme of Latvia emphasize significance of transport infrastructure in economic development. According to the Community Strategic Guidelines provision of efficient, flexible and safe transport infrastructure can be regarded as a necessary precondition for economic development as it boosts productivity and thus facilitates movement of persons and goods. One of the major objectives set forth in the European transport policy document until 2010 - The White Paper is to develop the TEN network (European Parliament and Council Decision 1692/96/EC of 23 July 1996 on Community guidelines for the development of the trans-European transport network), including implementation of priority infrastructure projects, development of multi-modal transport network with emphasis on cargo transport by rail, establishment of high-speed passenger transport network, provision of traffic regulation (Galileo project), promotion of sea and mainland waterway transport (“sea motorways”, sea traffic safety, etc.).
862. Although investments from different sources have been made across the whole country to improve the quality of infrastructure, the National Development Plan concludes that modern transport system is one of the basic elements of high-quality entrepreneurship and living environment creation that ensure convenient traffic and high-quality transport services. Administrative territorial reform is major precondition for planning of infrastructure elements in a nation-wide context. The measure will facilitate fulfilment of tasks set forth in the Strategic Thematic axis 3 “Improvements in Public Services and Infrastructure as a Precondition for Balanced National and Territorial Development” of the National Strategic Reference Framework 2007-2013 as well as will facilitate accomplishment of set forth horizontal priorities. Other planning documents and regulatory enactments of Latvia that provide for activities in transport sector are the following: Sustainable Development Guidelines of Latvia, Common Strategy of National Economy, Transport Development Guidelines 2007-2013, Action Strategy of the Ministry of Transport and Communication 2007-2013, Road Traffic Safety Program 2007-2013, Public Transport Development Guidelines 2005-2014, Riga Development Plan (consists of three mutually linked main documents: Riga Long-term Development Strategy Until 2005, Riga Development Programme 2006-2012, Riga Territorial Planning 2006-2018), Conception on Dangerous Cargo Haulage Coordination, Control, Safety and Protection Issues, Conception of Establishment of State Route Network Agency, Law on Road Haulage, Law on Road Safety, Law on Roads, Railway Law, Law on Railway Carriages, Law on Aviation, Law on Naval Affairs Board and Maritime Safety, Sea Code, Law on Ports.
863. In order to stipulate integrated approach to the implementation of transport investments in Riga and surrounding territory the Ministry of Transport in cooperation with Riga municipality and Riga planning region will elaborate conception paper for Integrated Planning for Development of Passengers and Cargo Transport System for Riga and its Agglomeration. It will in an integrated manner comprise the transport investments foreseen in existing policy planning documents – Riga Development Programme 2006-2012, Riga Region Spatial Planning as well as Transport Development Guidelines 2007-2013. The conception paper will provide the coordinated interrelation of investments in different modes of transport and support areas (roads, streets, public transport, railway, port, airport, traffic safety, etc), linking the investments focused both to the passengers and cargo. Moreover, the conception will include the description of the investment needs, as well as its prioritisation, analysis of impacts, proposals for more effective interrelation of different sub-sectors of transport system

and minimization of possible negative effect. The investments in Riga and its agglomeration foreseen by this measure are conditional upon existence of the abovementioned Integrated Planning for Development of Passengers and Cargo Transport System for Riga and its Agglomeration. The conception is scheduled to be prepared and presented to the Monitoring Committee and the European Commission by February 29, 2008.

Previous Assistance

864. In the 2000-2006 programming period with the contribution from the Cohesion Fund it is planned to reconstruct segments of the national main roads with the total length of 165.57 km in the route E67 Via Baltica, whose technical condition is not suitable for traffic intensity and transport vehicle structure. Research and designing of segment E22 Rēzekne – Terehova with co-finance of the Trans-European transport network (TEN-T) budget 1.12 million LVL (1.60 million EUR) and study on improvement of Via Baltica road segment Riga – Ķekava and Ķekava bypass was completed in 2007, but in 2006 implementation of the project “Integration of Riga City and Riga Port into the TEN-T Network” with co-finance of the TEN-T budget 2.77 million LVL (3.95 million EUR) was initiated, that provides for development of technical and sketch projects and feasibility study for PPP (public-private partnership) cooperation models for Riga Northern transport corridor 1. and 2. segment. In the 2007-2013 period it is necessary to continue investment in order to establish the city highway corridor through Riga for traffic jam elimination and improvement of traffic on road networks between ports of Riga, Ventspils and Liepāja and the TEN-T, to continue reconstruction of the TEN-T roads in order to improve link between cities and the TEN-T through improvement of the national main roads, reconstruction and fastening of road pavement and bridges, renovation of water drainage and improvement of road safety, as well as through construction of new road segment in separate areas. With contribution of the Cohesion Fund in 2000-2006 period improvements have been done in the East-West rail corridor (renovation of rail tracks, change of track turnouts, modernization of hotbox detection system, modernization of signalling system, construction of reception yard in the station Rēzekne II) and in the period 2007-2013 it is necessary to continue reconstruction and development of the East-West rail corridor in order to encourage development of high-quality, safe and environmentally sustainable railway infrastructure.
865. In 2005 with co-finance of the Trans-European transport network (TEN-T) budget 0.87 million LVL (1.24 million EUR) construction works in the Ventspils Free Port were initiated: construction of pier No.3 and deepening of channel, construction of customer service center, heavy vehicles parking lot and berth No.14. With TEN-T budget support of 1.15 million EUR a study for TEN-T ports’ (Riga, Liepāja, Ventspils) infrastructure improvement has been started in 2006. In the period 2000-2006 reconstruction of access roads to the terminals of the Ventspils port and reconstruction of access roads to the Liepāja port (railroad and road) with contribution from the Cohesion Fund has been planned. With contribution from the Cohesion Fund access roads to the Riga airport were reconstructed, prolongation of the runway in the Riga airport for 650m and modernization of the lighting system has been planned, as well as it is planned to carry out study for regional airports development conception that will provide for most topical development issues of regional airports. In the period 2007-2013 it is necessary to continue investment in large ports and airports in order to promote their high-quality inclusion in the TEN-T network.
866. Experience gained in 2004-2006 programming period in relation to increase in costs indicates that in 2007-2013 period much bigger attention has to be paid to forecasting project costs and possibilities for increasing share of national financing have to be foreseen, in order to reach the established goals.

Synergy

867. The Measure complies with the polycentric development conception set forth in the National Development Plan. Improvement of the TEN-T road network will facilitate balanced development of all regions of Latvia, serve as basis for implementation of activities within ERDF related with improvement of the Category 1 national roads, improvement of transit routes within territories of cities and improvement of road safety in populated areas (incl. Riga), as well as will contribute to effective absorption of funding from the European Agricultural Fund for Rural Development (through improvement of the national main roads regional accessibility will be facilitated).
868. Improvement of port infrastructure will contribute to activities within the European Fisheries Fund, ERDF and European Social Fund related with promotion of tourism development and employment. From European Fisheries Fund no activities are planned for measures that are not related to coastal fishing and infrastructure not related to fishing. EAFRD supports the investments for improvement of local municipalities roads in rural area. Improvement in railway infrastructure together with environmentally sustainable technologies will foster sustainable development thus contributing to activities within the Cohesion Fund concerning environment, will facilitate employment and access to education that complies with the planned activities within the European Social Fund in the sphere of human resources and employment. Investments by the Trans-European Network (TEN-T) budget in Rail Baltica project (project "Track renewal on Rail Baltica corridor in Latvia") will not overlap with planned Cohesion Fund investments in TEN-T railway network in period of 2007-2013, but will provide complementary effect to general development of the network.

Coherence with Horizontal Priorities

Balanced Territorial Development

869. Through investment in infrastructure that links development centres of national and regional significance, accessibility of development centres is facilitated thus creating preconditions for polycentric development. Improvement of the TEN-T road network, railway, port and airport infrastructure will facilitate balanced development and accessibility of all regions of Latvia and decrease disparities between various areas of the State through reduced transportation costs, i.e., reduced time and improved road safety. Development of the TEN-T network and its accessibility will promote tourism development in respective region, creation of new jobs, increase of tax income in municipal budgets, where respective transport infrastructure objects will be located. Implementation of horizontal priorities within activities will be ensured by application of quality project evaluation criteria (e.g., accessibility of regions, traffic intensity). Major attention within measure will be paid to promotion of accessibility of the Latgale Region.

Macroeconomic Stability

870. Provision of efficient, flexible and safe transport infrastructure can be regarded as a necessary precondition for economic development as it boosts productivity and thus facilitates movement of persons and goods. Creation of transport infrastructure of European significance with major impact on cross-border projects is significant for integration of national markets. Within the project "Link of Riga Transport System with the Via Baltica" (Northern crossing with access roads) and other projects it is planned to implement model PPP (public-private partnership) that will promote sustainable financial policy.

Sustainable Development

871. Projects related with relief of the Riga Historic Centre from port activities as well as improvement and development of infrastructure objects in the TEN-T network together with environmentally sustainable technologies will encourage sustainable development through decreased transport flow in populated areas, increased road safety and simultaneously decreased environment pollution risk. Increase of passenger numbers and timely development of Riga Airport will provide a significant contribution for development of other sectors. Regional airports may have significant role in protection of state's borders and monitoring of sea aquatorium for environment protection purposes and needs of rescue services. Significant part of funding will be allocated to implementation of environmentally sustainable technologies and relief of city transport infrastructure from the heavy transport flow.

Equal Opportunities

872. The measure in total will indirectly promote reaching equal opportunities goal of horizontal priority. Modernization of transport infrastructure will promote equal opportunities to different groups of society, especially, improving the environmental accessibility to persons with functional disorders. Specific requirements with regard to environmental accessibility will be included in construction projects according to legislative acts. Through modernization of passenger transport infrastructure, accessibility of services will be facilitated, especially to persons with functional disorders. Clean-up of historically polluted Liepaja Karosta canal directly facilitates sustainable development reducing environmental pollution and improving maritime transport infrastructure.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Information Society

873. The Measure is not directly related with the horizontal Priority "Information Society".

International Competitiveness of Riga

874. Enhancement and improvement of transport infrastructure is significant for strengthening competitiveness of Latvia globally. As the most intense economic activity and largest concentration of inhabitants in Latvia is in Riga, it is necessary to implement several large scale transport infrastructure projects, i.e., "Linkage of Riga transport system with Via Baltica (Daugava river Northern Crossing and its access roads)", "Reconstruction of Riga Railway Junction", "Construction of Second Railway Track in Segment Riga-Krustpils" and "Development of Infrastructure in Krievsala for Transfer of Port Activities from City Centre". Through implementation of projects transport flow intensity in the Riga centre will be decreased and through-put capacity and safety level of ports will be increased, thus promoting development of high-quality railway and road transport infrastructure integrated in the common transport system of Eurasia, as well as improved rail, road and air transport passenger service quality and efficiency and convenient attainability of Latvia will be provided.

Indicative Activities

875. Indicative activity 3.3.1.1. Improvement of the TEN-T road network.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
876. Indicative objective: High-quality, safe road transport infrastructure integrated in the common transport system of Eurasia.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

877. The list of indicative target groups: Traffic participants.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
878. The list of indicative final beneficiaries: Ministry of Transport.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
879. Indicative activity 3.3.1.2. Reconstruction and development of the TEN-T railway segments (Development of the East-West rail corridor infrastructure and Rail Baltica).
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
880. Indicative objective: To develop high quality railway transport infrastructure integrated in the common transport system of the Eurasia by increasing throughput capacity of East-West transport corridor and reducing number of railway traffic speed and other technical operation limitations; start linking the Baltic States with the Central Europe with effective railway system (project *Rail Baltica*).
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
881. The list of indicative target groups: Railway cargo dispatchers and receivers, as well as passengers.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
882. The list of indicative final beneficiaries: State JSC “Latvian Railway”, Ministry of Transport.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
883. Indicative activity 3.3.1.3. Development of infrastructure of large ports within the framework of the “Motorways of the Sea”.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
884. Indicative objective: Within conception of “Motorways of the Sea” to increase port throughput capacity and safety level. To promote port development and ensure functionality.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
885. The list of indicative target groups: Cargo dispatchers and receivers, passengers.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
886. The list of indicative final beneficiaries: Port authorities.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
887. Indicative activity 3.3.1.4. Airport infrastructure development.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
888. Indicative objective: Safe, efficient, air transport infrastructure complying with increasing transportation volume.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
889. The list of indicative target groups: Airport passengers, cargo dispatchers and receivers, air carriers.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
890. The list of indicative final beneficiaries: State JSC “International Airport “Riga”” and regional airports.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

891. Indicative activity 3.3.1.5. City infrastructure improvements for linkage with the TEN-T.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
892. Indicative objective: Comfortable and safe traffic along the streets of cities, enhancement of city infrastructure (main streets) link with the TEN-T and Via Baltica, decrease of increasing adverse impact of railway cargo transport on the urban transport infrastructure (in places, where railroad splits city in several parts).
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
893. The list of indicative target groups: Participants in traffic flows.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
894. The list of indicative final beneficiaries: Municipalities.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
- 894.¹ Indicative activity 3.3.1.6. Provision of preconditions for Liepaja Karosta sustainable development.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 894.² Indicative objective of activity: Sustainable management of coastal area providing clean-up of historically polluted Karosta canal in accordance with the Action Plan for the Baltic Sea.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 894.³ The list of indicative target groups: Municipality, port cargo recipients and consigners.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 894.⁴ The list of indicative final beneficiaries: administration of special economical zone which owns, tenures or deducts land plot or port aquatorium where historically polluted site is located.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

State Aid

- 894.⁵ In the framework of Measure state aid will be ensured. Any public support within current programme must be ensured in accordance with procedural and material legal norms, which regulate forms of state aid and are in force at the moment of allocation of public sector support.
(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Major Projects¹¹²

E22 Segment Riga By-pass – Koknese, Stage I

895. It is planned to construct this road segment by stages: during the stage I funding will be attracted from the Cohesion Fund and the stage II will be implemented within a public-private partnership project (PPP). The Cohesion Fund project provides for reconstruction and construction of a dual (one lane in each direction) carriageway in high-speed road segment Kranciems – Koknese (23.7 km), including construction of 2 two-level crossings, and construction of new bridge over the river Pērse and over the railway Riga – Krustpils. In the junction zones it is planned to install lighting. For motor road improvements of the parallel

¹¹² The list of major projects is indicative. Inclusion of projects in the list does not guarantee the approval of Project.

road network are planned that are necessary to close the existent one-level connections and to ensure way to two-level crossings. For provision of local traffic passages will be built.

E22 Segment Ludza - Terehova (A12)

896. The project includes reconstruction of the national main road A12 Jēkabpils - Rēzekne – Ludza – Russian border (Terehova) segment 129.3 – 130.0 km and segment 159.0 – 163.3 km and construction of segment 130 – 159 km in new route using Category 2 national roads V 544 Ludza – Nirza and V512 Nirza – Ploski. Corresponding to the traffic intensity the width of roadbed will account for 11 m with pavement width 8 m, in the segment Ploski – Terehova it is planned to build additional line for vehicle standing before border crossing. From the City Ludza until the river Isnauda (segment from 129.3 to approximately 130.5 km) it is planned to build pedestrian/bike way as well as a light circular intersection (segment 156.3 – 156.5 km). Second bridge over the river Isnauda will be build and the existent reconstructed (approximately at 129.9 km), bridges over the river Zilupe (161.9 km) and the river Istra (~155.0 km) will be reconstructed.

Reconstruction of Riga Railway Junction

897. The project includes reconstruction of the national main road A12 Jēkabpils - Rēzekne – Ludza – Russian border (Terehova) segment 129.3 – 130.0 km and segment 159.0 – 163.3 km and construction of segment 130 – 159 km in new route using Category 2 national roads V 544 Ludza – Nirza and V512 Nirza – Ploski. It is planned to build additional line for vehicle standing before Russia border crossing. Most important junctions will be alighted. There will be constructed 2 new bridges over Isnauda and Zilupe, reconstructed 2 existing over Istra and Zilupe rivers and repaired existing bridge over Istra river. In order to reduce number of descents, by-roads will be constructed.

Construction of Parallel Railway Track in Segment Riga-Krustpils

898. In the segment Riga-Krustpils next to the existent railway track it is planned to construct new second railway track with the total length of 52 km from Skrīveri to Krustpils and to equip this segment with modern microprocessor centralization system. Within the project it is planned to construct new bridge over the river Aiviekste, to reconstruct hotbox control points and hotbox meters, to modernize automatic block devices and electric supply devices.

Reconstruction and Development of TEN-T Railway Segments, Including Rail Baltica Project

899. Within 2007-2013 programming period implementation of route Rail Baltica so-called 1st stage is envisaged - modernization of train traffic management and signalling system on the existing route where it has not been carried out previously, as well as other improvements to infrastructure which are not applied for co-financing from Trans-European Network (TEN-T) Budget.

Development of Infrastructure in the Island of Krievusala for Transfer of Port Activities from the City Centre

900. The project is related with relief of the Riga Free Port territory around the Riga centre from cargo transshipment operation, transferring port towards the sea. The project is largely related with the Riga railway junction development project. Within the project it is planned to prepare territory for entrepreneurial activities and cargo transshipment in the Krievu sala, including: construction of road and railway access roads, territory moulding and construction of piers, prior to that necessarily making an environmental impact assessment.

Linkage of Riga Transport System with Via Baltica (Daugava Northern Crossing with Access Roads)

901. Within the project it is planned to construct the Daugava River Northern crossing and its access roads. In 2006 Trans-European Network (TEN-T) budget project “Integration of Riga City and Riga Port into the TEN-T Network” was started, within which it is planned to carry out development of technical and sketch projects, forecasting of traffic flow in the context of collection of charges and feasibility study of PPP (private-public partnership) cooperation models for Northern transport corridor 1st and 2nd segment with the aim to foster creation of the city motorway corridor through Riga, that would eliminate traffic jams and would improve traffic between Riga, Ventspils and Liepāja ports and the TEN-T road networks. After completion of the research activities within the project will be established.

Measure 3.3.2 “Development of Sustainable Transport System”

Introduction

902. In compliance with the Community Strategic Guidelines transport is one of the major factors of economic growth and sustainable development. In the territory of Latvia only situation in Riga and its suburbs, what concerns transport, can be compared to the densely populated Western Europe, where the most effective means for solving transport congestions is development of public transport and railway transportation. Besides, the National Development Plan 2007-2013 emphasize the role of Riga as business, science and cultural centre of the Baltic Sea region. Mutually coordinated development of Riga and other regions can ensure better quality of life, work, and education and recreation opportunities. Therefore development of high quality public transport system in Riga and suburbs by providing good quality, accessible transport services has been set as one of significant tasks to tackle. In this context, improvement of Riga suburbs railway passenger service quality and integration in Riga public transport network, by introduction of new technologies, development of rolling stock and infrastructure, is a necessary pre-condition for further development. In analysis of current situation and SWOT analysis it is noted that in passenger transportation problem related to depreciation of electric trains is aggravating - the equipment of electric trains does not meet modern comfort requirements of passengers, including ones with different disabilities, and today's operational indicators requirements for urban and suburb traffic (run-out dynamics, specific consumption of electricity).

Objective of the Measure

903. The objective of the Measure is development of and environmentally-friendly Riga city and suburb public transport system complying with today's requirements, improvement of passenger transportation quality and increased energy efficiency, thus decreasing the total environment pollution caused by transport.

Description and Justification of the Measure¹

904. The transport network of Latvia has become a significant part of the European transport infrastructure. As the EU transport policy sets forth development of common transport network through integration of different transport modes and link of peripheral regions with the central territories of the Europe, Latvia is to use its convenient geographical location, ensuring cargo and passenger flows, and to develop relevant infrastructure.
905. The Sustainable Development Guidelines of Latvia confirmed by the Cabinet of Ministers on August 15, 2002 among others set forth the following objectives: development of environmentally-friendly transport modes, including public transport and railway transport, increased passenger carriage safety, improved passenger carriage service quality. In order to achieve the above objectives, it is planned to implement several activities, including: implementation of investment projects for modernization and renovation of rolling stock and establishment of passenger carriage system that would ensure high-quality and accessible public transport services to inhabitants and provision of high road safety level.
906. Rail transport is possible solution for increasing number of traffic jams in large cities due to its ability simultaneously carry large masses of passengers. Railway as mode of public transport is the fastest and the most precise, because train movement is not influenced by traffic jams in the streets of cities. In order to ensure high-quality alternative to the private transport for all groups of inhabitants, it is necessary to improve public transport availability and quality.

¹ Data of the Ministry of Transport and Communications used in the chapter.

907. Taking into consideration the fact that major transport problems occur in Riga and its neighbourhood, implementation of measures in these areas will be the most effective in attainment of the set forth objective due to the fact that in conditions of increasing transport flow intensity in Riga quality maintenance of the existent infrastructure elements does not solve increasing problems in provision of transport system operation. Fragmentary character of the Riga street network, especially main streets, regulated traffic intersections, one-level railroad crossings, restricted number of crossings over the river Daugava and unsettled issues of existent connections of bridges to the city street network together with increasing traffic intensity in particular segments facilitate significant decrease in transport flow speed and traffic jams. As the Riga port is located in the city territory, cargo transport causes additional load to the city transport infrastructure.
908. Despite its dimensions and number of inhabitants, Riga is among the few cities, that does not have out-of-street public transport systems. Due to historical establishment of Riga as a city with radial street system, whose transport flows meet in the city centre and street width in the historical part can not be enlarged, it is not possible to solve the city centre transport overload problem without development of effective out-of-street public transport. Location of the Riga city railway is favourable for service of the urban passenger flow. Taking into consideration that Riga is an agglomeration centre and major transport flows loading the street network in peak hours are related with traffic to/from commuter areas, modernization of all commuter railway transport system is to be considered.

List of Indicative Target Groups of the Measure

909. The list of indicative Measure target group are users of public transport in Riga suburb and Riga.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

910. Community Strategic Guidelines, National Development Plan and Lisbon National Reform Programme of Latvia emphasize significance of transport infrastructure in economic development. According to the Community Strategic Guidelines provision of efficient, flexible and safe transport infrastructure can be regarded as a necessary precondition for economic development as it boosts productivity and thus facilitates movement of persons and goods.
911. The measure will facilitate fulfilment of tasks set forth in the Strategic Thematic Axis 3 “Improvements in Public Services and Infrastructure as a Precondition for Balanced National and Territorial Development” of the National Strategic Reference Framework 2007-2013 as well as will facilitate accomplishment of set forth horizontal priorities. Other planning documents and most important regulatory enactments of Latvia that provide for activities in transport sector are the following: Sustainable Development Guidelines of Latvia, Common Strategy of National Economy, Transport Development Guidelines 2007-2013, Action Strategy of the Ministry of Transport and Communication 2007-2013, Riga Development Plan (consists of three mutually linked main documents: Riga Long-term Development Strategy Until 2005, Riga Development Programme 2006-2012, Riga Territorial Planning 2006-2018), Public Transport Development Guidelines 2005-2014, Public Procurement Conception for Passenger Carriage by Rail 2007-2016, Railway Law, Law on Railway Carriages.
912. In order to stipulate integrated approach to the implementation of transport investments in Riga and surrounding territory the Ministry of Transport in cooperation with Riga municipality and Riga planning region will elaborate conception paper for Integrated Planning for Development of Passengers and Cargo Transport System for Riga and its Agglomeration. It will in an integrated manner comprise the transport investments foreseen in existing policy

planning documents – Riga Development Programme 2006-2012, Riga Region Spatial Planning as well as Transport Development Guidelines 2007-2013. The conception paper will provide the coordinated interrelation of investments in different modes of transport and support areas (roads, streets, public transport, railway, port, airport, traffic safety, etc), linking the investments focused both to the passengers and cargo. Moreover, the conception will include the description of the investment needs, as well as its prioritisation, analysis of impacts, proposals for more effective interrelation of different sub-sectors of transport system and minimization of possible negative effect. The investments in Riga and its agglomeration foreseen by this measure are conditional upon existence of the abovementioned Integrated Planning for Development of Passengers and Cargo Transport System for Riga and its Agglomeration. The conception is scheduled to be prepared and presented to the Monitoring Committee and the European Commission by February 29, 2008.

Previous Assistance

913. In 2006 project “Integration of Riga City and Riga Port into the TEN-T Network” with co-finance of the TEN-T budget 2.77 milion LVL (3.95 million EUR) was started, that includes development of technical and sketch projects and feasibility study of PPP (public-private partnership) cooperation models for Riga Northern transport corridor 1. and 2. segment.
914. In the period 2004-2006 electric train modernization program was initiated and research on purchase of new trains (total co-finance of the ERDF - 8.5 million LVL) was started, in the result of which increasing demand for railway transport will be satisfied, number of electric train rolling stock in operating order per line will be preserved as well as technical requirements for future trains and compliance to infrastructure and passenger flow conjuncture will be established.
915. In the period 2007-2013 it is necessary to continue reconstruction and development of the East-West rail corridor in order to promote development of high-quality, safe and environmentally-friendly railway infrastructure.

Synergy

916. The measure complies with the polycentric development conception, where development of Riga has been set as pre-condition for further transfer of potential to other regions of Latvia, as set forth in the National Development Plan. Improvement of the railway infrastructure together with environmentally sustainable technologies and modernization of passenger electric train system will facilitate sustainable development by diverting passenger flow from road transport to more environmentally friendly railway transportation, thus complementing the Cohesion Fund activities related to environment as well as will foster employment and access to education that complies with the planned activities within the European Social Fund concerning human resources and employment. Implementation of the measure will provide a complimentary effect to measure “Promotion of Accessibility and Transport System” investments for promoting public transport outside Riga.

Compliance with Horizontal Priorities

Balanced Territorial Development

917. Within measure polycentric development will be encouraged in the Riga Region context through improved accessibility of development centres in the Riga Region, improved possibility of inhabitants to work in Riga and live in commuter areas thus indirectly contributing to development of municipalities beyond Riga. Renovation of diesel train rolling stock will be of high significance for development of public transport in Latvia and this project is directly aimed at regional development and establishment of effective public transport linkage.

Macroeconomic Stability

918. Provision of efficient, flexible and safe transport infrastructure can be regarded as a necessary precondition for economic development as it boosts productivity and thus facilitates movement of persons and goods. Establishment of transport infrastructure of European significance is significant for integration of national markets. Within the project “Modernization of Riga Commuter Area Railway Passenger Carriage System” application of PPP (public-private partnership) model is possible that will foster sustainable financial policy.

Sustainable Development

919. Project of Riga commuter area railway passenger carriage system modernization will reduce significantly rapid passenger carriage increase with private transport thus relieving the Riga streets network, increasing road safety and simultaneously reducing environment pollution risk that might occur in the result of road accidents. Funding will be allocated to public transport development and introduction of environmentally-friendly technologies as well as relief of the Riga city transport infrastructure from road traffic flow. In its turn, development of Riga suburb mobility general plan will facilitate sustainable long-term development of Riga city and suburb public transport, including connection of Riga Airport with city centre by railway and/or tram.

Equal Opportunities

920. The measure in total is indirectly aimed at reaching goal of horizontal priority “Equal opportunities”. For reaching goals of horizontal priorities, according to national normative acts, all technical projects will include specific requirements with regard to environmental accessibility. Within the project “Modernization of Riga Commuter Area Railway Passenger Carriage System” is planned to improve infrastructure envisaged for passenger service (to modernize passenger stations, including transition to 550 mm platforms), that would allow to acquire modern low-floor electric trains, improving public transport accessibility for different groups of society, especially persons with functional disorders. Also the renovated rolling stock of diesel trains will be suitable for passengers with functional disorders and will provide higher comfort level to passengers.

Information Society

921. Within implementation of the project “Modernization of Riga Commuter Area Railway Passenger Carriage System” it is planned to implement activities related with railway integration in the Riga passenger carriage system, including improvement of passenger information, ticket reservation and other systems.

International Competitiveness of Riga

922. Enhancement and improvement of transport infrastructure is significant for strengthening competitiveness of Latvia globally. As the most intense economic activity and largest concentration of inhabitants is in Riga, it is necessary to implement large scale transport infrastructure project, i.e., “Modernization of Riga Commuter Area railway Passenger Carriage System”. Through implementation of the project transport flow intensity in the Riga centre will be decreased, development of high-quality railway transport infrastructure integrated in the common transport system of Eurasia will be facilitated as well as improved railway passenger service quality and efficiency will be improved.

Indicative Activities

923. Indicative activity 3.3.2.1. Development of sustainable public transport system.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
924. Indicative objective: Modernization of Riga suburb railway passenger transportation system and integration in Riga city public transport system, long-term development of Riga and Riga suburb public transport system by elaboration of Riga suburb mobility general plan, increase of passenger transportation quality and effectiveness, introduction of new technologies, development of rolling stock (incl. updating of diesel train rolling stock- acquisition of new trains) and infrastructure, thus relieving the network of Riga streets and especially bridges, at the same time reducing pollution of surrounding environment created by road transport and risk of environmental pollution that can arise in result of traffic accidents.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
925. The list of indicative target groups: Users of public transport in Riga suburb and Riga city.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
926. The list of indicative final beneficiaries: State JSC “Latvian Railway”, JSC “Passenger train”, and Ministry of Transport.
(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Major Project¹¹³

Modernization of Riga Commuter Area railway Passenger Carriage System

927. Measures to be implemented within the project will be specified after research that has been started in 2007 by ERDF funding from 2004-2006 programming period. Private capital attraction possibilities will be investigated as well (for example: for renovation of rolling stock). The research includes also establishment of technical requirement of future trains taking into consideration their compliance to infrastructure and passenger flow conjuncture. Possible measures: improvement of infrastructure envisaged for passenger service (modernization of passenger stations, including transition to 550 mm platforms), that would allow to acquire modern low-floor electric trains. Measures for link of railway passenger carriage system to the Riga public transport system are envisaged. Enhancement of public electric transport system will promote environmentally-friendly urban environment.

¹¹³ ¹¹³ The list of mJOR projects is indicative. Inclusion of projects in the list does not guarantee the approval of Project.

Priority 3.4 “Quality Environment for Life and Economic Activity”

928. A Priority co-financed by the ERDF aimed at creating preconditions necessary for economic activity, as well as for improvement of quality indices in different parts of the State territory, investing in the environmental infrastructure and services, preservation of cultural and natural heritage and development of tourism products.

Justification of the Priority

929. Analysis of the existing situation allows for identification of the following strengths and weaknesses, as well as threats and opportunities that substantiate investments within the framework of this Priority.

Table 34: Priority 3.4 “Quality Environmental for Life and Economic Activity”, SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> - Quality natural resources including underground water resources - Good quality, ecologically clean and uncluttered environment - Preserved biodiversity - Cultural heritage (tangible and intangible) internationally acknowledged and appraised - Diverse cultural environment and cultural identity - Increasing value added of a tourism industry 	<ul style="list-style-type: none"> - Low accessibility to, and quality of, centralised water services - A considerable number of historically polluted areas and degraded industrial sites - Unsuitable conditions for plant and animal collections (ex-situ) - High power consumption in dwelling houses and poor heat retention - Inadequate number of quality social housing - Underdeveloped tourism infrastructure - Obsolete cultural infrastructure - An insufficient range of complex tourism products on offer
Opportunities	Threats
<ul style="list-style-type: none"> - Clean environment and quality of public utilities will play an even more important role when people look for place of residence and business - Economic benefits from implementing energy efficiency measures - Increasing number of foreign tourists and internal demand for local tourism services - Cooperation among Baltic States in the development of common tourism products - Usage of cultural heritage in order to promote tourism in regions - Improvement of cultural environment as a promoting factor for economic regeneration in small and medium towns - Contribution of the creative sector to development of the national economy 	<ul style="list-style-type: none"> - Lack of complex assessment and strategy regarding technogenic and environmental risks - Cultural activities will concentrate in large cities thus becoming less accessible - Purchasing power of residents and financial situation of municipalities will limit possibilities for establishment and maintenance of a modern infrastructure

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

930. In order to make the country and individual parts of its areas more attractive, to reduce trend of residents migrating to the large cities due to inadequate environment and poor quality of services, as well as to promote economic activity based on the environment, housing, culture

and tourism industries in different areas of the country, investments must be encouraged in the environmental infrastructure, protection of natural, cultural and historical heritage, as well as in consolidation of the economic potential of culture and tourism.

Objective of the Priority

931. The objective of the Priority is to make the country and individual parts of its areas more attractive by improving environment, infrastructure and services in the fields of housing, culture and tourism, which are vital for raising life quality and attracting additional economic activity.

Measures

932. Four measures are to be implemented within the framework of the priority. The measure “Environment” will support improvement of water management and waste water treatment of small-scale environmental infrastructures, promote preservation of natural resources and reduce pollution and environmental risks. The measure “Tourism” will provide support to the development of tourism infrastructure and products. The measure “Socio-economic Impact of Cultural Environment” will improve the cultural environment in order to promote socio-economic development. Within the framework of the measure “Energy Efficiency of the Housing” assistance for renewal of housing and improving energy efficiency will be provided.

Synergy

933. The Priority provides additional assistance to co-financed activities of the CF in the fields of environment and energy, as well as that of the European Agricultural Fund for Rural Development for improvement of the local infrastructure.

Indicators

934. Outcome indicators:
- Population served by supported water (drinking water and wastewater) services projects – 140 000 (target in 2009 – 28 000).
 - Area rehabilitated from historical pollution – 50 ha (target in 2009 – 2.5 ha).
 - Number of new multifunctional centres established – 4 (target in 2009 – 0).
 - Number of energy-efficient social houses – 73 (target in 2009 – 30).
935. Result indicators:
- Share of inhabitants of Latvia provided with drinking water management services according to the legal requirements – 68% (base value in 2004 – 44%, target in 2009 – 59%)¹¹⁴.
 - Share of inhabitants of Latvia provided with wastewater management services according to the legal requirements – 64% (base value in 2004 – 9%, target in 2009 – 56%)¹¹⁵.
 - Increase of percentage of incoming non-resident travellers by 150% (base value in 2004 – 3 000 000, target in 2009 – 83%).
 - Increase of culture services demand – 2.47 million visitors (base value in 2004 – 1.9 million visitors, target in 2009 - 2 million visitors).
 - The usage of heat energy (expressed in MWh) reduced in supported social houses – 2% (base value in 2004 – 0%; target in 2009 – 1%).

¹¹⁴ In 2004 the compliant drinking water services in agglomerations with p.e. above 2000 were ensured for 44% of total population of Latvia, by implementation of investment projects in 88 agglomerations, the serviced population will increase till 2009 by 15% and will reach 66% in 2013.

¹¹⁵ In 2004 the compliant wastewater services in agglomerations with p.e. above 2000 were ensured for 9% of total population of Latvia, by implementation of investment projects in 88 agglomerations, the serviced population will increase till 2009 by 47% and will reach 62% in 2013.

Measure 3.4.1 “Environment”

Introduction

936. The whole territory of Latvia in comparison with Europe is a qualitative, ecologically clean and uncluttered living space, whose characteristics are a temperate climate and biodiversity. Because of the comparatively unpolluted and virgin environment of Latvia, its residents have considerable advantages of favourable environment development, as well as the development of organic farming, tourism and recreation. However, there are a significant number of places in Latvia, which can be classified as polluted and potentially polluted, as well as places of higher environmental risk – flood-lands of lakes and rivers, flooded recurrently during high water, floods and tides of the sea, and belts of higher erosion risk on the seashore. Approximately one third of all residents of Latvia live in populated areas, where the number of residents is less than 2000. It is characteristic of these populated areas that there is a small number of residents, high level of unemployment and low business activity, which has a negative impact on budgets of municipalities and limits development opportunities, including development of water management.
937. Policy and basic objectives of the EU are defined in the Sixth Environment Action Programme, which was laid down by the Decision No. 1600/2002/EC of the European Parliament and the Commission. Activities such as development of water management infrastructure, preservation of biodiversity, rehabilitation of the inherited contaminated sites and development of environmental control and monitoring system in order to involve the society in decision-making process are included in the National Environment Policy Plan and are intended for achieving corresponding objectives of the environment policy.

Objective of the Measure

938. The objective of this measure is to preserve the quality of the environment, use natural resources rationally and reduce environmental pollution respecting the “Polluter pays” principle, in order to protect the health of the society and ensure sustainable development. Meeting requirements and objectives of the EU legislation pertaining to environment protection, rehabilitation of contaminated sites and prevention of environmental risk will not only make individual parts of the country’s territories more attractive to investors and visitors but will also guarantee residents the required quality of life.

Description and Justification of the Measure

939. Only slightly more than 10% out of 1100 waste water treatment plants, from which information was gathered, use technology that complies with the requirements of environmental protection. The situation is particularly critical in those populated areas where the number of residents is less than 2000, besides financial resources of these municipalities are limited to develop, inter alia, water management services. Data of the Public Health Agency reflects that non-compliance of the drinking water quality in water mains with a water supply amount of up to 100 m³ per 24 h is greater than the average non-compliance in the State in terms of both chemical and microbiological indicators. Full compliance of waste water treatment with the Directive 91/271/EEC will be ensured for 6% of residents living in the populated areas of Latvia, where the number of inhabitants is up to 2000, and 8% of these residents will be provided with drinking water being prepared pursuant to the legislation, using the financial resources available from the EU.
940. In accordance with the definition provided in the “Convention on Biological Diversity”, biological diversity means the variability among all living organisms on Earth, i.e., variability of flora and fauna, their genes and ecosystems. Diversity of species can be ensured *in situ*, i.e.

in their natural habitats and *ex situ*, i.e. in collections and gene banks. Most attention used to be given to the protection of species in their natural habitats, as required also by the EU Directives. However, conservation of biological diversity in collections is of the same importance. It has been concluded that currently around 60% of endangered species are not represented in *ex situ* collections and involvement of 10% of endangered species in re-establishment and re-introduction programmes is not being ensured. Thus, the same attention should be paid both to protecting species and habitats of the EU importance in specially protected nature territories Natura 2000, and to preserving collections of species and educating society in the field of conservation of biological diversity. It is necessary to support implementation of CITES, CBD and Ramsar convention by establishment of the infrastructure for *ex-situ* collections, improvements of the conditions within collections, use of new technologies for collections and exhibitions, improve the accessibility of the collections, and improvement of the visitor information systems.

941. Striped. (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
942. Striped. (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
943. Deserted and polluted sites are still found due to prior political and economic management in Latvia. As property rights to land have been transferred and production companies liquidated, in many cases it is not possible to apply the principle “the polluter pays”. The State and municipalities are in charge of a part of the deserted and polluted sites now, but some natural persons have regained another part.
944. As of December 1, 2005 the Latvian Environment, Geology and Meteorology Agency had registered 3 528 sites in its Register of the Polluted and Potentially Polluted Sites, of which 217 have been classified as polluted sites but 2 639 – as potentially polluted sites. It is necessary to specify the area of pollution and carry out rehabilitation to improve environmental quality and ensure compliance with the requirements laid down in the national and the EU legislation concerning surface waters and groundwater, quality of soil and ground, as well as to appraise further usage of these sites for commercial and other needs.
945. Some territories in Latvia are of higher environmental risk. These areas are flood-lands of lakes and rivers, flooded recurrently during high water, floods and tides of the sea, whose usage for certain needs is limited during the flood period. Areas of higher flood risk of national importance include: areas of the Lake Liepāja and lower reaches of the Bārta River; areas of the lakes Liepāja and Babīte; areas of lower reaches of the River Daugava; engineering protection of the lower reaches of the River Ogre and water reservoir of the Riga Hydro Power Plant; areas of water reservoirs of the Ķegums and Pļaviņas hydro-electricity plants and middle reaches of the River Daugava; upper reaches of the River Daugava and areas of the River Dviete; areas of the Lubāna lowland; areas of lower reaches of the River Gauja.
946. In Latvia 62% of the Latvian coastline, which is 495 km long (it covers 27% of the total borderline of Latvia), is considered to be a belt of higher erosion risk, thus it is an environmental risk also for residents and areas of the seashore. During the last 20 – 30 years in the whole world and Europe, as well as in Latvia, the force of devastating autumn and winter storms has increased, therefore water masses caused by winter tides on the seashore become higher and erosion of the primary shore becomes stronger.
947. The majority of these places at risk are significant in terms of biological diversity exactly due to regular inundation. Some of the areas are already included in the list of Natura 2000 areas, but the sea areas of Natura 2006 are planned to be established on the seashore. In developing management plans of the water basins, including measures for preventing environmental risk in compliance with the Water Framework Directive, it will also be necessary to sustain the interests of natural protection until 2009.

948. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
949. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
950. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
951. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*

List of Indicative Target Groups of the Measure

952. The list of indicative target groups of the measure are municipalities, providers of public utilities, institutions supervising environmental protection and administrations of the protected nature areas.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*

Framework of Planning Documents

953. The National Development Plan for 2007 – 2013 defines the preconditions for stable and safe development which is both development of public services, including water management services and natural environment used and preserved rationally, i.e. it has been pointed out that it is necessary to preserve biological diversity and protected nature areas, promote rehabilitation of contaminated sites, reduce environmental risks, as well as to provide environmental monitoring and control in order to inform society about environmental quality and natural resources.
954. The section “Natural Resources and Environmental Quality” of the chapter “Description of the General Situation” of the National Strategic Reference Framework provides a situation analysis of water management impact on environmental contamination, biological diversity and inherited contaminated sites. Infrastructure of water management, biological diversity in specially protected nature territories, inherited contaminated sites and environmental risks are analysed in the chapter “Environment and Environmental Infrastructure”. It is pointed out in the chapter “Infrastructure and Services” that the most important directions in establishing investment policy are to arrange the infrastructure of the water management in compliance with the requirements of environmental protection, to preserve biological diversity and protected nature areas, explore and rehabilitate inherited contaminated places, identify and prevent environmental risks, as well as to develop a system of monitoring and control.
955. Developing the infrastructure of water management, protecting environment, preserving biological diversity, rehabilitating inherited contaminated places and decreasing environmental risks are identified as priorities in the following policy planning documents:
- Guidelines for Sustainable Development of Latvia, 2002;
 - National Environmental Policy Plan (2004 – 2008).
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
956. By carrying out the said activities, implementation of requirements of the EU Directives and corresponding legislation of the Republic of Latvia will be promoted:
- Directive 91/271/EEC on urban waste water treatment – requirements to be implemented by 2015;
 - Directive 98/83/EC on drinking water quality – requirements to be implemented by 2015;
 - Directive 2000/60/EC (the Water Framework Directive) – requirements to be implemented by 2015;
 - Directive 2007/60/EC on assessment of flood risk and¹¹⁶.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

¹¹⁶ striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No (11.2009.))*

957. National framework legislation:
- Water Management Law, 2002;
 - Law “On Environmental Protection”, 1991;
 - Law “On Pollution”, 2001;
 - Cabinet Regulation No. 34 “On Emissions of Pollutants into the Aquatic Environment”, 2002;
 - Cabinet Regulation No. 235 “Mandatory Harmlessness and Quality Requirements for Drinking Water, and the Procedures for Monitoring and Control thereof”, 2003;
 - Cabinet Regulation No. 118 “Regulations on Surface and Groundwater Quality”, 2002;
 - Cabinet Regulation No. 857 “Regulations on Groundwater Quality Elements and Procedures for Gathering Information about Groundwater Resources”, 2004.

Previous Assistance

958. Since 2004 27.06 million LVL (38.50 million EUR) has been invested in total (allocated for project implementation), including 16.61 million LVL (23.63 million EUR) from ERDF and 10.45 million LVL (14.87 million EUR) from the State budget and municipalities to develop infrastructure of water management in populated areas where number of residents is up to 2000. Using this funding, 89 development projects of water management were carried out in populated areas where the number of residents is up to 2000. Investments should further be made in order to ensure accessibility to high quality services and facilitate the development of the territory.
959. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
960. In order to conserve biological diversity *ex situ* and develop the infrastructure of environmental education, 0.09 million LVL (0.13 million EUR) was allocated from the State budget in 2004 to develop a technical project for building an animal home in the Riga National Zoological Garden. In order to ensure conservation of endangered species, ensuring species survival and possible reintroduction in future, the investments are needed for improvement of the conditions for the plant and animal collections (*ex situ*) of national significance, use of new technologies for collections and exhibitions, improve the accessibility of the collections, and improvement of the visitor information systems
961. Since 2004 0.32 million LVL (0.45 million EUR) in total has been invested from the State budget to rehabilitate historically polluted sites. Using this funding, the necessary documentation has been prepared, and research has been carried out, for rehabilitation of the four most dangerous polluted sites. Investments are necessary to rehabilitate those polluted sites where the Polluter-pays principle cannot be applied, prevent contamination from progressing and eliminate threats to the environment and people’s health.
962. Investments are not made in reducing and preventing environmental risks, only ad hoc measures have been carried out to eliminate these effects.
963. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
964. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*

Synergy

965. Measures for developing an infrastructure of water management in populated areas where number of residents is up to 2 000 will be an addition to the measures, which are expected to be supported by the Cohesion Fund in agglomerations where the number of residents is larger than 2 000.
966. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
967. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*

Compliance with Horizontal Priorities

Balanced Territorial Development

968. Balanced territorial development will be promoted by providing the financing for arranging the infrastructure of water management in accordance with the legislative requirements in the country, taking into account the structure of inhabitation and applying the quotation principle based on the number of settlements within the planning region, as well as ensuring rehabilitation of the historically contaminated sites (a specific activity), preventing environmental risks (a specific activity). The available financial quota for development of water services infrastructure in each planning region is proportional to the number of settlements with 200 – 2000 inhabitants.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Quoting system for planning regions

Planning region	Number of settlements*	Proportion of the settlements*, %
Riga	105	18
Vidzeme	114	19
Kurzeme	95	16
Zemgale	134	23
Latgale	140	24
Total:	588	100

* - with number of population 200 - 2000

Macroeconomic Stability

969. Macroeconomic stability is promoted by ensuring water management services of high quality, where it is planned to improve operational efficiency of the corresponding management organisations and establish a stable policy of tariffs (the specific criterion) for a long period by implementing investment projects. However, raising tariffs for services to their actual costs that are needed to provide residents with good quality services could increase stratification of people, as income is very different depending on social group and region.

Equal Opportunities

970. The measure in general will facilitate reaching the goals of the horizontal priority “Equal opportunities”. If the projects are implemented, residents living in populated areas, where the number of inhabitants is up to 2 000, as well as residents living in municipalities, where inherited contamination will be eliminated and environmental risk reduced, will benefit from these projects. In developing infrastructure for visiting collections of flora and fauna, special attention will be given to make objects accessible to persons with functional disorders (the specific criterion).

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Sustainable Development

971. Improving infrastructure of water management, carrying out measures for rehabilitation of inherited contaminated sites, preventing environmental risks, conserving biological diversity *ex situ* and carrying out measures to form an infrastructure of the environmental education, promote a sustainable development directly, as they are aimed at the reduction of environmental pollution, the rational usage of natural and energy resources and promotion of

environmental awareness, ensuring a living environment of high quality and eliminating threats to people's health (all activities are specific in respect of sustainable development).

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Information Society

972. The measure is not connected with the horizontal priority "Information Society" directly.

International Competitiveness of Riga

973. Mutually coordinated and balanced development of Riga and other regions of Latvia will ensure quality of life and form the development of an infrastructure.

Indicative Activities

974. Indicative activity 3.4.1.1. Development of water management infrastructure in populated areas where number of residents is up to 2000.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

975. Indicative objective: To improve the quality of water distribution and waste water collection and treatment, and to make these services more accessible, ensuring high quality living environment, reducing environmental pollution and eutrophication of water reservoirs and promoting rational usage of water resources.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

976. The list of indicative target groups: Municipalities and their residents.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

977. The list of indicative final beneficiaries: Public service providers – local governments, administrations of local governments and agencies, as well as companies which have sign an agreement with municipality on provision of water management service.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

978. Striped.*(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*

979. Striped.*(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*

980. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

981. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

982. Indicative activity 3.4.1.3. Development of infrastructure for conservation of biological diversity.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

983. Indicative objective: To conserve biological diversity, ensuring conservation of endangered species, species survival and possible reintroduction in future.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

984. The list of indicative target groups: State and municipal institutions, visitors.

(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

985. The list of indicative final beneficiaries: State and municipal institutions responsible for implementation of Ramsare, Washington or Rio de Janeiro conventions.
(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
986. Indicative activity 3.4.1.4. Rehabilitation of inherited contaminated sites.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
987. Indicative objective: To improve the quality of soil, ground, groundwater and surface waters, as well as to restore and improve environmental quality in contaminated sites and eliminate threats to people's health.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
988. The list of indicative target groups: Local governments and residents living in the vicinity of contaminated sites.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
989. The list of indicative final beneficiaries: State or local government institutions or agencies, administrations of special economic zones.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
990. Indicative activity 3.4.1.5. Reduction of environmental risks.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
991. Indicative objective: To withdraw threats of floods.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
992. The list of indicative target groups: Municipalities and residents living in the vicinity of contaminated sites.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
993. The list of indicative final beneficiaries: State and municipal institutions, which according to legislations of the Republic of Latvia provide the flood prevention measures.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
994. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
995. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
996. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
997. Striped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Major Projects¹¹⁷

Rehabilitation Project for Inčukalns Acid Tar Ponds

998. The Project provides for rehabilitation of areas, preventing further environmental pollution. Rehabilitation of the Inčukalns acid tar ponds has been defined as a priority of contaminated sites that must be rehabilitated. Implementation of the Project will not allow further pollution of groundwater and surface waters.
999. Striped. (*With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.)*)

¹¹⁷ ¹¹⁷ The list of major projects is indicative. Inclusion of projects in the list does not guarantee the approval of Project.

Measure 3.4.2 “Tourism”

Introduction

1000. The potential of tourism has been pointed out in the Resolution on the Future of European Tourism, adopted by the EU Council and the European Parliament in 2002, in achieving sustainable development, economic increase, employment and economic and social cohesion. EC Communication of March 17, 2006 on tourism policy “A Renewed EU Tourism Policy: Towards a Stronger Partnership for European Partnership” determines that the main objective of the European tourism policy is to improve competitiveness of the European tourism industry, to create more working places and improve them, promoting sustainable growth of tourism industry in Europe and all over the world. The convenient geographical location of Latvia, its economic activity, landscape richness, diverse and uncontaminated environment, cultural resources and original cultural heritage form favourable preconditions on the level of Baltic countries and Europe for the development of a competitive product of Latvian tourism and tourism infrastructure. Considering these opportunities, tourism has been defined as one of Latvia’s strategic possibilities and priorities in the Long-term Economic Strategy of Latvia (2001) and Guidelines for Sustainable Development of Latvia (2002).

Objective of the Measure

1001. The objective of the measure is to strengthen the position of Latvia as a tourist destination and to increase competitiveness, creating favourable conditions for complex development of tourism products and services of national importance.

Description and Justification of the Measure

1002. In 2005 the share of the Latvian tourism industry in GDP was 1.8%, and together with other related industries (trade, transport, construction, agriculture, etc.) it formed 38–40% of the total GDP of Latvia. In 2005 value added in tourism industry has increased 2.6 times when compared to data of 2001. In 2004 for the first time more than 3 million foreign tourists visited Latvia (increase by 22.8% compared to 2003) and in 2005 number of foreign tourists continued to increase amounting to 3.774 million (24.4% compared to 2004). In 2005, the expenditure of foreign tourists while staying in Latvia amounted to 190.0 million LVL (increase by 33.8% compared to 2004). In 2004, the total amount of money spent amounted to 15% of the total export of services in the country. In comparing expenditure proportions of foreign tourists in Baltic countries to the GDP of each particular country, we can see that this sector makes more significant contribution to the GDP of Lithuania and Estonia than of Latvia – its share in Estonia is 7.9% of GDP, in Lithuania – 3.5% of GDP while in Latvia it is only 1.9% of GDP (data of 2004).
1003. Comparing dynamics of number of foreign tourists in the Baltic countries starting from 2003, Latvia has the largest increase. During the last two years the number of accommodation options for tourists has also risen (by 4.5% per year), however, it is still smaller than in Estonia (10.8%) and in Lithuania (9.8%).

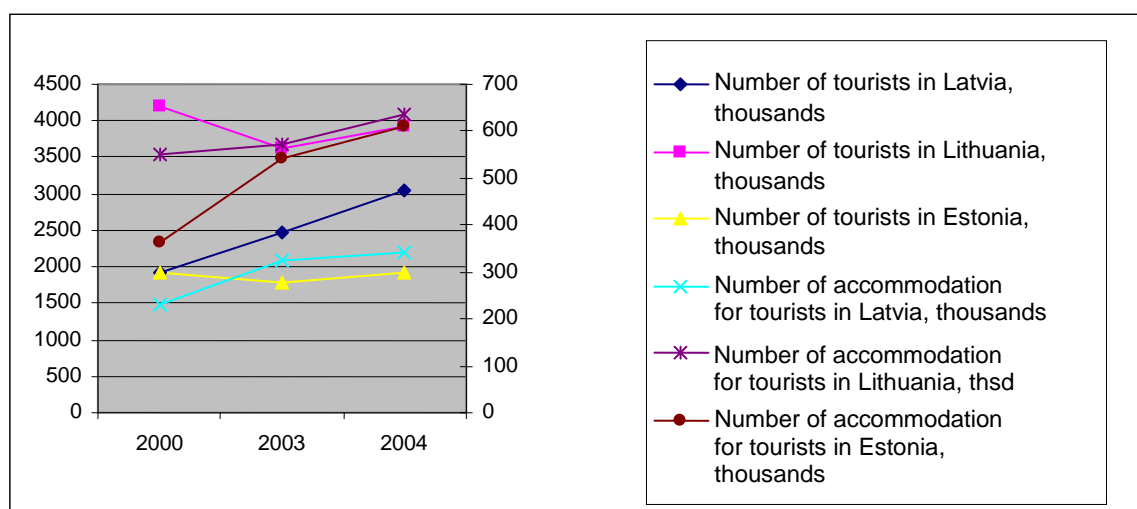


Figure 20: Number of Tourists

Source: Central Statistical Bureau

1004. According to the data of the Central Statistical Bureau, 235 building permits for hotels and other buildings of similar use were issued in 2005, and this is 1.5 times more than in 2004. Therefore it is necessary to carry out measures, which would also promote an increase in the number of tourists in following years and would not crush the increasingly growing sector of accommodation and services for tourists.
1005. According to experts' forecasts, the development trend characteristic of the last two years will be maintained at the same level in the following 3 – 4 years. To ensure a positive growth of the tourism industry at a national level in the future, measures promoting development of the tourism should create complex opportunities of growth in the industry, providing high quality tourism infrastructure, development of new tourism products and knowledge-based services, as well as strengthening the position of Latvia as a tourist destination and raising competitiveness both in the internal markets of the EU and international tourism markets. Tourism products of national importance developed on the basis of the existing tourism resources that would be recognised and competitive goods on the international markets, paid or free service, products with real consumption value, which have been created, produced or adapted by tourism companies or other industry companies and organisations of national economy to fit the interests of tourists or satisfy their needs can promote development in the most effective way.
1006. Opportunities to develop a tourism product and services are limited due to the lack of investments in tourism infrastructure. Investments in the public infrastructure of tourism are large, having a high percentage of risk and a long period of return. Economic return of investments made in tourism infrastructure splits between direct investors in infrastructure and other service providers, the second ones receiving a larger proportion. Global practice shows that State investments in the development of public tourism infrastructure encourages private investments.
1007. In accordance with statistical data, the average stay of one tourist in Latvia in 2005 was 1.5 days (11.8% less compared to 2004) and the largest concentration of tourists was in Riga and its vicinity. Comparing the existing supply of Latvian tourism products to supply of other EU member States (especially, the Baltic States and Scandinavian countries), one does not notice any significant differences, however tourism products of Latvia are offered on a fragmentary basis, without emphasis on tourism products of national importance. Latvia would attract many more tourists by directing a unified set of tourism products of national importance on the market, which would encompass high-level service quality and innovative elements, with

the help of modern information and communication technologies. It would make planning and choice of a trip easier, increase volume of tourism products sold, as well as prolong the stay of tourists in Latvia. Development of new tourism products would create preconditions for additional investments in tourism infrastructure, which would contribute to Latvia's competitiveness with other destinations of the EU tourism.

List of Indicative Target Groups of the Measure

1008. The list of indicative target group of the measure is all residents of Latvia and foreign tourists.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

1009. Tourism infrastructure is one of the significant components not only for increasing economic competitiveness of the country but also for its sustainable development. It has been laid down in the National Strategic Reference Framework for 2007 – 2013 that the most important problems in tourism development on a national level are non-compliance of the tourism infrastructure with the existing flow of tourists and planned development of tourism, as well as insufficient supply of new national tourism products and services.
1010. The Community Strategic Guidelines draw an integrated approach to territorial cohesion, but the Cohesion Policy of the EU forms a base for the concept of sustainable development, ensuring economic, social and environmental issues are considered within the framework of an integrated strategy of development both on the national level and on the level of the EU.
1011. The legal base for development of the tourism industry in Latvia was formed in 1998 when the Tourism Law was adopted. The framework planning document of the tourism policy is The Latvian Tourism Development Guidelines (2004 – 2008) (hereinafter- Guidelines). The Guidelines include objectives set and the main directions of action – to position Latvia as a different, secure and recognisable tourist destination, to develop incoming and local tourism and stimulate cooperation. Problems formulated in the Guidelines are connected with the unimpressive products of Latvian tourism, tourism infrastructure and supply of poor quality, not able to satisfy needs of tourists, insufficient application and use of latest technologies and accomplishments in science in the tourism sector, inactive cooperation among private, national and municipal sectors and non-governmental organisations. In order to achieve the objectives of tourism development set out in the Guidelines, the following has been determined as a priority in the Direction of Action “Development of Incoming and Local Tourism” – to develop adequate tourism infrastructure of high quality and make it more accessible, as well as to promote creation of diverse products and services according to the interests of tourists. Prospective tourism products that should be developed and directed towards the tourism market – active tourism product, cultural tourism product, city tourism product and health and recreational tourism product – have been defined in the Latvian Tourism Development Programme for 2006 – 2008, which has been developed in order to achieve objectives set in the Guidelines.

Previous Assistance

1012. During the period from 2004 to 2006 within the framework of the priority “Promotion of Balanced Territorial Development” of the Single Programming Document, two activities in the field of tourism, co-financed by the ERDF, have been supported. The activity “Effective Usage of Cultural and Historical Heritage for Tourism Development” is aimed at the effective usage of cultural and historical heritage to develop tourism products, promote tourism infrastructure, create new tourism products and lessen the negative impact of seasonality. The amount of funding available from Structural Funds is 6.48 million LVL (9,22 million EUR). While the total amount of funding available for the development of ecotourism infrastructure within the Activity “Development of the Ecotourism Infrastructure in the Potential Areas of NATURA 2000” is 3.16 million LVL (45 million EUR). Projects for developing rural tourism
- Operational Programme „Infrastructure and Services”

and craft for 2004–2005 are being implemented within the framework of the activity “Promotion of Rural Tourism and Craft” of the Single Programming Document “Development of Rural Areas and Fisheries”, which is co-financed by the Guidance Section of the European Agricultural Guidance and Guarantee Fund.

Synergy

1013. Tourism industry has large scale economic integration and is related to the development of environment, transport, information technologies and other industries, thus, investments in the tourism infrastructure will have a positive impact on the development of the above-mentioned industries, but investments in the infrastructure of those industries will have a positive impact and will foster the development of tourism.
1014. The measure mutually complements with the OP’s “Infrastructure and Services” measure “Socio-economic Impact of Cultural Environment”, which supports investments in the preservation, restoration of cultural history heritage objects and tailoring of infrastructure for tourism purposes.
1015. The measure is also related to the OP’s “Human Resources and Employment” measure “Employment” and the OP’s “Entrepreneurship and Innovations” measure “Promotion of Competitiveness”.
1016. The planned assistance in 2007 – 2013 from the European Agricultural Fund for Rural Development envisages the direction of tourism promotion by supporting diversification of activities of manufacturers of agri-forestry production in rural areas, as well as limiting it with certain parameters – small scale infrastructure, the number of beds in tourist house does not exceed 20 beds. The planned investments in the required infrastructure for the development of active, cultural and health and recreational tourism products will increase additional supply in the regions, but investments in the development of a tourism information system will increase the accessibility of rural tourism services.

Compliance with Horizontal Priorities

Balanced Territorial Development

1017. In tourism activities investments will be made in all of the territory of Latvia in order to promote balanced development.

Macroeconomic Stability

1018. The development of tourism can promote the growth of many related economic sectors (transport, trade, information technologies), making a significant investment in the national development in general, and fostering the increase of competitiveness of the country in the EU internal market. As a result of investments made, the established infrastructure for the development of tourism products and provision for accessibility of tourism objects and services will foster a favourable environment for business activity of both tourism and other industries (especially service providers).

Sustainable Development

1019. The planned activities for the development of a tourism information system and tourism product of national importance, will be implemented taking into account the principle of sustainable development of tourism, which includes the reasonable use of natural resources and preservation of environment.

Equal Opportunities

1020. The planned activities for the development of tourism information system and tourism product of national importance will be implemented taking into account the provision for equal opportunities to different groups of society, achieving that by defining proper requirements (for example, accessibility of environment and information to persons with functional disorders, families with children, elderly). Taking into consideration that women account for 2/3 of the employed in the tourism sector, the planned activities will raise the employment specifically among women.

Information Society

1021. A system of tourism information provision in Latvia will be created under the measure, thus providing tourists with qualitative, organized and updated information about the tourism objects and sites.

International Competitiveness of Riga

1022. The measure will have a positive impact on international competitiveness of Riga, giving Latvia's capital city an opportunity to attract foreign tourists and thus fostering its international competitiveness in the sphere of tourism.

Indicative Activities

1023. Indicative activity 3.4.2.1. Development of tourism product of national importance.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1024. Indicative objective: To promote the development and promotion of tourism product of national importance in Latvia, investments in the necessary infrastructure of town planning monuments, cultural, active and recreative tourist products as well as cycling tourism will be made.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1025. The list of indicative target groups: All residents of Latvia and foreign travellers.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1026. The list of indicative final beneficiaries: State and local government institutions, legal persons owning or managing sites in which the investments are made, Latvian Tourism Development Agency.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1027. Indicative activity 3.4.2.2. Development of tourism information system.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1028. Indicative objective: To create a sophisticated system of tourism information carriers which would make it easier for travellers to find tourism objects and obtain information.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1029. The list of indicative target groups: All residents of Latvia and foreign travellers.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1030. The list of indicative final beneficiaries: Latvian Tourism Development Agency.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

State Aid

1031. State aid is planned for the measure. Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

Measure 3.4.3 “Socio-economic Impact of Cultural Environment”

Introduction

1032. Culture is a substantial resource for fostering socioeconomic development of regions, growth, employment, competitiveness and quality living environment. Cultural environment and accessibility of cultural values plays significant role in attraction of qualified labour force as well as contributes to innovative entrepreneurship, investments and life quality, including promotion of high quality urban environments complying the aims of Lisbon agenda. The significant role of culture is underlined both in the 151 article of Treaty of European Community and European Community strategic guidelines (2006/702/EK). Taking into consideration that the socioeconomic potential of cultural environment is insufficiently used, as it is mentioned in SWOT analysis, this measure aims to increase and promote more effective use of it, stimulate supply of quality cultural services, promote quality living and working environment and economic activity in order to balance development between regions and the capital Riga.

Objective of the Measure

1033. The objective of the measure is promote quality living and working environment, stimulate, investments, attraction of qualified labour force and employment, balance growth and employment strategies and territorial cohesion by more effective use of the socioeconomic potential of cultural environment thus rising attractiveness of regions. Within the measure investments will be made in restoration of cultural heritage maximizing use of its socioeconomic potential, in creation of new socioeconomic important cultural infrastructure in development centers thus enhancing culture’s direct and indirect impact on the promotion of economic development.

Description and Justification of the Measure

1034. Poor cultural environment is one of the main reasons that trigger economically active individuals to shift to more attractive living space¹¹⁸. More than half of the population thinks of culture and history elements and events as one of the most valuable and attractive factors of living environment¹¹⁹.
1035. Comparative analysis on consumption of culture in different fields in EU 25 carried out by EUROSTAT¹²⁰ shows that the most marketable activities in Latvia are concerts, theatres and visits to cultural objects. Only in three EU member states demand for concerts and in six EU member states demand for visits to cultural monuments exceeds Latvia in the field. Research shows that the most promising of cultural clusters in consumption segments are related to modern culture industry and cultural heritage based activities¹²¹.
1036. Latvia has relatively high density of state protected cultural heritage objects – 8 428 items per 64 589 square meters with a little more than 2 300 000 million inhabitants in the country. The number and quality of cultural heritage objects as well as consumers interest indicates the development potential of the resource as well as the importance of its preservation. The economic potential of cultural monuments is insufficiently used because of monuments’ and related infrastructure’s poor condition. Services related to cultural heritage objects give positive effect both to quality of living environment and development of connected economic sectors (e.g. tourism, hospitality, public catering, construction etc.) maximizing the

¹¹⁸ State President Strategic Analysis Commissions Research „Latvia and Free Movement of Labour Force: Ireland Example”

¹¹⁹ Latvia. Economic Development Review 2004/ 2005, Regional Capacities, Aija Zobena, Riga, UNDP, Social and Political Research Institute, University of Latvia, 2005

¹²⁰ European Communities. Cultural Statistics in Europe. An overview. 29/03/07.

¹²¹ Roberts Kīlis, Culture Consumption in Latvia, Riga 2006

socioeconomic potential of cultural monuments and fostering territorial cohesion. In order to maximize socioeconomic potential of cultural heritage and stimulate territorial development, investments shall be made with a view to enhance innovative, educational, scientific and other sustainable activities that would give positive impact to regional development centers in a long run.

1037. Higher average gross salary, which grew from 109.6% to 116.55% in year 2004 -2005, has enabled inhabitants spends more on recreation and culture. The spending has risen from 6.2 % to 6.7 %¹²². Higher income has also changed people's consumption habits – demand for more diverse and higher quality cultural products increases. Access to quality and innovative services is limited by lack of appropriate infrastructure in the regions thus diminishing regional attractiveness, causing *brain drain* - especially of young and qualified professionals with children. Taking into account lack of appropriate infrastructure for various public, social and entrepreneurship activities outside the capital Riga and density of population there is a necessity for appropriate investments targeted in the regions. Multifunctional mutually non-competing centers shall be created in order to balance development of the regions. The network of multi-functional centers would provide functions of culture, education and social integration, recreational activities, seminars and conferences, gatherings of different social and interest groups as well as activities connected to entrepreneurship and other purposes in order to maximize utilization capacity and investment return.

List of Indicative Target Groups of the Measure

1038. The list of indicative target groups of the measure are inhabitants, municipalities, entrepreneurs, non-governmental organizations.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

1039. Strategy section of the National Strategic Reference Framework year 2007 – 2013 suggests that quality cultural environment and developed cultural infrastructure is an important precondition for sustainable and well-balanced territorial development, offering personal growth possibilities during one's lifetime as well as economic welfare. Culture has the potential to retain and generate new working places within cultural sectors and other sectors not directly related to culture.
1040. In terms of providing more attractive environment for entrepreneurship The Lisbon National Reform Program of Latvia 2005 – 2008 anticipates implementation of coordinated sectoral and regional policies, ensuring favourable conditions for the creation and development of cultural products and services, tourism and cultural tourism. The National Development Plan 2007 – 2013 identifies that quality cultural environment is formed by well maintained and accessible cultural heritage, traditions and creative activities being an important precondition for sustainable and balanced territorial development. The National Development Plan and the long term National Policy Guidelines 2006 – 2015 designate access to minimum basket of cultural services in all the territory of Latvia

Previous Assistance

1041. During the programming period of European Union Structural Funds 2004 – 2006 within 1.1.5. activity „Development of Tourism Products and Tourism Infrastructure Increasing the Economic Potential of the Cultural Heritage” of Single Programming Document support was available for creation and development of cultural heritage based tourism products as well as modernization and creation of tourism infrastructure thus preserving and increasing economic potential of cultural heritage. Interest about the activity was very high – more than hundred project proposals were submitted and support was given approximately to every tenth project.

¹²² CSB data

With a view to the lessons taken from the previous planning period concerning the difficulties to implement the Structural Funds within the planned terms, during the next period a special attention will be paid to the quality of the planning work).

Synergy

1042. The measure “Socio-economic Impact of Cultural Environment” complements Operational Program’s “Infrastructure and Services” measure “Tourism”. Measure “Tourism” int. al. aims to promote cultural tourism destinations and development of related economic activity and its target audience is local and foreign tourists. “Socioeconomic Impact of Cultural Environment” aims to promote living and working environment, territorial cohesion, access to more quality cultural services, economic diversification, and attractive environment for investments as well as prevention of *brain drain* and depopulation. Within the measure “Socioeconomic Impact of Cultural Environment” it is planned to invest in restoration of single cultural heritage objects, measure’s “Tourism” activity “Development of Nationally Important Tourism Products by Conservation, Restoration and Adjustment of Urban Planning Monument Infrastructure” is targeted to investments in complex development of tourism product infrastructure in urban planning territories, including adjustment of historical city environment. In order to avoid overlapping of the two measures, projects will be assessed according to criteria depending on their impact on tourism development (within the measure “Tourism”) or on their impact to regional development (within the measure “Socioeconomic Impact of Cultural Environment”). Within implementation of the measures mutual coordination will take place: projects based on the same cultural heritage objects will not be allowed to apply for financial support within both measures. In order to avoid possible overlapping of the projects, there will take place a coordinated collaboration of the both level one intermediate bodies responsible for the respective activities – The Ministry of Economy and The Ministry of Culture - during the selection procedures.
1043. The measure complements “Latvian Rural Development Strategic Plan 2007 – 2013” support measure “Quality of Living Environment and Diversification of Economy in Rural Areas” financed activities in rural territories that are targeted to promotion of accessibility to cultural services for rural population, economic development and other activities in related areas. Measure “Socio-economic Impact of Cultural Environment” does not support activities in rural areas but shall focus on development of cultural environment in the development centers of national and regional importance.
1044. Cross border and transnational cooperation programs 2007 – 2013 aim to support preservation of tangible and intangible cultural heritage and creation of new cultural tourism products as a substantial factor for promotion of quality living environment and sustainable development in frontier areas. It is planned to support modernization of small cultural infrastructure in frontier areas.
1045. Within the framework of European Community program “Culture 2007 - 2013” cultural cooperation on European level will be strengthened by promoting transnational mobility of cultural operators and transnational circulation of works and cultural and artistic products exchange.
1046. Within the framework of European Economic Area Financial Mechanism and Norwegian Financial Mechanism support is given to priority „Preservation of European Cultural Heritage” that is targeted to preservation of certain cultural heritage objects with projects in limited specific areas. Within the framework of Swiss Confederation’s Financial Instrument support to culture might be given under the Priority “Initiative of Regional Developments in Peripheral or Underdeveloped Regions”.

1047. National program “Heritage – 2018. Cultural Infrastructure Development Program 2006. – 2018” aims to improve and modernize state’s owned cultural infrastructure objects that are used by state’s cultural institutions till year 2018.

Compliance with Horizontal Priorities

1048. Within the measure support will be given to projects assessing their compliance to all horizontal priorities taking into account project proposal assessment criteria: “Project proposal will give positive effect to at least two Operational Program’s “Infrastructure and Services” horizontal priorities reaching aims”.

Balanced Territorial Development

1049. In order to ensure balanced territorial development and even distribution of investments, within activity 3.4.3.1. Projects outside the capital Riga and Riga region will be supported; within activity 3.4.3.2. – at least two projects in every region will be supported.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Macroeconomic Stability

1050. Support will be given to projects taking into account such criteria as planned cultural service’s socioeconomic return, capacities to attract private investments and generated working places. It is planned to invest evenly during the whole programming period.

Sustainable Development

1051. The measure will promote sustainable development because it requires minimum of natural resources and gives positive impact to the environment.

Equal Opportunities

1052. Taking into consideration employment structure within the sphere of culture, the measure will give positive impact to women employment. Within the project selection criteria of the measure particular requirements that will provide accessibility of results for wider public (incl. people with special needs) will be taken into account. Project selection criteria will include requirements that will ensure environmental accessibility to all groups of society, especially, to persons with functional disorders.

Information Society

1053. Within the framework of the measure public accessibility to information on culture and cultural educational processes and services will be promoted.

International Competitiveness of Riga

1054. The measure will implicitly promote Riga’s international competitiveness giving an opportunity for foreign tourist attraction. Taking into consideration that central transport infrastructure is based in Riga (bus terminal, airport, rail way) and relatively short distances between Riga and regions it is predicted that foreign tourist routes will be mostly related to Riga.

Indicative Activities

1055. Indicative activity 3.4.3.1. Creation of multifunctional centers of national and regional importance.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1056. Indicative objective: To improve cultural environment and promote attractiveness of regions, for life and work in order to attract qualified labour force, stimulate economic activities of territories and ensure multifunctional infrastructure for services and cultural, educational, recreational activities, public events entrepreneurship and business activities as well as public services and other activities.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1057. The list of indicative target groups: Inhabitants, municipalities, entrepreneurs, non-governmental organizations.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1058. The list of indicative final beneficiaries: State and local government institutions of national and regional importance development centres.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1059. Indicative activity 3.4.3.2. Restoration of cultural heritage objects with substantial socio-economic importance.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1060. Indicative objective: Restoration of cultural heritage objects in order to enhance their economic and innovative exploitation that can serve as substantial factor for regeneration of territories, promotion of their attractiveness as well as provision of favourable climate for living, working and economic activity.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1061. The list of indicative target groups: Inhabitants, municipalities, entrepreneurs, non-governmental organizations.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1062. The list of indicative final beneficiaries: State and local government institutions, religion organizations, foundations, associations, whose property are objects which comply with investment aim of activity or who has long lease rights to an object complied with investment aim of the activity at least five years after completion of project and they has been notified in land book.
(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1063. Indicative activity 3.4.3.3. Support for cultural monuments private owners in restoration and preservation of cultural heritage by effective use of its socio-economic potential.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1064. Indicative objective: To ensure preservation, accessibility and socioeconomic use of privately owned cultural heritage objects with public function.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1065. The list of indicative target groups: Inhabitants, municipalities, entrepreneurs, non-governmental organizations.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1066. The list of indicative final beneficiaries: Physical and legal persons whose property are objects which comply with investment aim of activity or who has long lease rights to an

object complied with investment aim of the activity at least five years after completion of project and they has been notified in land book.

(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Measure 3.4.4 “Energy Efficiency of Housing”

Introduction

1067. The concept of living space encompasses not only the property of the person or his/her residential housing, but also the whole private space and public space around this housing, including natural and cultural environment that is an integral part of a qualitative living space. Human health and a feeling of comfort is influenced by the quality of housing. Unfortunately, the housing stock is renewed slowly, every fifth house is in a critical condition or worn out, almost half of all buildings are large panel structures that need heat insulation and improvement in order to provide attractive space for work, living and recreation.
1068. The EU Directive 2002/91/EC on energy performance of buildings indicates the necessity to increase energy efficiency and the use of alternative energy, and at the same time defines the need to foster the development of Europe and its regions as a more attractive place to make investments, where all members of society can work and live, with this understanding the need to pay attention to well-organised living environment that also comprises housing. The provision of social support to categories of vulnerable residents is emphasised. In order to create a well-organised living space around us, an integrated approach is needed to foster a balanced development of all territory, thus encouraging and addressing economic, social and environmental issues in a complex manner both in city environment and rural areas.
1069. According to the conditions set out in the Accession Partnership, the Government of Latvia together with the DG Employment and Social Affairs of the European Commission have prepared a Joint Inclusion Memorandum, the objective of which is to prepare the country for full membership with an open method of coordination on social inclusion issues at the moment of accession. The main objectives of dealing with poverty and social exclusion issues are defined in the Memorandum, which was signed on December 18, 2003. One of the objectives defined in it is precisely the provision of adequate housing.

Objective of the Measure

1070. The objective of the measure is to promote the availability, sustainability and efficiency of housing, to reduce social tension in the territories of municipalities through investments in measures of housing renovation, and energy efficiency of multi-apartment residential buildings and social residential buildings to provide the socially unprotected groups with adequate housing.

Description and Justification of the Measure

1071. A serious problem in the sphere of housing is the heavy energy consumption of multi-apartment and social residential buildings. In comparison to EU countries, buildings (serial type) constructed between 1946–1990 are low quality and with poor insulation. 71% of the residents of Latvia live precisely in this type of building. Therefore, renovation of the building is needed to reduce the consumption of energy resources and along with this, the noxious CO₂ emissions in the atmosphere, which are the result of the production of heat energy.
1072. The number of social housing units is substantially smaller than needed and the quality of existing social housing does not provide a qualitative living environment since on average, only 50% of the total number of social housing units are with amenities. Within the framework of the EU, a comparison was made on the provision of housing amenities in total without a separate division of social housing stock, though information on the general trend in the sphere of housing amenities was included in those data, inter alia, encompassing the indicators of the provision of amenities in social housing. They are as follows: in 2003 90% of Austrian housing units had central heating, hot water and shower – 98.3% of housing units.

In Latvia in turn – in, total central heating is in 65.2% of housing units, hot water and shower – in 67.3% of housing units, inter alia, including social housing units.¹²³

1073. Social housing units are built according to the Law “On social apartments and social residential buildings” and are envisaged for people with low income. Therefore, the maintenance obligation of those housing units is also partly imposed on municipalities. But there have not been any actions taken to improve heat insulation in social residential buildings and to save energy resources since revenues from the rental of social housing units are too low to provide at least partial funding to implement measures related to energy efficiency and establishment of communications.
1074. However, implementation of such measures would allow for reduction in the consumption of energy resources and would ensure economy of resources, as well as approaching the average level of life quality of the EU.
1075. According to the data of Central Statistical Bureau there were 73 social residential buildings in Latvian municipalities in 01.01.2007.
1076. Restoring social housing stock and implementing the measures of energy efficiency would raise the life quality of residents and cut down the expenditure of municipalities on the maintenance of social housing. That, in turn, would foster the quality of environment and resource economy. Implementation of renovation measures also fosters increased employment in the construction sector, thus promoting the achievement of objectives set in the Lisbon Strategy for Growth and Employment. As the social residential buildings are not located in one place but are located in all regions of Latvia, a balanced development of regions is also promoted.
1077. According to the survey carried out in 2004 among 25 member States of the European Union, Latvia has the fifth highest unemployment level (10.5%), as well as the lowest minimum salary among the EU member States and the lowest GDP per capita according to the standards of purchasing power parity.

List of Indicative Target Groups of the Measure

1078. The list of indicative target groups of the measure are apartment owners of multi-apartment residential buildings and tenants of social residential buildings.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

1079. The National Strategic Reference Framework states that well-arranged, accessible and attractive housing is one of the factors of life quality and an attractive living environment that facilitates attraction of people to a region. The concentration of human resources in certain territories, in turn, is one of the basic preconditions to ensuring the development of a region.
1080. One of the objectives of the Joint Memorandum on Social Inclusion is to provide adequate housing. On the basis of the Memorandum, the “National Action Plan on Eradicating Poverty and Social Exclusion” (the plan for 2004 – 2006 is currently in force, the development of plan for 2007 – 2009 is undertaken) was developed.
1081. The Lisbon Strategy defines the need to support favourable conditions for an investment environment that would foster the increase of competitiveness among the new member States, as well as promote the participation of people in the labour market (therefore also the employment in the construction sector). Investments in environment-friendly and energy saving technologies have to be encouraged for these are investments in improvement of life quality of residents.

¹²³ Edition „Housing Statistics in the EU”; 2004.

1082. A proposal to the Regulation on the European Regional Development Fund States that in the new member States the related expenditures are expenditures on housing if they are invested in apartment houses or houses in the property of public persons (inter alia, non-profit organizations) that are envisaged for persons with low income or the disabled.
1083. The National Development Plan emphasises that the availability of housing in total is defined by the overall standard of living in the country; hence Government participation in the development of housing from the macroeconomic view has to be regarded as a considerable investment in the development of a nation.
1084. The Sustainable Development Guidelines of Latvia indicate that the level of housing amenities in the country is unbalanced and in total does not reach the level of developed European countries.
1085. The Law “On National and Municipal Assistance in the Resolving Housing Issues” defines persons that have the right to receive assistance in resolving housing issues, as well as types of assistance and the procedure of providing it.
1086. The Law “On social apartments and social residential buildings” defines the status of social residential buildings, their development and financing principles, and procedures that municipalities has to follow in order to rent out social apartments.

Previous Assistance

1087. The assistance to measures of energy efficiency in housing stock from the State budget funds has not been provided.
1088. The support to build new social residential buildings was undertaken in 2006 (Cabinet Regulations No.237 “Procedure, According to which Local Governments are Allocated Earmarked Subsidies for Solving Housing Issues” adopted on April 5, 2005). In 2006 the State co-financing to construction and restoration was 3 million LVL (4,27 million EUR), in 2007 – 7 million LVL (9,96 million EUR). However, there has been no support from state budget to renovate and increase energy efficiency in already existing rented social residential buildings and social apartments.

Synergy

1089. The activities “Improvement of Heat Insulation of multi-apartment residential buildings” and “Improvement of Heat Insulation of social residential buildings” are related to the measure “Energy” funded within the framework of the Cohesion Fund. The measures are mutually complementary since within the framework of ERDF, assistance is provided in the sphere of housing and the beneficiaries are end consumers, but the measure of the Cohesion Fund, in turn, is oriented towards the service provider and the choice of energy resources on the side of service provider.

Compliance with Horizontal Priorities

Balanced Territorial Development

1090. Assistance within the measure will be made in all territories of municipalities. The largest part of the financing, especially for the activity “Improvement of Heat Insulation of Social Residential Buildings” will be concentrated outside Riga and Riga district.

Macroeconomic Stability

1091. The measure is not directly related to the horizontal priority “Macroeconomic Stability”.

Sustainable Development

1092. As a result of the implementation of measures, activities to increase the heat insulation and energy efficiency of buildings in the housing stock will be carried out in the territories of municipalities, and the social housing stock will be restored and qualitatively improved.
1093. Implementation of the measure's activities includes savings and more effective use of energy resources that, in its turn, reduce CO₂ emissions, thus ensuring a reasonable use of natural resources, as well as the improvement of quality of the environment.

Equal Opportunities

1094. The Measure, in general, will facilitate achievement of the goals of the horizontal priority "Equal Opportunities". The measure envisages improvement of living environment and accessibility for all groups of society, especially, ensuring environmental accessibility to persons with functional disorders.

Information Society

1095. The measure is not directly related to the horizontal priority "Information Society".

International Competitiveness of Riga

1096. The measure is indirectly linked with the horizontal priority "International Competitiveness of Riga" as support in activity 3.4.4.1. is also directed towards energy efficiency in multi-apartment residential buildings in Riga municipality.

Indicative Activities

1097. Indicative activity 3.4.4.1. Improvement of heat insulation of multi-apartment residential buildings.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1098. Indicative objective: Implementation of measures to increase the energy efficiency of multi-apartment residential buildings in order to ensure an effective use of energy resources. The activity provides financing to promote energy efficiency, for example, finance insulation and restoration of heating systems, heat insulation of building constructions in accordance with energy audit recommendations, renovation of the main parts of the building – a roof, facade, windows, doors, staircases, corridors, cellars, entrances, elevators, and renewal of building technical installations (water supply and sewage systems, electricity and fireproof installations, ventilation and waste collection systems).

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1099. The list of indicative target groups: Apartment owners of multi-apartment residential buildings.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

1100. The list of indicative final beneficiaries: Loan fund for energy efficiency of multi-apartment residential buildings.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

1101. Indicative activity 3.4.4.2. Improvement of heat insulation of social residential buildings.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1102. Indicative objective: Improvement of energy efficiency of social residential buildings thus providing the socially unprotected groups with adequate housing. The activity provides financing for heat insulation of the main parts of buildings, for example, a roof, facade, windows, doors and cellars, in accordance with energy audit recommendations, restoration of staircases, corridors and entrances, as well as reconstruction of the building by not changing its functions. Also technical installations of the building can be included in the restoration, for example, water supply, sewage systems, electricity and fire safety installations, ventilation and waste systems.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
1103. The list of indicative target groups: Tenants of social residential buildings.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))*
1104. The list of indicative final beneficiaries: Municipalities.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))*

Priority 3.5 “Promotion of Environmental Infrastructure and Environmentally Friendly Energy”

1105. The Priority is co-financed by the CF and aimed at creating environment-friendly preconditions for development, thus improving environmental and nature protection infrastructure, raising energy efficiency and the use of renewable energy resources in services of central heating.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Justification of the Priority

1106. Analysis of the current situation allows for identification of the following strengths and weaknesses, as well as threats and opportunities that substantiate investments within the framework of this Priority.

Table 35: SWOT analysis of the Priority 3.5. “Promotion of Environmental Infrastructure and Environmentally Friendly Energy”

Strengths	Weaknesses
<ul style="list-style-type: none"> - Quality natural resources, including underground water resources - Good quality, environmentally clean and uncluttered environment - A comparatively high proportion of renewable energy resources in use 	<ul style="list-style-type: none"> - Low accessibility to, and quality of, centralised water distribution services - Insufficient waste collection, sorting and recycling effort - Insufficient infrastructure for municipal and hazardous waste management - Low indicators of energy efficiency in central heating systems - Inefficient and environment-unfriendly heat production technologies - Insufficient use of local and alternative energy resources - Inappropriate infrastructure for reduction of tourism pressure in Natura 2000 territories
Opportunities	Threats
<ul style="list-style-type: none"> - Clean environment and quality of public utilities make areas of the country more attractive to live in and perform entrepreneurship activities - Economic benefits from implementing energy efficiency and cogeneration measures - Use of public-private partnership resources to encourage development of infrastructure - Understanding of the need for waste management, including sorted waste collection increasing within society - Potential of renewable and local energy resources, as well as solutions 	<ul style="list-style-type: none"> - Increased pressure on the environment due to extensive development of the capital city - Economic viability of companies providing central heating - Differences and fluctuations in prices of energy resources

for diversification of energy supply

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1107. In order to make the country and individual parts of its territories more attractive to live in and perform entrepreneurship activities, to use natural resources more efficiently in order to provide public utilities, to establish more sustainable and rational water management, waste management and heat supply system, investments should be encouraged in infrastructures of environment, production of energy and supply.

Objective of the Priority

1108. The objective of the priority is to make the country and individual parts of its territories more attractive, by improving the environment, infrastructure and services in the fields of environment and heat supply, which are vital for raising the quality of life and entrepreneurship environment in corresponding areas, as well as for providing economic sustainability of service providers.

Measures

1109. Two measures in the fields of environment and energy are to be implemented within the framework of the priority. The measure “Infrastructure of Environmental Protection” will support development of large-scale environmental infrastructure, including waste water collection/treatment, improvement of water distribution services and management of household and hazardous waste, as well as development of infrastructure for protection of Natura 2000 territories and development of environmental monitoring and control system. Assistance for raising efficiency in all stages of heat supply system – in production, transmission and distribution – and for the conversion of fuel in order to use renewable or other local primary energy resources, as well as for development of cogeneration power stations using renewable resources will be provided within the framework of the measure “Energy”.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Synergy

1110. The priority provides additional assistance apart from activities co-financed by the ERDF in the fields of environment, nature protection and energy efficiency. The priority also pertains to the assistance provided by the EAFRD in field of energy and the Institutions of Norwegian Financial Mechanisms for improving system of waste management.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Indicators

1111. Outcome indicators:
- Number of additional inhabitants benefiting from water (drinking water and wastewater) services development projects – 1.67 million (target in 2009 – 1.43 million).
 - Number of additional inhabitants benefiting from supported waste management projects – 2.19 million (target in 2009 – 1.3 million).
 - Capacity of wind power stations and cogeneration plants using renewable energy sources – 77 MWel (base value in 2004 – 27 MWel, target in 2009 – 31 MWel).
1112. Result indicators:

- Share of inhabitants of Latvia provided with drinking water management services according to the legal requirements – 68% (base value in 2004 – 44%, target in 2009 – 59%)¹²⁴.
- Share of inhabitants of Latvia provided with wastewater management services according to the legal requirements – 64% (base value in 2004 – 9%, target in 2009 – 56%)¹²⁵.
- Provision of separated waste collection infrastructure – 1 separated waste collection point for 500 inhabitants (base value in 2004 – 1 collection point for 2 000 inhabitants; target in 2009 – 1 collection point for 800 inhabitants)¹²⁶.
- Share of electricity produced by using renewable energy sources in all energy produced in Latvia – 2.5% (base value in 2004 – 0.8%, target in 2009 – 1%).

¹²⁴ In 2004 the compliant drinking water services in agglomerations with p.e. above 2000 were ensured for 44% of total population of Latvia, by implementation of investment projects in 88 agglomerations, the serviced population will increase till 2009 by 15% and will reach 66% in 2013.

¹²⁵ In 2004 the compliant wastewater services in agglomerations with p.e. above 2000 were ensured for 9% of total population of Latvia, by implementation of investment projects in 88 agglomerations, the serviced population will increase till 2009 by 47% and will reach 62% in 2013.

¹²⁶ According to the calculations of waste amounts and flows the necessary level of separated waste collection infrastructure in average is 1 collection point for 400 inhabitants. In 2004 18% of desired level was reached (1 collection point for approx. 2000 inhabitants), by implementing the activity it is estimated that 58% will be reached in 2009 (1 collection point for approx. 800 inhabitants) and consequently 80% in 2013 (1 collection point for approx. 500 inhabitants).

Measure 3.5.1 “Infrastructure of Environmental Protection”

Introduction

1113. A precondition for the creation of favourable living environment, development of entrepreneurship, reduction of environmental pollution and rational use of natural and energy resources is to ensure infrastructure of a high-quality base, including infrastructure of water and waste (household, hazardous) management throughout the entire territory of Latvia. Policy and basic objectives of the EU related to water and waste management are defined in the Sixth Environment Action Programme, laid down by the Decision No. 1600/2002/EC of the European Parliament and the Commission. Development of water management (water supply, waste water treatment and collection) infrastructure and establishment of waste management system according to the requirements of environmental protection are actions which are mentioned in the Guidelines for Sustainable Development of Latvia and are intended to reach policy objectives in water protection and waste management.

Objective of the Measure

1114. The objective of the measure is to provide water and waste management services meeting legislative requirements of the EU and Latvia, to reduce environmental pollution, to save biological diversity, as well as to use natural and energy resources rationally, informing society on changes and risks of environmental quality.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Description and Justification of the Measure

1115. The majority of populated areas in Latvia are not provided with quality services of water management (water supply, waste water collection and treatment) and waste management, which meet the requirements of the environmental protection.
1116. Due to the bad technical condition of water supply networks consumers do not always receive water of the same quality as it has been after preparation. According to the monitoring data of the Public Health Agency until 2005, the quality of drinking water supplied to consumers did not comply with the standards in terms of chemical indicators, on average, in 72.6% of cases, and in terms of biological indicators – in 3.4% of cases. Approximately 46 % of residents of Latvia were provided with high-quality drinking water in 2004. Centralised water supply services are available to 80% of residents living in cities where the number of inhabitants is from 10 000 to 100 000 and to 66% of residents living in towns where the number of inhabitants is less than 10 000. These services are available to 92% of residents of Riga and to 80% of residents of Daugavpils. Water supply networks also have large losses of drinking water. Due to leaks, approximately one third of the water obtained is lost in water supply networks. The amount of leaks in water supply networks of EU countries is different, for example, it is approximately 15% in Italy, 30% in France and 33% in the Czech Republic. By 2009, 75% of the residents of Latvia, living in cities where the number of residents is greater than 2000 will be provided with drinking water prepared in accordance with legislative requirements using available financial resources of the EU. Despite the fact that the proportion of the waste water treated to waste water collected has increased, collection and treatment of waste water fully corresponding to the requirements has still not been provided in the cities and populated areas. Availability of centralised sewage services in cities differs. Centralised sewage services in the cities where the number of residents is from 10 000 to 100 000 are available on average to 74% of residents, but in the cities where the number of residents is less than 10 000 – to 60% of residents. These services are available to approximately 80% of residents of Riga and Daugavpils. By 2009 full compliance with the

Directive 91/271/EEC concerning waste water treatment will be provided to 70% of residents of the Latvian cities where the number of residents is larger than 2000.

1117. Although the system of waste management has been improved and the understanding of the need for waste reduction is increasing within society, the amount of waste produced keeps growing year after year, thus creating the need to pay more attention to the establishment of an infrastructure supporting waste landfills, including infrastructure for sorted waste collection so that recyclable waste does not get into landfills. In 2004 1.137 million t of household waste was produced. The amount of waste produced in Latvia is approximately 360 kg per capita per year, which is a small amount compared to the average indicator of the EU15 – 540 kg per capita per year, however, the indicator of Latvia has a tendency to increase. The collection amount of 50 –60%, excluding Riga, is rather low when compared to the EU15, where it is 90-100%. Making use of available financial resources of the EU during the period of financial planning from 2000 to 2006 and implementing new systems of regional waste management, preconditions will be ensured for storage of household waste produced by approximately 94% of residents of Latvia in landfills compliant with the requirements of environmental protection, and approximately 86% of State residents will be involved in the system of waste management. While creating landfills for waste storage, special attention should be paid to sorted waste collection. In order to enforce requirements set in legal acts of EU and Republic of Latvia in accordance with State Waste Management plan, 2006-2012 into regional waste management projects is included also development of separate waste collection system which contains creation of infrastructure needed for collection of WEEE, batteries, accumulators. Target of separate waste collection is reduction of waste amount to be disposed and facilitation of waste processing - saving of nature resources. Significant environmental pollution is created by dumpsites non-compliant with the requirements of environmental protection which should be recovered. Despite the EU support for dumpsite remediation during the period of financial planning from 2000 to 2006, funding is still required for remediation of approximately 20% of dumpsites identified in 1997. According to the State Waste Management plan the non-compliant dumpsites must be remediated by 2012.
1118. In addition to establishing landfills for the storage of hazardous waste and facilities for waste incineration to ensure a sustainable system of hazardous waste (including medical waste) management, support infrastructure of hazardous waste management should be set and objects of the existing infrastructure are to be updated in compliance with new legislative requirements. Moreover, laws and regulations of the EU (Directive 75/442/EC) provide for the member States ensure integrated networks of waste storage facilities, taking into consideration the best technologies available, and they should be able to provide the infrastructure necessary for waste management and promote waste storage as close to their places of production as possible. A lack of an adequate system of hazardous waste management prevents companies from implementing environmental management in compliance with the requirements of the ISO standards.
1119. Uneven development of the basic infrastructure, limited availability of social services and spread of environmental pollution make populated places unattractive to live in and to perform entrepreneurship. The said faults also prevent drafting high-quality development plans, as there is a lack of information about the existing pollution in many territories, therefore it is difficult to plan an adequate development. In order to provide high-quality services compliant with the requirements of environmental protection, investments are required in infrastructures of waste water collection/treatment, water supply, household and hazardous waste management.
- 1119.¹ At the moment there are 638 specially protected nature areas in Latvia (excluding specially protected trees), including 346 nature monuments which cover 783 thousand ha or 12.1% of the terrestrial territory of Latvia, excluding the North Vidzeme Biosphere Reserve. In addition to specially protected nature areas for the protection of animal and plant species and habitats,

microreserves are being established. In comparison with the countries of Western Europe, Latvia has wide, comparatively virgin sites of particularly significant habitat areas of the EU such as raised bogs, grey dunes, dune forests etc; bird species, which are rare in Europe – the little eagle, corncrake, the black stork. A continuous increase in number of tourists, especially after Latvia's accession to the EU, could considerably influence preservation of the protection status favourable to these species and habitats in the future.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1119.² Diverting the flow of tourists from sensitive areas to sites of specially protected nature territories (SPNT) with larger environmental capacity also requires trails and footbridges, view towers and established view sites, notes and information signs, information centres, as well as parking areas established in a simple way, and other types of infrastructure, which could lessen the negative impact of tourists on SPNT, including not creating new environmental problems, for instance, in the field of waste.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1119.³ The monitoring systems, developed by the Republic of Latvia, provide basic information about the environmental situation in the country and their equipment ensures air monitoring of the cities and towns and have partial control over airborne pollution across borders. Water monitoring ensures partial control over implementation of legislation requirements concerning water management. The monitoring of groundwater is almost confined to research of drinking water and does not provide information about the impact of commercial activity on groundwater. The monitoring of agricultural run-off is carried out in a very limited way. Sea monitoring is carried out only in the coastal zone due to a shortage of appropriate swimming equipment.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1119.⁴ In order to carry out monitoring in compliance with the requirements of the Air and Water Framework Directive and the Sea Strategy, Latvia not only has to purchase the equipment required, but also acquire software, become acquainted with laboratory methods and organise training of experts.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1119.⁵ In order to promote sustainable development and improvement of the environmental quality, society, management bodies of Latvia, foreign and international institutions should be provided with accurate, timely and target-oriented information about the environmental quality and natural resources, as well as measures of environmental protection, their usefulness and efficiency, for example, information about the measures ensuring protection of groundwater and surface waters. In accordance with the requirements of the Water Framework Directive for management planning of river basins, by creating appropriate institutional structures, data, i.e., corresponding monitoring and control system, will be necessary. The network of observation stations should be improved in order to define amount of arsenic, cadmium, mercury, nickel, polycyclic hydrocarbon, as well as solid particles (PM10, PM2.5) in the air. Development of the air quality status should be controlled so that it does not endanger people, especially such vulnerable groups of society as children, asthmatics and allergic persons. For instance, average daily concentration of the solid particles PM10 in the centre of Riga more than four times exceeds target values permissible for the health protection.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1119.⁶ In implementing the Sea Protection Strategy of Europe. Latvia will have to provide adequate sea monitoring not only in coastal and transitional waters but also in the entire economic zone, therefore swimming equipment appropriate for the sea capability will be necessary. Besides, the constantly increasing transportation of oil and dangerous substances in the Baltic

Sea requires the establishment of an air control system of ships transporting these substances, including control of illegal leaks and accidents carried out from satellites and aircrafts, as is required under the laws and regulations of the European Community pertaining to prevention and control of the sea contamination and punishment of culprits. It is especially essential to establish control of permanent organic pollutants, as they may enter food chains and have a direct influence on fish resources and the quality of food, later leaving impact on position of biological diversity and people's health, especially children and pregnant women.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

List of Indicative Target Groups of the Measure

1120. The list of indicative target groups of the measure are municipal areas where activities are being implemented, residents living in the areas, companies and institutions situated in the areas, as well as all the residents of Latvia in general.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

1121. Development of social services, including water and waste management services has been put forward in the National Development Plan for 2007 – 2013 as directions of action in order to improve quality of the living environment, increase efficiency of economic activity and promote effective and sustainable use of natural resources.

1122. The Chapter "Infrastructure and Services" of the National Strategic Reference Framework provides a situation analysis of the infrastructure and services of water management, as well as of waste management itself, and it is pointed out in the section "Environment" of the Chapter "Infrastructure and Services" that the most important directions in establishing investment policy in environmental protection are to improve the quality of the living environment and life of residents, arrange the infrastructure of water management in compliance with the requirements of laws and regulations, introduce sustainable system of municipal waste and hazardous waste management. Also in NSRF is indicated that the prior directions for development of investment policy are preserving of biological diversity and specially protected nature territories, as well as development of environmental monitoring and control system.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1123. Requirements of the following EU Directives are to be met in water and waste management, also biological diversity and environmental monitoring in Latvia:

- 1) Directive 1999/31/EC on the landfill of waste (in accordance with the objectives set in the National Waste Management Plan for 2006 –2012 10 to 12 waste management systems corresponding to the requirements of regional environmental protection should be established by 2009 and dumpsites non-compliant with the requirements of environmental protection should be remediated by 2012),
- 2) Council Directive 91/689/EEC of 12 December 1991 on hazardous waste; Council Directive 94/31/EC of 27 June 1994 amending Directive 91/689/EEC on hazardous waste,
- 3) European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste; Directive 2004/12/EC of the European Parliament and of the Council of 11 February 2004 amending Directive 94/62/EC on packaging and packaging waste,
- 4) Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on waste electrical and electronic equipment (WEEE),
- 5) Directive 2000/53/EC of the European Parliament and of the Council of 18 September 2000 on end-of life vehicles,

- 6) Directive 91/271/EEC on urban waste water treatment and the Directive 98/83/EC on the quality of water intended for human consumption. Their requirements should be fulfilled by 2015 (in accordance with the agreement on Latvia's accession to the EU requirements should be met by 2008 in the cities where the number of residents is larger than 100 000 and by 2011 in the cities where the number of residents is from 10 000 to 100 000),
- 7) Directive 2000/60/EC (Water Framework Directive), establishing a framework for European Community action in the field of water policy. Its requirement should be fulfilled by 2015. The Directive provides that protection measures, efficiency and usefulness of the water be controlled within the borders of river basins rather than within administrative borders. The territory of Latvia has been divided into the areas of the River Daugava basin, River Gauja basin, River Lielupe basin and River Venta basin. Moreover, requirements of the Water Framework Directive also concern coastal and transitional waters in the Baltic Sea and the Gulf of Riga and groundwater objects,
- 8) Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora,
- 9) Directive 79/409/EEC on the conservation of wild birds,
- 10) Directive 96/62/EC on ambient air quality assessment and management.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1124. Dealing with issues concerning water and waste management, saving biological diversity and ensuring environmental monitoring is also identified as a Priority in the following framework documents of environmental policy in Latvia:

- 1) Guidelines for Sustainable Development of Latvia, 2002,
- 2) National Environmental Policy Plan (2004 – 2008),
- 3) Long-term Economic Strategy of Latvia, 2001,
- 4) National Waste Management Plan (2006 – 2012), 2005. The National Waste Management Plan (2006 – 2012) intends to limit generation of waste and reduce the amount of waste deposited, promoting its recycling or reuse. Eleven regional plans for household waste management have been developed in order to introduce regional systems of household waste management,
- 5) National Programme on Biological Diversity, 1999,
- 6) Environmental Monitoring Programmes (approved on January 24, 2006 by the Order No. 29 of the Minister of Environment).

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1125. Framework laws and regulations of the Republic of Latvia:

- 1) Waste Management Law, 2002,
- 2) Water Management Law, 2002,
- 3) Packaging Law, 2002,
- 4) Law "On End-of-life Vehicle" 2004,
- 5) Cabinet Regulation No. 34 "On Emissions of Pollutants into the Aquatic Environment", 2002,
- 6) Cabinet Regulation No. 235 "Mandatory Harmlessness and Quality Requirements for Drinking Water, and the Procedures for Monitoring and Control thereof", 2003.

Previous Assistance

1126. Since 2004, 168.01 million LVL (239.05 million EUR) has been invested in total (allocated for implementation of projects), including 116.11 million LVL (165.21 million EUR) from the Cohesion Fund, 19.92 million LVL (28.34 million EUR) from the State budget, and 31.98 million LVL (45.50 million EUR) from the municipal budget and resources of water management companies, in order to develop water management in agglomerations with more

than 2000 residents. Making use of this funding, projects on development of water management will be implemented in 6 cities (42% of residents of Latvia), and documentation required for the implementation of investment projects in 29 cities has been prepared. Further investments should be made in order to ensure the requirements, laid down in the Agreement on Latvia's accession to the EU pertaining to the fields of public services - drinking water quality and waste water treatment, are implemented.

1127. Since 2004, a total of 44.23 million LVL (62.93 million EUR) has been invested in waste management system (allocated for implementation of projects), including 31.43 million LVL (44.72 million EUR) from the Cohesion Fund and ERDF, 2.54 million LVL (3.61 million EUR) from the State budget, and 10.26 million LVL (14,60 million EUR) from the municipal budget and resources of waste management companies. Making use of this funding, it is planned to build three regional landfills for municipal waste storage and support infrastructure, and one landfill for hazardous waste storage, as well as to remediate 190 dumpsites non-compliant with legislative requirements. It is necessary to continue making investments to ensure compliance with legislative requirements of the EU and Latvia related to the reduction of the amount of biologically decomposed waste deposited, an increase in the amount of recyclable packaging and requirements for waste collection.

1127.¹ Since 2004 3.16 million LVL (4.50 million EUR) has been invested in total (allocated for project implementation), including 2,37 million LVL (3.38 million EUR) from ERDF and 0.79 million LVL (1.12 million EUR) from the State budget and municipalities to develop infrastructure in the Natura 2000 areas. Using these funds, infrastructure development projects are being carried out in 6 Natura 2000 areas. Investments should further be made in order to ensure specially protected species and habitats are protected, including reduction of anthropogenic pressure on Natura 2000 areas, and to raise society's awareness and educational level regarding nature protection.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1127.² Since 2004 1.08 million LVL (1.53 million EUR) has been allocated, including 0.86 million LVL (1.23 million EUR) from the EU Phare Programme and 0.21 million LVL (0.30 million EUR) from the State budget to develop a system of environmental monitoring and control. Funding will be invested in the project to purchase equipment for the preparation of samples for monitoring air quality, surface water quality and waste water, to modernise laboratory equipment, as well as to develop an information system.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1127.³ Considerable additional funding is necessary for improving a monitoring network, so that it is possible to carry out monitoring in accordance with the requirements laid down in the Water Framework Directive (60/2000/EC) and corresponding legislation of the Republic of Latvia (for instance, it is expected to carry out quality monitoring of internal surface waters in 489 posts instead of current 99 places), significant funding should be also invested in building new stations of groundwater and hydrology monitoring and repairing the existing ones. Investments are also necessary to improve system of air monitoring – several new pieces of equipment for taking new samples and their analysis should be installed, as well as to modernise a number of monitoring stations.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Synergy

1128. Measures for developing infrastructure of water management in agglomerations with more than 2000 residents will be an addition to the measures, which are expected to be supported by the European Regional Development Fund in populated areas where the number of residents is less than 2000. The planned actions aimed at promoting sorted waste collection (posts for sorted waste, compost places, sorting places, loading stations etc.) within the

activity “Development of Regional Systems of Waste Management” will be complemented by the measures “Modernisation of rural enterprises” and “Added value to agricultural and forestry products” to be co-financed by European Agricultural Fund for Rural Development (EAFRD) which envisages support for construction of industrial buildings and supply of techniques, incl. facilities for processing and pretreatment of packaging and industrial waste and preliminary treatment. It is planned that the Norwegian financing instrument will support creation WEEE management system. The activity “Developing infrastructure in the areas of Natura 2000” aimed at conservation of biological diversity is supplemented by activities, which are supported within the framework of the EAFRD Axis 2 “Improvement of Environmental and Rural Landscape” – support for the application of environment friendly production methods, payments of Natura 2000 that compensate costs and unearned income pertaining to implementation of the Bird, Habitats and Water Framework Directive. The European Fisheries Fund supplements the activity “Developing infrastructure in the areas of Natura 2000” aimed at conserving biological diversity, by supporting measures for protection and development of water flora and fauna – restoring internal water routes, spawning locations and migration routes for migrating species, protecting and improving environment in the field of fishery within the framework of Natura 2000; as well as supporting measures for sustainable development of fishery zones – preserving environmental and architectural heritage in coastal villages.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Compliance with Horizontal Priorities

1129. Accessibility to, and quality of, environmental infrastructure will influence successful development of entrepreneurship, as well as the development of particular areas and the country in general.

Balanced Territorial Development

1130. Balanced territorial development will be promoted by provision of basic environmental infrastructure, which is a precondition for improvement of the quality of life and the development of entrepreneurship. Water services development and waste management projects will be implemented in a whole territory of Latvia, taking into account the particularities of each activity, i.e. financing will be provided for all agglomerations with p.e. above 2000 (selection criteria) for improvement of water services according to the legal requirements, the support for waste management projects will be provided in accordance with regional waste management plans (selection criteria). The assistance rate for remediation of non-compliant dumpsites differs between Riga and the rest of Latvia.

Macroeconomic Stability

1131. Macroeconomic stability is promoted ensuring water and waste management services of high quality, where it is planned to improve operational efficiency of the corresponding management organisations and to establish a stable policy of tariffs (the specific criterion) for a long period by implementing investment projects. However, raising tariffs for services to their actual costs to provide residents with services of good quality, could increase stratification of people, as incomes are very different depending on the social group and region.

Equal Opportunities

1132. In the measure investments can be made in the territory of all Latvia. Additional working places will be created in rural areas by promoting the usage of biomass in energy production. Also the income from taxes will increase in the budgets of respective municipalities.

Sustainable Development

1133. Improvement and development of infrastructure of water and waste management and setting infrastructure in the areas of Nature 2000 directly promote sustainable development, as they are aimed at rational use of natural and energy resources and the reduction of environmental pollution, ensuring the living environment of a high quality and eliminating threats to people's health (all activities are specific in respect of sustainable development).

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Information Society

1134. By implementing projects aimed at arranging water and waste management, residents will be provided with the access to information about the possibility of sorted waste collection in order to reduce the amount of biologically decomposed and recyclable waste that is being deposited in waste landfills built in accordance with the requirements of environmental protection, as well as access to information about the supply of high-quality drinking water and waste water treatment.

International Competitiveness of Riga

1135. Stage IV of the development project for waste management aimed at broadening networks of water distribution and sewage and reconstruction tasks, as well as improvement of waste water treatment plants will be implemented in Riga, where economic activity is more intensive and the concentration of residents is high. Carrying out measures that ensure the improvement of environmental infrastructure, a reduce loss of resources, promote effective use of resources and provide a living environment of high quality, residents of the city, visitors, companies and organisations located in its area will benefit, and competitiveness of the city will be promoted within the Baltic Sea Region and Europe.

Indicative Activities

1136. Indicative activity 3.5.1.1. Development of water management infrastructure in agglomerations with more than 2000 residents.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1137. Indicative objective: To improve the quality of water distribution and waste water collection and treatment and make these services more accessible, ensuring a living environment of high quality, reducing environmental pollution and eutrophication of water reservoirs and promoting the rational use of water and energy.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1138. The list of indicative target groups: Residents living and institutions located in the territory of the municipality.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

1139. The list of indicative final beneficiaries: Water management public service providers – municipalities, institutions of local governments and agencies, as well as enterprises, which have signed an agreement with municipality on provision of water management service.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

1140. Indicative activity 3.5.1.2. Development of regional systems for waste management.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1141. Indicative objective: To create a system for sustainable waste management, including hazardous waste, ensuring storage and recycling of waste in a way safe to human health and the environment and reducing the negative impact on the environment, created by waste and dumpsites non-compliant with the requirements of environmental protection; to provide 100% of residents of cities and 80% of residents living in rural areas with the services of household waste management, as well as to support development of an infrastructure for sorted waste collection, thus promoting recycling of materials.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1142. The list of indicative target groups: Residents, companies and institutions of the waste management region.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1143. The list of indicative final beneficiaries: Municipalities, state institutions, medical treatment institutions, companies.
(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
- 1143.¹ Indicative activity 3.5.1.3. Developing infrastructure in the areas of Natura 2000.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 1143.² Indicative objective: To preserve environmental quality of Latvian nature in compliance with the requirements of the EU Directives, international obligations of the country and local needs, to withdraw existing and future threats to the values of nature, at the same time providing maximum effective usage of resources for preserving and renewing values of nature.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 1143.³ The list of indicative target groups: Administrations of the protected nature areas, visitors.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 1143.⁴ The list of indicative final beneficiaries: The Nature Protection Board, administrations of specially protected areas, local governments, associations of local governments (cooperation associations), state institutions, commercial companies.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 1143.⁵ Indicative activity 3.5.1.4. Development of a system of environmental monitoring and control.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 1143.⁶ Indicative objective: To provide the responsible institutions and society with accurate, timely and target-oriented information about environmental quality and natural resources, as well as about the usefulness and efficiency of environmental protection measures carried out.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 1143.⁷ The list of indicative target groups: Institutions of environmental monitoring and control.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
- 1143.⁸ The list of indicative final beneficiaries: Latvian Environment, Geology, and Meteorology Agency and State Environmental Service.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

State Aid

1144. State aid is planned for the measure. Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

Major Projects¹²⁷

Development of water management services in Jūrmala

1145. In 2004, the implementation of construction operations of the first stage of the water management development project was undertaken in the city of Jūrmala. In order to provide full compliance with environmental requirements in the water management sector, the second stage of the Project will be implemented. It is expected that water supply and sewage networks will be extended under the Project to provide accessibility to services to a maximum number of city residents, as well as the existing networks will be reconstructed. Water storage reservoirs and drinking water preparation stations will be arranged and modernised.

Development of water management services in Riga

1146. The first stage of the Project is already implemented within the framework of development of water management in Riga when facilities for preparation of drinking water and waste water treatment plants were built. In 2003 the second stage of the Project was undertaken, within the framework of which the extraction of underground water that corresponds to the requirements of drinking water quality is increased, as well as water supply and sewage networks expanded and treatment and storage of sewage sludge arranged. In 2005 funding for the third stage of the Project was approved envisaging major expansion and construction works of water supply and sewage pipeline networks. In order to provide full compliance with the environmental requirements in the water management sector, from 2007, the fourth stage of the Project will be implemented envisaging expansion and construction works of the water supply and sewage networks, inter alia, the necessary improvements of waste water treatment plants in Bolderāja, Katlakalns and Mārupe districts, as well as reconstruction and building of other elements of the water management system.

Development of water management services in Jelgava, stage II

1147. New waste water treatment plants are built, reconstruction and expansion of water-main and sewage networks have been carried out, waste water pump stations have been reconstructed within the framework of the first stage of water management project. The reconstruction of water intake site of Tetele water supply intake, construction of a new drinking water preparation station and building of the second stage pumping station, as well as construction of a new artery water main and reconstruction and expansion of the existing water-main and sewage networks are planned within the framework of the second stage of the Project.

Development of water management services in Ventspils, stage III

1148. The first stage of the Project has been implemented within the framework of development of water management in Ventspils, when waste water treatment plants and facilities for preparation of drinking water were built. At the end of 2004 funding was approved for the second stage of the Project, within the framework of which the connection rate to the centralised drinking water supply and centralised collection system will be increased, as well as the existing pipelines reconstructed. In order to ensure full compliance with the environmental requirements in the water management sector, the preparation of the third stage of the Project is planned to be undertaken in 2007 to provide water supply and sewage services to at least 95% of city residents. Mainly expansion and reconstruction works of the

¹²⁷ The list of major projects is indicative. Inclusion of projects in the list does not guarantee the approval of Project.

water supply and sewage networks are envisaged to be included in the Project, as well as other activities that will be defined in the process of Project preparation.

Measure 3.5.2 “Energy”

Introduction

1149. The sufficiency of energy to sustain economic development of the nation and quality of life of its citizens is an issue of national security. The development of the energy sector is required to ensure balanced, high-quality, reliable and sustainable supply of energy to the economy and general population. Investments in energy infrastructure would substantially improve the accessibility of energy to consumers, coverage, quality, cost-efficiency and sustainability of services, it would lower the impact of the energy sector on the environment and changes of climate, reduce the energy dependence of Latvia on supplies of primary energy resources from outside the EU. Another issue of energy production is its safety. In order to avoid substantial damage to property and environment, as well as significant risks to human life that might occur in case of dam break, the safety of Pļaviņas hydroelectric power plant on river Daugava has to be improved. The improvement and development of energy sector is defined in the Community Strategic Guidelines, the National Lisbon Programme of Latvia and the National Development Plan.

Objective of the Measure

1150. The measure is directed to the implementation of objectives defined in the policies of the European Union and Latvia concerning the use of energy efficiency, renewable energy resources and improvement of security and safety of energy supply.

Description and Justification of the Measure

1151. The main problems in the energy sector are the following – high dependence on imported fuel (natural gas), decentralisation of heat supply, poor technical condition of heat supply systems, low energy efficiency for heat consumers. The prolonged capital return cycle characteristic of the heat production industry and the large amount of investments required are the underlying causes for the poor condition of systems and low energy efficiency of heat supply enterprises. Along with the need to introduce the requirements and objectives of EU environmental legislation, it is important to ensure that investments in the energy sector not only increase the attractiveness of specific areas of the country to investors and visitors, but also guarantee quality of life for local communities.
1152. In 2004 self-provision of primary resources accounted for 36% and in the future it can diminish. This indicator was 48.2% in European Union (EU15) in 2003. By transferring Riga TEC-1 and TEC-2 to one type of fuel – natural gas, the diversification of supply of imported resources is limited and the financial dependence on one source of supply is increased. More extensive use of natural gas can lead to serious financial consequences. In order to reduce those risks both for enterprises and State in general, a primary resource structure is needed minimising risks of changes in prices. The use of natural gas continues to also increase in centralised heat supply systems. Although Latvia has a substantial potential of renewable and local resources, it cannot fully replace the import of energy in the process of a growing economy.
1153. The main obstacle to using renewable resources is the fact that in most cases the price of energy produced is higher than the price of energy extracted from the fossil fuels. Also energy conversion technologies are capital intensive and enterprises do not always have access to financial resources to purchase them. But at the same time a major export of renewable energy resources (wood) takes place. Volumes of use of primary energy resources in the energy conversion sector (production of electricity and thermal energy) and their comparison to the export of fuel wood are shown in the Figure .



Figure 21: Use of Primary Energy Resources in Conversion Sector and Export of Fuel Wood, PJ¹²⁸

1154. The average efficiency of the energy¹²⁹ production of centralised heat supply systems in Latvia accounts for 68.2%¹³⁰. Taking into account that efficiency in the modern heating sources of natural gas and liquid fuel exceeds 90%, but in solid fuel – 80%, one may conclude that there is a potential for the increase of efficiency.
1155. According to statistics, the average loss in the heat supply systems equals 18%¹³¹, but in some heat supply systems it is 20 – 30%. At the moment only 19%¹³² of the approximately 1700km long centralised heat supply systems in Latvia have been replaced.
1156. The said indicators characterising the efficiency of heat supply can be assessed as unacceptably low and shows great energy efficiency potential in heat supply compared to the best examples of practice in European countries (EU15) 10 – 14%¹³³.
1157. The low energy efficiency of energy use in Latvia in comparison with the developed countries is characterised by two energy efficiency indicators: energy intensity indicator and specific electricity consumption per one unit of the GDP.

¹²⁸ - prepared according to data of the Central Statistical Bureau.

¹²⁹ - Thermal energy and produced electricity in co-generation stations.

¹³⁰ - According to data of the Central Statistical Bureau.

¹³¹ - prepared according to data of the Central Statistical Bureau

¹³² - Data of the Latvian Association for District Heating companies

¹³³ - Data of the European Association for District Heating, District Cooling and Combined Heat and Power „Euro Heat & Power”.

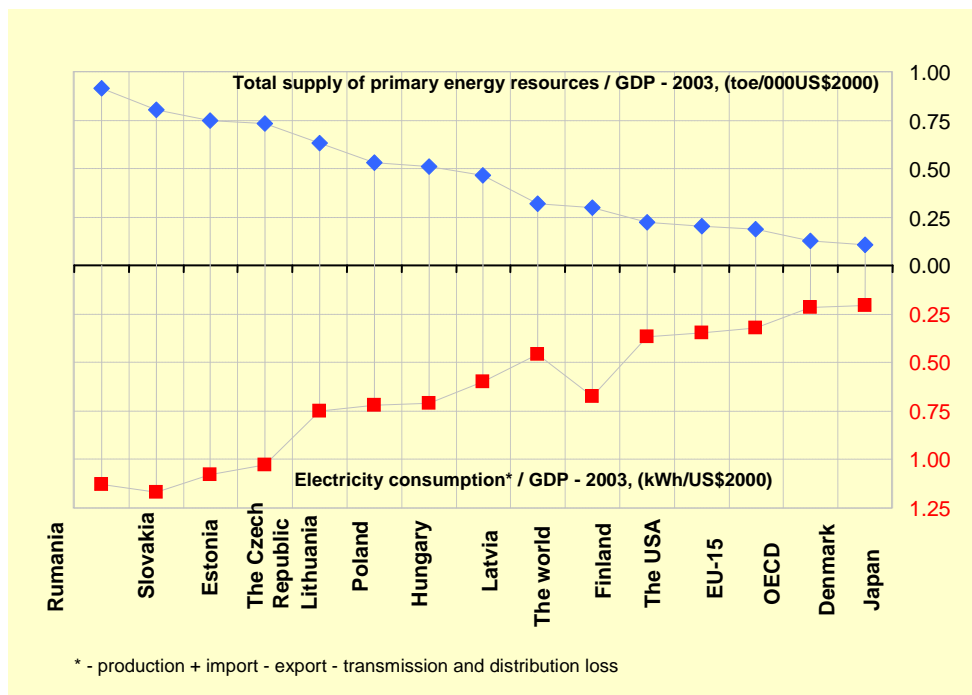


Figure 22: Indicators of Energy Intensity in 2003, toe/1000USD and Specific Electricity Consumption in 2003, kWh/USD¹³⁴

1158. Latvia still has enough potential for the production of energy in the most efficient cycle – cogeneration. This potential is least realised in medium and small cities, where natural gas is not available. It is estimated¹³⁵ that using the existing heat load potential in heating supply and industry, in Latvia it is possible to set up wood cogeneration equipment with electric power up to 52 MW, where it would be possible to produce 200 – 300 thousand MWh of electricity depending on working regime, but analysis of introduction of previous cogeneration technologies leads to conclusions that State assistance instruments (obligatory purchase at fixed electricity purchase price) is insufficient for more extensive use of renewable energy resources (solid biomass) in cogeneration.
1159. In order to support usage of renewable energy resources the potential of wind power stations has to be explored. The prolonged capital return cycle characteristic and relatively high electricity production costs are the reasons to financially support electricity production in wind power plants.
1160. The Plavinas hydroelectric power plant is the largest hydroelectric power plant in Latvia. Taking into account the difference in the upstream and downstream levels, the Plavinas hydroelectric power plant is one of the largest hydroelectric power plants in the world that has been built on weak and floating moraine soils (sandstone-siltstone). Location of the powerhouse structure on the geologically and hydrologically complicated ground has caused a number of problems in the safety of hydrotechnical structures. Therefore safety in the Plavinas hydroelectric power plant has to be increased significantly. The project is not revenue generating and is targeted at reducing the risks of dam-break, and therefore the necessary improvements should be supported also financially.

¹³⁴ - Data of the International Energy Agency.

¹³⁵ - Drawing up the potential list of projects to improve air quality and defining indicative financial amounts for the following planning period to be included in the National Development Plan, Ministry of Environment of the Republic of Latvia, 2005.

List of Indicative Target Groups of the Measure

1161. The list of indicative target groups of the measure are licensed public service providers – centralised heat and electricity supply enterprises regardless of the form of ownership and municipal institutions that provide public services, heat and electricity users.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

1162. The measure fosters implementation of objectives defined in the NSRF strategy's thematic Axis No. 3 "Improvement of Public Services and Infrastructure as a Precondition for Balanced National and Territorial Development":

- to ensure substantial improvements in the coverage, quality, cost efficiency and sustainability of services offered,
- to increase economic attractiveness of particular geographical areas of the country to investors and visitors, as well as to provide adequate quality of life for communities in these areas,
- to ensure that increase in the capacity, quality and safety of infrastructure is commensurate with requirements set by the growing economy.

1163. Problems to be solved by the measure and selected measures comply with the following EU documents:

- EU Commission's Green Paper on Energy Efficiency or Doing More with Less, approved in 2005;
- EU Commission's Biomass Action Plan, approved in 2005;
- EU Commission's Green Paper on a European Strategy for a Sustainable, Competitive and Secure Energy, approved in 2006 (planned to be adopted in the first half of 2006);
- Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market;
- Directive 2004/8/EC of the European Parliament and of the Council of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market amending Directive 92/42/EEC;
- Directive 2002/91/EC of the European Parliament and of the Council of 16 December 2002 on the energy performance of buildings.

1164. Problems to be solved by the Priority and selected Measures comply with the following documents of Latvia:

- Energy Development Guidelines for 2007 – 2016 (approved by the Cabinet of Ministers at 1st August, 2006);
- Guidelines on use of renewable energy resources for 2006 – 2013 (approved by the Cabinet of Ministers at 31st October, 2006);
- Energy Law;
- Electricity Market Law.

1165. The energy direction of the NSRF (NSID) complies with the following strategic directions and sub-directions of the National Development Plan:

- Sustainable and efficient use of natural and energy resources;
- Development of public services (water supply, waste management, heat supply and other);
- Reasonably used and preserved environment.

Previous Assistance

1166. In the planning period of 2004 – 2006, assistance in the sphere of energy was provided from Structural Funds in an open call for proposals “Modernisation of District Heating Networks to Comply with the Environmental Requirements and Increase of Energy Efficiency Both on the Side of Production and Distribution of Heat Supply System and Final Consumer” and within the framework of the National Programme “Improvement of Heat Supply Systems Reducing the Sulphur Content of Fuel”.
1167. Assistance within the framework of an open call for proposals is provided to projects regarding the increase of energy efficiency, comprising conduction of energy audit and implementation of measures envisaged in the project. Measures in heat sources/production, heat transmission and distribution systems are supported, as well as measures to reduce loss of heat and to increase energy efficiency of internal heat supply systems for public sector users. Fuel conversion projects are also assisted to reduce the impact of energy production on the environment and projects regarding production of energy in the process of cogeneration. The granted co-financing of the ERDF for this activity is 8,3 million LVL (11,81 million EUR). A number of energy projects of public sector are funded also from EIB and EBRD.
1168. Within the framework of the National Programme the assistance is provided to municipalities where fuel with a high sulphur content is used in order to change the type of fuel, since coming into force of the Cabinet Regulation No. 125 “Regulation on the Limitation of Sulphur Content in Certain Liquid Fuels” as of 1 May 2004 the use of fuel with high content of sulphur is prohibited. The granted ERDF co-financing in this activity is 3,29 million LVL (4,69 million EUR).
1169. In year 2006 the Government of Latvia allocated funding from the State budget to increase energy efficiency in heat sources/production, heat transmission and distribution systems and internal heat supply systems for public sector users – 7 million LVL (9,96 million LVL). In 2007 the Government of Latvia has planned to allocate funding from the State budget to increase energy efficiency in heat sources/production, heat transmission and distribution systems and internal heat supply systems for public sector users – 5 million LVL (7,11 million EUR).

Synergy

1170. Implementation of the measure is basically related to the implementation of the OP’s “Infrastructure and Services” measure “Environment” since the increase of energy efficiency both for the user and in entrepreneur systems of energy supply reduces the amount of fuel consumed and in direct ratio also the adverse effect on the environment caused by energy production. More extensive renewable resources, in turn, reduces the impact of energy production on changes of the climate. Implementation of the energy measure will also foster the implementation of NSRF strategy’s thematic Axe No. 2 “Strengthening Competitiveness and Progress Towards a Knowledge-based Economy” because the security of energy supply and accessibility to residents and the national economy will increase. Measures that are directed towards the use of energy resources will foster accomplishment of objectives of the OP “Human Resources and Employment”.
1171. In addition, OP energy measures will have a positive impact on agricultural and forestry industries that are closely related to the production and delivery of biomass, because through the increase of the production rate of electricity and heat energy from renewable energy sources, as well as the use of biofuel, a high level of use of renewable resources will be reached.
1172. The measure is complementary to the EAFRD supported measure “Basic services for economy and population” where the financing for energy production from the agricultural and

forestry biomass will be allocated. The non-overlapping of activities supported by the CF and EAFRD will be ensured through the different final beneficiaries, i.e. legal or natural bodies that produce the Annex 1 agricultural products, or the cooperative association (in case of EAFRD) and the different kinds of energy resources – only agricultural and forestry origin biomass (in case of EAFRD).

Compliance with Horizontal Priorities

1173. Efficient and secure energy supply and the availability of energy leaves an impact on a successful development of entrepreneurship, welfare of residents, development of particular areas and the country in general.

Balanced Territorial Development

1174. In the measure investments can be made in the territory of all Latvia. Additional working places will be created in rural areas by promoting the usage of biomass in energy production. Also the income from taxes will increase in the budgets of respective municipalities.

Macroeconomic Stability

1175. Through the implementation of planned investment projects in the energy supply industry, tariffs for energy will also become stable in the respective areas, the performance and stability of both the energy users and energy supply entrepreneurs will increase thus promoting the macroeconomic stability in a long-term.

Equal Opportunities

1176. In relation to the horizontal priority the direct interrelation is not envisaged within the framework of the measure “Equal Opportunities”.

Sustainable Development

1177. Improvement and development of energy supply infrastructure directly promote sustainable development, as it is aimed at the rational use of energy resources and a reduction in environmental pollution and it provides the improvement of quality of life.

Information Society

1178. In relation to the horizontal priority the direct interrelation is not envisaged within the framework of the measure “Information Society”, but the accomplishment of the objective of the measure will promote the improvement of the quality of living environment.

International Competitiveness of Riga

1179. Increase of the level of development of the Riga region and its competitiveness to the level of the Baltic Sea Region is not planned to be specified separately.

Indicative Activities

1180. Indicative activity 3.5.2.1. Measures regarding the increase of efficiency of centralised heat supply systems.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1181. Indicative objective: To increase the efficiency of heat supply production, reduce the loss of heat energy in the transmission and distribution systems and to foster the replacement of imported fossil fuel types with renewable or local fuel.

- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
1182. The list of indicative target groups: Users of heat energy, municipalities, enterprises.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1183. The list of indicative final beneficiaries: Licensed providers of public services – enterprises operating centralized heat supply systems, municipal institutions providing public services for heat supply.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1184. Indicative activity 3.5.2.2. Development of cogeneration power plants utilising renewable energy sources.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1185. Indicative objective: Substantial increase of the production rate of electricity and heat energy from the renewable energy sources, thus reducing the dependence of Latvia on the import of primary energy resources.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1186. The list of indicative target groups: Users of heat energy and electricity, municipalities, enterprises.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1187. The list of indicative final beneficiaries: Licensed providers of public services – enterprises operating centralized heat supply systems.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1188. Indicative activity 3.5.2.3. Development of wind power stations.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1189. Indicative objective: Increase the production rate of electricity from the wind resources, diversify the supply of primary energy resources, and increase self-provision of electricity, thus reducing the dependence of Latvia on the import of primary energy resources.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1190. The list of indicative target groups: Users of electricity, municipalities, enterprises.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1191. The list of indicative final beneficiaries: Licensed public services providers of electric energy production.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1192. Indicative activity 3.5.2.4. Development of dam spillways for Daugava hydroelectric power plant.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1193. Indicative objective: To implement dam safety increase project in HEP on the river Daugava, thus significantly decreasing dam brake risks and possible irretrievable loss that could arise to people, environment and infrastructure, especially in capital city Riga in the case of dam brake.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1194. The list of indicative target groups: People in the territories of risk, municipalities, enterprises.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1195. The list of indicative final beneficiaries: State Ltd Company “Latvenergo”.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

State Aid

1196. State aid is planned for the measure. Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

Major Projects¹³⁶

Development of dam spillways in Pļaviņu HEP

1197. The project includes construction of duplicate spillways in the dam of Pļaviņu HEP, thus reducing risks of collapse of the dam. The following elements of the gated spillway will be constructed an approach channel, the weir structure with four gates, a chute and a stilling basin. The reserve spillway will be a structure located far enough away from the existing powerhouse-spillway structure in order to operate both spillways redundant from each other. Due to the problems at the powerhouse-spillway structure it is important that the reserve spillway will operate even if a failure at the powerhouse-spillway structure would occur.

¹³⁶ ¹³⁶ The list of mJOR projects is indicative. Inclusion of projects in the list does not guarantee the approval of Project.

Priority 3.6 “Polycentric Development”

1198. The European Regional Development Fund co-financed the territorial priority that focuses on promoting the potential of cities/towns as a driving force of regional development and fostering functional links of their surrounding territories according to an integrated approach to urban development thereby promoting polycentric development of the country.

Justification of Priority

1199. An analysis of the current situation identified the following strengths and weaknesses as well as threats and opportunities justifying investments within this priority.

Table 36: SWOT Analysis of Priority 3.6 „Polycentric Development”

Strengths	Weaknesses
<ul style="list-style-type: none"> • Network of evenly spread cities and towns • Evenly located transport infrastructure • Republican cities are located close to primary transport corridors 	<ul style="list-style-type: none"> • Considerable negative social- economic discrepancies between Riga and the rest of Latvia, as well as between planning regions • Remarkable differences in service accessibility • Outflow of human resources from development/ residential centres of local importance to large cities and other countries • Insufficient opportunities for inner mobility of work-force • Outdated and insufficient transport infrastructure • Insufficient administrative and management capacity in cities/towns
Opportunities	Threats
<ul style="list-style-type: none"> • Use the potential of cities/towns to catalyse economic and social development in planning regions counterbalancing the over-concentration of population and economic activity in the capital city and the surrounding territories • Integrated urban development • Urban- rural cooperation 	<ul style="list-style-type: none"> • Increasing Riga’s internal disparities and expansion of deprived areas • Increasing / non-reducing social-economic development gap between Riga and the rest of Latvia’s territory • Reduced potential impact of overall investments in urban areas due to insufficient coordination and complementarity of investments • Preservation of an explicit centre – periphery division

Objective of the Priority

1200. The objective of the priority is to foster polycentric development in Latvia by providing support to strengthening competitiveness, accessibility and attractiveness factors for development of the urban environment¹³⁷ and city-regions¹³⁸ according to integrated development programmes of local governments¹³⁹.

Measures

1201. Within the Priority the measure “Support for Sustainable Urban Development” will be implemented. The implementation of the measure will promote growth and competitiveness of the capital city Riga and development centres of national and regional importance. At the same time the implementation of the measure will allow the strengthening of urban-rural functional links and cooperation, in that way promoting accessibility of jobs and public services by inhabitants, attractiveness of living environments and rising quality of life.

- 1201.¹ Within the priority the Measure “Growth of National and Regional Development Centres for Sustainable and Balanced Development of the Country” will be implemented. The implementation of the Measure will promote support to biggest *novadi* administrative units, to increase competitiveness of the development centres (they should be in compliance with the network of development centres of national and regional importance), and development of functional links among the development centres and their adjacent territories.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1201.² The implementation of the measures will increase accessibility of jobs and public services by inhabitants, attractiveness of living environment and rising quality of life.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Synergy

1202. The Priority „Polycentric Development” is elaborated as additional support to the measures and activities planned in the framework of all three operational programmes. Cities/towns, as a driving force of regional development, are given an opportunity to propose innovative solutions to facilitate their competitiveness, improve their accessibility, attractiveness of living and work environments and various services. In the framework of the priority the cities/towns will be given an opportunity to claim support for projects complying with the elaborated integrated development programmes of local governments the implementation of which will avoid overlapping with other EU structural funds and the Cohesion fund activities.

1203. Within the Priority, municipalities will be able to claim the necessary support also for implementing measures financially supported by other EU structural funds and the Cohesion fund co-financed activities in case the received support is not sufficient for completing the measures.

1204. Potential beneficiary can claim support under the priority for implementation of the functions specified in the Law on Local Governments if under other EU structural funds and the Cohesion fund activities local government is not defined as a beneficiary.

Cross-financing

1205. In order to ensure effective implementation of the measure “Support for Sustainable Urban Development” according to the principles of integrated urban development, potential beneficiaries will be given an opportunity to propose and implement projects that fall within

¹³⁷ **Urban environment** – the aggregate of features characterising urban territories, which determines attractiveness of cities and towns as a place of living and work – housing, public infrastructure, environment quality, public transport, etc.

¹³⁸ **City-region** – city and the territory of its functional influence as specified in region territorial planning.

¹³⁹ **Integrated development programme of local government** consists of development strategy and investment plan of local government.

the scope of European Social Fund, subject to the provisions of article 34(2) of the Regulation (EC) No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund. The cross-financing in framework of priority will not exceed 10% of project's eligible expenditures, not exceeding 10% of ERDF financing of priority.

Indicators

1206. Outputs:

- The number of implemented projects ensuring sustainability and improving the attractiveness of cities/towns – 27 (target in 2009 – 17).
- The number of implemented projects facilitating increase of the competitiveness of cities /towns, including the promotion of entrepreneurship and technology development – 16 (target in 2009 – 12).
- The number of implemented projects facilitating community development by improving availability of services and ensuring equal rights for all groups of population – 20 (target in 2009 – 11).

1207. Results:

- Increase of ranks¹⁴⁰ of territorial development index¹⁴¹ in cities and towns supported – by 3 ranks in each of the national importance development centres and by 5 ranks in each of the regional importance development centres (target in 2009 – by 1 rank for national importance development centres and by 2 ranks for regional importance development centres).

¹⁴⁰ Ranks of the cities and towns, who are potential beneficiaries under the priority (2004): Riga – 9, Daugavpils - 30, Jelgava - 6, Jēkabpils - 32, Liepāja - 33, Rēzekne - 38, Valmiera - 16, Ventspils - 8, Aizkraukle - 15, Cēsis - 21, Gulbene - 31, Kuldīga - 50, Līvāni - 69, Madona - 29, Saldus - 20, Smiltene - 26, Talsi – 25.

¹⁴¹ **Territorial development index** is a complex indicator, which is calculated taking into account the unemployment level, personal income tax, the level of demographic load and the changes in the number of permanent residents. Values of territorial development index are classified by their values in the rank list in diminishing order.

Measure 3.6.1 “Support for Sustainable Urban Environment and Urban Area Development”

Introduction

1208. There is wide recognition at the EU and national level (by researchers, politicians, sectoral experts etc.) of the important role of cities/towns in strengthening regional competitiveness. The role of cities/towns, as the driving force of regional development, is growing, taking into account the aims set by the EU and Latvia's National Development Plan 2007-2013 (NDP) to develop competitive knowledge-based economies. In addition, it is recognized both at the EU and national level that the development of cities/towns and other territories is to be promoted on the basis of the principles of an integrated territorial development approach, i.e. territorial (urban-rural) and inter-sectoral integration that should be ensured at the stages of planning and implementing territorial development priorities. It is essential to involve partners, including inhabitants and entrepreneurs, in the elaboration of the integrated development programmes of local governments ensuring identification of the needs of different target groups and the coordination of priorities.
1209. Cities/towns concentrate the development and innovation potential that is necessary to develop their comparative advantages and to serve as regional development centres that consolidate and strengthen surrounding rural territories. That is why cities/towns are an important driving force for regional competitiveness and balanced development.
1210. According to Latvia's NDP, cities/towns have to become an important driving force for the development of every region and the country in general. Cities'/towns' development potential is determined in the regional spatial planning process and it is used to consolidate and strengthen surrounding rural areas thereby promoting balanced development of the country. Strengthening the urban network by developing functional links with surrounding territories leads to polycentric development of the country.

Objective of the Measure

1211. The objective of the measure is to facilitate sustainable development of the capital city Riga by promoting the revitalization of deprived areas, as well as effective application of the growth resources of the development centres (cities/towns) of national and regional importance for the development of the competitiveness, accessibility and attractiveness factors of urban territories and city-regions in accordance with integrated development programmes of local governments, including facilitation of urban environment revitalization, promotion of entrepreneurship and technology development, community development, as well as urban – rural partnership.

Description and Justification of the Measure

1212. Latvia is characterised by considerable social-economic discrepancies between Riga and the rest of the territory. Considering that most social and economic activities are concentrated in the capital city Riga and around it, Latvia is described as a mono-centric country. Although the network of evenly distributed/ situated urban territories is favourable to polycentric and balanced development, it is hindered by insufficient growth of cities/ towns and their weak functional links to surrounding rural territories. Along with that, cities/towns face a challenge to ensure mutually coordinated, sustainable and balanced development of all parts of their urban territory. This can be promoted through the revitalization of deprived areas and prevention of the development of new deprived areas.
1213. Considering the current trends of state and cities'/towns' development, within the framework of the measure it is planned to provide support in two directions: polycentric state development and revitalization of the deprived areas of cities/towns.

1214. Potential investment territories were determined based on the following assumptions:
- preferable spatial structure for fostering polycentric development suggested during the process of elaboration of Latvia's Long Term Development Strategy (which includes the National Spatial Plan as well);
 - cities'/towns' growth potential that is determined by taking into account the most significant indicators of social and economic development;
 - necessity to ensure the concentration of resources to achieve maximum return on investments;
 - evaluation of investments that will be made available to the cities/towns within different support instruments, incl. structural funds co-financed activities¹⁴².
1215. Considering the growing negative discrepancies in social and economic development levels between the Riga planning region and other planning regions, which are hindering sustainable and polycentric development of the country, support in the framework of the measure will be made available to the development centres outside of Riga planning region (except for City of Riga).
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
1216. In the framework of the priority it is planned to provide support for Riga city, for the development centres of national and regional importance (Daugavpils, Jelgava, Jēkabpils, Liepāja, Rēzekne, Valmiera, Ventspils, Aizkraukle, Cēsis, Gulbene, Kuldīga, Līvāni, Madona, Saldus, Smiltene, Talsi) importance, which during the process of spatial planning in the regions have been identified as the strongest development centres able to considerably facilitate the competitiveness of the regions and the country as a whole, favourably influencing the surrounding rural territories. The following data characterise these development centres statistical data¹⁴³:
- high concentration of inhabitants (53% of all inhabitants of the country);
 - absolute concentration of high-schools and their branches (100 %);
 - high number of economically active enterprises (~67% of the national total);
 - lower indices of demographic burden (in the chosen 17 development centres ~ 550, in the development centres of lower level ~ 655);
 - the highest personal income tax per inhabitant (average value of this indicator in 2005 in the chosen 17 development centres was ~164 and the average value of the indicator on the whole territory of the country is 134.7);
 - In 2005 49% of the total basic budget revenue of the 527 local governments in Latvia was comprised by the budget revenue of the 17 chosen development centres.
1217. Though the greatest contribution to state's development is ensured by the development centres of national importance, regional development centres also play an increasing role in the development of the state and its regions. The most characteristic examples of this phenomenon are Līvāni, where during recent years the highest territorial development index (0.567) among the development centres of national and regional importance (except for the capital Riga) is observed, Smiltene, where the highest levels of personal income tax per inhabitant (196.8 LVL) has been stated, Gulbene, where one of the highest increase of the number of enterprises per 1000 inhabitants (29%) is observed, etc.
1218. Considering what has been said above, the chosen 17 development centres concentrate a potential to be used as a basis for further increasing the competitiveness of the state and its regions, ensuring transition to a development model based on high added value and

¹⁴² The evolution has been based on the information provided by sectoral ministries about provisional beneficiaries in other EU structural funds and the Cohesion fund activities.

¹⁴³ Central Statistics Bureau data, 2005

innovation. Further investments in development centres of national and regional importance are crucial considering the following points:

- investments will allow to embrace a wide target group – inhabitants in development centres and the influenced (surrounding) territories, employees, employers as well as persons involved in academic, scientific research and development activities;
- support effectiveness will be ensured, targeting a wide audience with limited resources;
- the use of the resources of rural areas for further growth of development centres and the transfer of achieved results to rural areas (urban-rural interaction) will be promoted;
- Latvia's international competitiveness and at the same time its balanced territorial development will be promoted.

1219. The most important development problems of the aforementioned cities/towns are the following: insufficient business activity, especially innovative and knowledge-based business, outworn public infrastructure, shortage of high-quality human resources, public transportation issues, rapidly growing levels of social exclusion, rising poverty, urban deprivation, elevated levels of environmental contamination. All these problems decrease the attraction of the urban environment in the city/town.

1220. Although the GDP growth rate has not been reduced and the level of private investment in the fixed assets grows rapidly, for long-term economic development it is crucial to promote rising added-value, successful development of enterprises and their competitiveness both in local and in international markets, and also development and attraction of high-quality human resources as an enterprise work-force. Cities play a crucial role in securing the speed of the GDP growth rates increase. The main factors¹⁴⁴, which hinder the development of entrepreneurship and production in cities/towns, are out-of-order infrastructure important for business development (access roads, telecommunications, etc.) and the lack of qualified labour force. The elimination of these problems requires additional financing to secure rapid growth rate of Latvia's economy by a clear progress towards knowledge-based economy.

1221. In compliance with the Law on Local Governments local governments shall ensure the organization of public transport services. However, according to research data¹⁴⁵, in Latvia's largest cities/towns an outdated public transport infrastructure and insufficiently developed transport network is mentioned as one of the most important urban development problems. Cities/towns, with the exception of Riga, have no opportunity to get financing for the development of public transport development to ensure effective links with the main regional traffic centres, as well as public transport of national and European importance.

1222. A lack of the accessibility of public transport and in that order accessibility of services and work places are increasing the levels of social exclusion and poverty, which is decreasing the possibility of people to live healthy and creative lives in adequate social environments while being actively involved in different social activities. A high proportion of the population is denied access to education, health care and diverse services because of poverty. At the same time it is hindering ones individual development and decreasing possibilities for quality of life as well as social and economical development of the territory.

1223. Though the Law on Local Governments specifies that local governments should facilitate improvement of the administrative territory, one of most essential factors that are currently hindering the development of cities/ towns is unattractive living environments, including deprived areas, that exposes sustainable development of the urban territory to danger. These threats are for the most part related to ineffective use of the urban territory because they are unattractive for potential investors and concentrate various social problems – unemployment, social deprivation, drug addiction, faults of minor's rights etc. However, through

¹⁴⁴ Evaluation of cities' development program.

¹⁴⁵ World Bank's Latvia Cities Program – Cities' local economic development strategies, 2005.

revitalization of deprived areas a city/ town ensures effective use of its resources and, at the same time solves contamination problems and obtains additional territories for its development needs. Revitalization of deprived areas is particularly essential, considering, that it is an opportunity to develop brown-fields and protect green-fields. Therefore, it is necessary to ensure additional support for local governments to foster the quality of urban environments.

1224. Riga, as the strongest of Latvia's economic development centres and the largest urban territory within the priority will receive support with an aim to promote balanced and sustainable social-economic development of its territory by revitalizing deprived areas.
1225. Dynamics of the development of Riga indicates that the capital city of Latvia can become a metropolis of the Baltic see region. The activity "Sustainable development of Riga" will enhance the competitiveness of Riga in the Baltic see region as well as in broader international scale by improving quality of the urban environment providing better living conditions and economic activity.
1226. In the centre of Riga, as well as outside of it, currently there are deprived areas, which are lacking natural development prerequisites and entrepreneurs do not consider revitalizing these territories using their own resources.
1227. Investments in less-developed and deprived areas of Riga will not only promote improvements of the urban environment and the balanced development of Riga's spatial structure, but will also allow an opportunity to solve employment and quality of life problems, thereby fostering sustainable development of both Riga city and its surrounding territories.
1228. Development of cities/towns should be driven with an aim to achieve a balance between the aspects of economic activities, community development and environmental quality, which are significant factors of the attractiveness of cities/towns and the quality of life of their populations. To this end in the framework of the activities of the measure, support will be provided for the development of factors essential for the growth of cities/towns and ensuring attractive living environments, facilitating business activity, especially innovative and knowledge-based business activity, facilitating accessibility and availability of services, mobility of population, as well as improvement of environmental quality.
1229. To foster balanced development it is essential not only to facilitate the development of urban territories, but also to establish and develop the network of cities/towns facilitating economic co-operation among them, as well as among urban and rural territories, and ensuring the accessibility and availability of services as close as possible to the population.
1230. As a precondition for the attraction of investments in the framework of the priority, cities/towns identified as the potential beneficiaries, are required to elaborate a qualitative development programmes of local governments, according to an integrated approach to the development of territories, thus providing coordination of needs of different sectors, reflecting mutual complementarity of the planned investments, as well as co-operation with surrounding territories.
1231. For each group of development centres (with the exception of the capital Riga) an indicative available amount of financing will be calculated based on the size of population and social and economic development data in the specific group of development centres. At the same time the indicative amount of financing will not be guaranteed, as the main attention in the allocation of financing will be paid to the quality of the elaborated integrated development programmes of local governments, project applications and performance of implementation.
1232. A principal condition for the qualitative development of the above mentioned documents and efficient implementation of the measure is an administrative and development planning capacity of the potential beneficiaries. Of equal importance is the involvement of local partners (city/town residents, entrepreneurs, non-government organization, etc.), achieving

the consideration of needs of different target groups, as well as the involvement of regional partners (planning regions and surrounding local municipalities) thus ensuring co-operation for strengthening the role of the city/town as the driving force of regional development.

1233. Cities/towns will be given an opportunity to propose innovative solutions to facilitate their competitiveness and growth as well as to choose projects, which will comply with the integrated development programmes of local government and with which they are going to apply for support under the priority. To implement the activities of the measure efficiently a Coordination Council has been created. The Coordination Council will evaluate development programmes of local governments and will recommend projects or project ideas to be submitted under the priority by the potential beneficiaries. Such an approach will ensure non-overlapping and mutual complementarity of support with other EU structural funds and the Cohesion fund activities.

List of Indicative Target Groups of the Measure

1234. The list of indicative target groups of the measure are inhabitants and entrepreneurs of Riga city and development centres of national and regional importance with surrounding rural territories.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

1235. As a result of research (for example ESPON) conducted so far and discussions at EU and national level, and on the basis of the Lisbon Strategy objectives, the framework of Structural Funds for 2007-2013 - Community Strategic Guidelines on Cohesion and Structural Funds regulations highlight the necessity to provide support for development of urban territories.

1236. According to Community Strategic Guidelines on Cohesion programmes with a focus on urban areas can be made to reach different targets:

- programmes can be developed with an aim to promote cities as motors of regional development;
- programmes may focus on promoting internal cohesion inside urban areas that seek to improve the situation of crisis districts;
- programmes may be developed to promote a more balanced, polycentric development by developing the urban network at national and Community level including links between the economically strongest and other urban areas including small and medium-sized cities.

1237. The support available under the priority will provide for all three targets defined in the Community Strategic Guidelines.

1238. Latvia's NDP defines tasks for 2007-2013 programming period to implement the model of polycentric development of the country:

- to ensure the development of a common national development planning system to achieve the vertical and horizontal cooperation at all planning levels;
- to develop and implement territorially differentiated regional development support instruments ensuring their mutual complementarity;
- to strengthen development planning capacities of regions;
- to facilitate the development of urban-rural cooperation thus creating new and strengthening the existing functional relations between urban and rural territories.

1239. Development planning documents of planning regions (development programs, spatial plans) emphasize the necessity to promote the growth of development centres, thereby ensuring accessibility of services, as well as the development of functional links between urban and rural territories.

1240. Latgale planning region development planning documents define the following objectives to be achieved – to develop polycentric and well-balanced development of settlement structure, providing urban – rural partnership and strengthening the role of the cities/ towns as support centres for rural areas; to create sustainable and well-functioning urban network that should be based on cooperation and complementarity principles; to provide attractive urban environments in cities/ towns both for population and investors, effectively using development potential of every urban territory; to plan and organize rationally public transportation system; to reduce urban contamination.
1241. Kurzeme development planning documents define several objectives to be achieved - well-balanced network of specialized regional centres and services, mutually completing cities/towns, suburbs and rural areas - as well as several directions for action - development of well-balanced urban network, ensuring transition to polycentric spatial structure with well-developed network of cities/ towns.
1242. Vidzeme development planning documents describe the following objectives to be achieved – effective use of the potential of every city/ town and rural residential area; cities/towns need to implement the policies of cooperation and mutual complementarity; each city/town needs to develop its specific role in relation to the level, specialization and accessibility of services provided; to provide administrative and functional links of the region with capital city Riga and accessibility to transport nodes.
1243. Zemgale development planning documents set the following objective to be achieved – partnership and co-operation between development centres and rural areas; integration of development centres into functional development networks of the region; ensuring good accessibility and communication opportunities; promotion of cooperation among development centres, fostering effective use of the potential of each development centre, effective planning and organization of public transportation system to ensure accessibility of urban and rural territories, i.e. development of environment friendly public transportation.
1244. According to Riga Development Plan 2006-2018 objectives and vision, one of the basic strategic statement aims at revitalization and development of deprived and other urbanized territories, cultivating vacant areas of the city.

Previous Assistance

1245. So far cities/towns were not provided with support according to the integrated territorial development approach.
1246. During the process of elaborating Riga development plan for 2006-2018 74 000 EUR were devoted to conduct research on deprived areas in Riga city with an aim to explore physical resources of the city (land, territories for building), that were economically used in the previous years but currently are not actively managed, are abandoned, contaminated or are regarded as economically ineffective due to other reasons.

Synergy

1247. Taking into account that the development of qualitative integrated development programmes of local governments is a prerequisite to apply for support in the framework of the priority „Polycentric Development”, the measure is complementary to European Social Fund co-financed measure “Administrative Capacity Building” activities, that will allow to strengthen administrative and development planning capacity providing support to attract qualified specialists for the elaboration of integrated development programmes of local governments, their training and exchange of experience, to develop cooperation networks ensuring partnership between planning regions and municipalities for defining development priorities and directions of investment to be implemented within the framework of European Regional Development Fund. The measure “Support for Sustainable Urban Development” enables

cities/towns to create preconditions for employment, education, social welfare and other service delivery thereby complementing other activities included in the Operational Programme “Human Recourses and Employment”.

1248. Implementation of the measure, by improving the attractiveness of harbour cities, will complement the measures “Fishing in Inner Waters” and “Investments in Fishing Harbours, Fishing Discharge and Shelter Places” of the programme for implementing European Fisheries Fund support activities that aim at improving port infrastructure, ensuring effective provision of fishery services and improvements of work environment.
1249. By promoting competitiveness, accessibility and attractiveness factors for development of cities/towns and city-regions the activity “Growth of national and regional development centres for sustainable and balanced development of the country” is complementary to third axis of “Rural Development Programme 2007-2013”, i.e. a group of measures “Improvement of Quality of Life in Rural Areas and Promotion of Diversification of Economic Activities” that will support activities for improving competitiveness and quality of life in rural areas, as well as accessibility of qualitative services and mobility of rural inhabitants, with an aim to increase attractiveness and sustainable development of rural areas. At the same time the measure is complementary to the fourth axis of “Rural Development Programme 2007-2013” that comprises a “LEADER” type measures that will focus on development of human recourses and cooperation at national and international level.
1250. The measure is complementary to the other measures of the OP “Infrastructure and Services” related to the investments in infrastructure in Riga, national and regional importance development centres. The non-overlapping of investments will be ensured exercising at the project level the support, as well as in framework of Coordination Council the controlling of non-overlapping of investments will be provided.

Coherence with Horizontal Priorities

Balanced Territorial Development

1251. Investments in development centres of national and regional importance will foster a polycentric settlement structure of the country. This is one of the crucial preconditions for balanced territorial development. Most of the support under the priority is targeted for centres of national and regional importance located outside of the Riga planning region. Investments in the city/town development will be supported with an aim to strengthen the quality of urban environments as well as consolidation of rural territories around cities/ towns, thereby promoting the growth and competitiveness of city-regions and ensuring the use of growth potential that is concentrated in urban territories for the sake of developing surrounding rural areas.

Macroeconomic Stability

1252. The measure “Support for Sustainable Urban Development” will foster attractiveness of urban environments by revitalizing deprived territories in Riga and promoting the growth of centres of national and regional importance that will attract investors, promote the development of enterprises, accessibility of work-places and services, as well as regional mobility, thereby promoting social-economic activity. Balanced distribution of resources for development will allow to balance growth with requirements for macroeconomic stability.
1253. Maintenance and creation of work places will be included in the project selection criteria, thus facilitating labour market stabilization, which is one of the basic preconditions for economic development.

Equal Opportunities

1254. The Measure, in general, will facilitate achievement of objectives of the horizontal priority “Equal opportunities”. Equal service and environmental accessibility for persons with functional disorders will be included as one of the project selection criteria.

Sustainable Development

1255. Support for revitalization of deprived areas and investments in electric public transport system will favour sustainable development and decreasing urban contamination. Environmental impact assessment will be included in project selection criteria.

Information Society

1256. The measure is not directly related to the horizontal priority “Information Society”.

International Competitiveness of Riga

1257. Implementation of the activity “Sustainable development of Riga” will promote the development of Riga competitiveness factors. An opportunity to revitalize deprived territories according to an integrated development programme of local government, will allow Riga to improve attractiveness of its urban environment, to foster entrepreneurial activity and employment, thereby improving quality of life to inhabitants and competitiveness of the city.

Indicative Activities

1258. Indicative activity 3.6.1.1 Growth of national and regional development centres for sustainable and balanced development of the country.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1259. Indicative objective: To ensure growth of development centres of national and regional importance by supporting the implementation of projects according to integrated development programmes of local governments to strengthen factors of competitiveness, accessibility and attractiveness of cities/towns and city regions.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1260. The list of indicative target groups: Population of development centres of national and regional importance (Daugavpils, Jelgava, Jēkabpils, Liepāja, Rēzekne, Valmiera, Ventspils, Aizkraukle, Cēsis, Gulbene, Kuldīga, Līvāni, Madona, Saldus, Smiltene, Talsi) and their surrounding territories.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

1261. The list of indicative final beneficiaries: Municipalities of Daugavpils, Jelgava, Jēkabpils, Liepāja, Rēzekne, Valmiera, Ventspils, Aizkraukle, Cēsis, Gulbene, Kuldīga, Līvāni, Madona, Saldus, Smiltene, Talsi.

(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

1262. Indicative activity 3.6.1.2. Sustainable development of Riga.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1263. Indicative objective: To ensure revitalization of deprived territories in Riga according to an integrated development programme of local government for revitalization of deprived areas thereby promoting further social-economic growth preconditions for Latvia’s capital city.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1264. The list of indicative target groups: Population of Riga city, individuals and entrepreneurs working in Riga, city guests.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1265. The list of indicative final beneficiaries: Municipality of Riga.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Measure 3.6.2 “Complex support to promote growth of amalgamated municipalities”

Introduction

1265¹. Both in Europe and in Latvia generally it is recognized that balanced and sustainable development should be stimulated, taking into account principles of integrated approach, especially putting forward local governments’ ability to ensure development, concentrating investments to satisfy most urgent needs and to contribute to residents’ general quality of life.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265². As one of the preconditions for safe and stable development, Latvian National development plan 2007 – 2013 defines establishment of functionally capable local governments.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265³. After local governments’ elections on June 6th, 2009 the administrative territorial reform was completed; as a result the number of local administrative territories was decreased from 522 to 109 amalgamated municipalities and 9 republican cities¹⁴⁵¹.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265⁴. To promote polycentric development, it is important to support largest amalgamated municipalities, promoting the growth of their development centers. The development centers should incorporate in and complement the overall network of national and regional level development centers thus strengthening perspective spatial structure of Latvia.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Objective of the Measure

1265⁵. The objective of the measure is to ensure growth of largest amalgamated municipalities’ (according to a number of population), according to local governments’ integrated development programs, with an aim to increase the competitiveness of their development centers which according to the perspective spatial structure have to incorporate in and complement the overall network of national and regional level development centers. The functional links among development centers and their surrounding territories should be established.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Description and justification of the Measure

1265⁶. Socio-economic data analysis indicates that development level differences among Riga and other territories of the country are still increasing. Economic downturn largely aggravates issues of the territories which are unattractive for living, working and entrepreneurship. Under circumstances of rapidly decreasing entrepreneurial activity, significantly increasing unemployment and migration, social safety is endangered, purchasing power is decreasing and therefore the level of living conditions is reducing (especially for residents outside Riga). To reduce local governments’ infrastructure maintenance costs, as well as to stimulate attraction of residents and entrepreneurs to the regions, the concentration of support has to be ensured. The support has to be well determined, coordinated and cost effective to promote functional capacity and competitiveness of amalgamated municipalities.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265⁷. Within the framework of the measure it is planned to support the largest (according to a number of population) amalgamated municipalities by supporting their development centers,

¹⁴⁵¹ Local municipalities administrative territorial division 18.12.2008

which according to the perspective spatial structure have to incorporate in and complement the network of national and regional level development centers, strengthening their competitiveness and establishing functional links among development centers and their surrounding territories.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265⁸. Potential investment territories were identified based on the following assumptions:
- 1) new administrative territorial structure,
 - 2) the population in the amalgamated municipalities (above 10 000);
 - 3) perspective national spatial structure (identified in Sustainable Development Strategy of Latvia 2030);
 - 4) development centers of regional importance identified in spatial plans of planning regions, according to the spatial structure of each region;
 - 5) the status of development centers in national administrative structure until local governments' election on June 6th, 2009 – former districts centers (already existing physical infrastructure as the central city of the district which will allow to take over regional functions without difficulties).

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265⁹. To support the development of manufacturing and recreation services that complement Riga's economy thereby strengthening Riga as business, sciences and culture center in the Baltic Sea region and insuring further transfer of excellences and resources created in Riga region to other regions of Latvia support will be provided for amalgamated municipalities (Limbaži, Ogre, Sigulda, Tukums amalgamated municipalities) in Riga planning region to strengthen specialization of their development centers.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265¹⁰. Compared by the number of population¹⁴⁵², the level of economic activity¹⁴⁵³ and diversity, wealth of cultural activities, the number, variety and accessibility of public institutions providing services, the potential of these municipalities significantly exceeds the one of other municipalities in the region¹⁴⁵⁴. Additionally they are linked with the surrounding areas with geographically broad, permanent and varied ties¹⁴⁵⁵.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265¹¹. To promote the growth of nodal points¹⁴⁵⁶ urban networks it is planned to provide support to amalgamated municipalities outside Riga planning region (Alūksne, Balvi, Bauska, Dobele, Krāslava, Ludza, Preiļi, Valka amalgamated municipalities) to strengthen competitiveness of their development centers and enhance their functional links with surrounding territories. Support will be allocated to create positive environment for entrepreneurs, to ensure accessibility of jobs and services.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

¹⁴⁵² According to CSB data, residential population at the beginning of year 2009 in Limbaži was 8 607 (in comparison to Ainaži – 1 615, Aloja – 2 465), in Ogre 26 238 (in comparison ton Lielvārde - 6 864, Ikšķile – 3 999), in Sigulda – 10 789, Tukums – 20 058 (in comparison in Kandava – 4 361).

¹⁴⁵³ According to SRDA data from 2007, there were 527 economically active market sector statical units in Limbaži (in comparison to rural territory of Salacgrīva – 346, in Ogres district – 1 1211 (in comparison to Ikšķile district – 377), in Sigulda district 881 (in comparison to Salaspils district – 766), in Tukums (in comparison to Kandava district 498).

¹⁴⁵⁴ Except Salaspils where the population is bigger than in the district centres, no district level services are accessible and no links with other rural areas have been established

¹⁴⁵⁵ Home-service, home-work, establishments and administration institutions.

¹⁴⁵⁶ Strategically important points where complex development activities are required to enforce spatial development according to state's desirable perspective structure.

- 1265¹². The spatial plan of Latgale planning region defines that Ludza, Krāslava, Preiļi, and Balvi¹⁴⁵⁷ are important industrial and cultural centres with developed social infrastructure services and public institutions. Their potential significantly exceeds the potential of other small towns. In the future these cities will continue to develop as regional centres where particular services and different economic activities will be concentrated. These cities will function as a sales market for services and goods created in the surrounding towns and rural areas.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
- 1265¹³. The spatial plan of Vidzeme planning region defines that Alūksne and Valka are developing as regional administrative services, entrepreneurship, employment and various services delivery centres which will ensure work places not only for the residents of the cities but also for residents from the surrounding rural areas. In Latvia and in Vidzeme planning region Valka is the only border city on Latvian – Estonian border which in cooperation with Valga in the future will develop as an important centre for transportation, logistic and cross-border cooperation, ensuring region's "gateway" function to Estonia. In the perspective Alūksne has a possibility to develop as a new technology development centre in the field of logging and wood-processing.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
- 1265¹⁴. The spatial plan of Zemgale planning region defines that Bauska as a regional development centre has a notable potential to develop as a regional and national level industrial, logistics and agricultural products processing centre. In its turn, Dobeles¹⁴⁵⁸ plays an important role in national level research in the field of agricultural goods' manufacturing, chemical industry, wood-processing and textile industry, ensuring services and job opportunities for the city and surrounding rural centres.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
- 1265¹⁵. Additionally, to create functional links among amalgamated municipalities (Aizputes, Daugavpils, Grobiņas, Jelgavas, Rēzeknes and Ventspils amalgamated municipalities¹⁴⁵⁹) and development centers of national importance outside Riga region, the support is allocated for development of transport and communication networks in these amalgamated municipalities.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
- 1265¹⁶. Republican cities will serve as development centers to many surrounding amalgamated municipalities. Due to the concentration of jobs and public services in the centers of national importance, it is important to invest in their surrounding amalgamated municipalities in order to promote accessibility of jobs and services and wherewith, effective regional mobility.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
- 1265¹⁷. Beneficiaries under European Regional Development Fund priority "Polycentric development" activity "Growth of national and regional development centers promotion for sustainable and balanced development of the country" and "Sustainable development of Riga" are not allowed to claim funding within this Measure.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*

¹⁴⁵⁷ According to SRDA data in year 2007, in Latgale planning region in city group the second biggest (following Rēzekne) amount of residential income tax in budgets of local governments was in Balvi (255,7 LVL per person). According to data in 2007, Balvi ranked as the second in Latgale planning region in terms of development index, and comparing to year of 2003, Balvi climbed from 21st position to the 2nd in the previously mentioned table.

¹⁴⁵⁸ According to SRDA data in year 2007, in Zemgale planning region in city group the second biggest (following Aizkraugles district) amount of residential income tax in budgets of local governments was in Dobeles (374.40 LVL per person).

¹⁴⁵⁹ According to SRDA data at the beginning of year 2009, population in Daugavpils district was 28 667 (area of the territory – 1 875.8 km²), Jelgava district – 27 227 (area of the territory – 1 317 km²), Rēzekne district – 32 116 (area of the territory – 2 524.6 km²) and in Ventspils district – 13 768 (area of the territory – 2 456.5 km²).

1265¹⁸. The Law on Local Governments determines that local governments have to promote economic activity and improvement of administrative territory, including reconstruction, maintenance and lighting of streets and roads. Additionally, local governments have to organize public services (water supply and sewerage, heat supply, household waste management, wastewater collection, drainage and treatment), provide education, health care accessibility and social assistance (social care).

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265¹⁹. To support effective functioning of new administrative territorial units - which have been established within the framework of administrative territorial reform -, it is important to direct the support for development of entrepreneurship infrastructure (natural and physical environment) and for promoting the availability and accessibility of public services (mobility).

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265²⁰. Regional competitiveness and ability to attract human capital is positively affected by support for entrepreneurship and innovations promoting activities. Even though a local government directly does not affect development of entrepreneurship, it has to provide the conditions for development of entrepreneurship, not creating additional barriers, including, investing in:

- 1) arrangement of infrastructure for entrepreneurship;
- 2) renovation of unused and deprived military, industrial and agricultural zones for their effective utilization.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265²¹. An integral part of qualitative living space is a chance to receive services adequate for the needs and interests of different social groups. People need educational, health and social care, recreational (including cultural) and entertainment services, specialists' consultations, contacts with administration, safety institutions, courts and public organizations.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265²². Services have to be cost-effective, close to individuals by creating conditions that make it possible to receive these services at development centers, according to the needs of each individual centre, existing demand and functional service infrastructure – buildings, personnel, and connections to public services network.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265²³. To ensure availability and accessibility of public services it is important to ensure local government investment for:

- 1) infrastructure (including utilities) development;
- 2) adjustment of unused infrastructure to deliver public services.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265²⁴. With an aim to ensure residents' mobility in the new amalgamated municipalities, it is vital to invest in development of municipal streets, roads, bridges, bus stations and public transport infrastructure, int.al., promoting mobility of residents:

- 1) from each parish in an amalgamated municipality or city to municipality's center;
- 2) from each parish in an amalgamated municipality or city to primary national and regional roads;
- 3) to social objects, for example, school, hospital etc.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265²⁵. In such a way the effect of periphery for some territories will be decreased, resulting in a gradual increase in economic activity, improvement in employment and service accessibility regardless the place of residence.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265²⁶. As a precondition for the attraction of investments in the framework of the measure, amalgamated municipalities identified as the potential beneficiaries, are required to elaborate a qualitative development programmes of local governments, according to an integrated approach to the development of territories, thus providing coordination of needs of different sectors, reflecting mutual complementarity of the planned investments, as well as effect on surrounding territories.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265²⁷. For each group of potential beneficiaries an indicative available amount of financing will be calculated based on the social and economic development data and the needs of specific group of beneficiaries. At the same time the indicative amount of financing will not be guaranteed, as the allocation of financing will be based on the priorities determined in integrated development programme and quality of submitted projects.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

List of Indicative Target group of the Measure

1265²⁸. The list of indicative target groups of the measure are inhabitants and entrepreneurs of amalgamated municipalities and surrounding territories.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

The Framework of Planning Documents

1265²⁹. National Development Plan of Latvia 2007-2013 emphasizes the necessity to create larger municipalities which can attract sufficient financial resources to ensure residents with necessary services. Therefore one of the challenges is to create functionally capable local government.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265³⁰. The Community Strategic Guidelines on Cohesion programmes calls on the Member States to pay greater attention to stimulate growth potential so as to achieve socio-economic development of territories by addressing the deficits in basic infrastructure networks, inter alia, promotion and improvement of infrastructure expansion as preconditions for economic development.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

1265³¹. In planning regions' development planning documents (in development programs, spatial plans) promotion of development centers is defined as one of the vital tasks to promote balanced and sustainable regional development int.al. promoting service accessibility and construction of high quality infrastructure. Simultaneously planning documents foresee the development of rural territories located in functional areas of development centers by establishing functional links among urban and rural areas, thus ensuring the quality of life to inhabitants and decreasing differences in living conditions in different territories.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Previous Assistance

1265³². So far potential beneficiaries were not provided with support according to an integrated territorial development approach.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Synergy

- 1265³³. Taking into account that the development of qualitative integrated development programmes of local governments is a prerequisite to apply for support in the framework of the priority „Polycentric Development”, the measure is complementary to European Social Fund co-financed measure “Administrative Capacity Building” activities, that will allow to strengthen administrative and development planning capacity providing support to attract qualified specialists and the elaboration of integrated development programmes of local governments. The measure “Support for Sustainable Urban Development” enables local municipalities to create preconditions for employment, education, social welfare and other service delivery thereby complementing other activities included in the Operational Programme “Human Recourses and Employment”.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265³⁴. The measure is complementary to third axis of “Rural Development Programme 2007-2013”, i.e. a group of measures “Improvement of Quality of Life in Rural Areas and Promotion of Diversification of Economic Activities” that will support activities for improving competitiveness and quality of life in rural areas, as well as accessibility of qualitative services and mobility of rural inhabitants, with an aim to increase attractiveness and sustainable development of rural areas. At the same time the measure is complementary to the fourth axis of “Rural Development Programme 2007-2013” that comprises a “LEADER” type measures that will focus on development of human recourses and cooperation project implementation.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265³⁵. The measure is complementary to the other measures of the OP “Infrastructure and Services” related to the investments in infrastructure in development centres that are identified as potential beneficiaries within the measure. The non-overlapping of investments will be ensured at the project level the support within the framework of Coordination Council.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Coherence with Horizontal Priorities

Balanced Territorial Development

- 1265³⁶. Investments in strengthening the development centres of amalgamated municipalities and establishment of functional links with surrounding territories will foster a polycentric settlement structure of the country. This is one of the crucial preconditions for balanced territorial development.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Macroeconomic Stability

- 1265³⁷. The measure “Complex support to promote growth of amalgamated municipalities” will foster attractiveness of development centres of amalgamated municipalities. Development of economic infrastrucure and provision of availability and accessibility of public services will attract investors, promote the development of enterprises, accessibility of work-places, thereby promoting social-economic activity.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265³⁸. Maintenance and creation of work places will be included in the project selection criteria, thus facilitating labour market stabilization, which is one of the basic preconditions for economic development.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Equal Opportunities

- 1265³⁹. In overall activity will facilitate achieving objectives of horizontal priority „Equal opportunities”. In project evaluating criteria will be introduced norms, which predict taking note on basic principles of equal opportunities (gender equality, active ageing and rights of disabled persons), especially improving accessibility of environment and services for persons with functional problems.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Sustainable Development

- 1265⁴⁰. Environmental impact assessment will be included in project selection criteria.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Information Society

- 1265⁴¹. The measure is not directly related to the horizontal priority “Information Society”.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

International Competitiveness of Riga

- 1265⁴². The measure “Complex support to promote growth of amalgamated municipalities” will support development centres in amalgamated municipalities in Riga planning region, thereby strengthening international competitiveness of Riga.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Indicative Activity

- 1265⁴³. Indicative activity 3.6.2.1. Support of amalgamated municipalities to promote complex growth

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265⁴⁴. Indicative objective: To ensure growth of largest (depending on the population) amalgamated municipalities by increasing the competitiveness of their development centers which will incorporate in and complement the network of national and regional development centres and establishing functional links among development centers and their surrounding territories by development of economic infrastructure (natural and physical environment) and promotion of public services availability and accessibility according to integrated development programmes of local governments.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265⁴⁵. The list of indicative target groups: amalgamated municipalities and population and entrepreneurs of their surrounding territories.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

- 1265⁴⁶. The list of indicative final beneficiaries: Limbaži, Ogre, Sigulda, Tukums, Alūksne, Balvi, Bauska, Dobele, Krāslava, Ludza, Preiļi, Valka, Aizpute, Daugavpils, Grobiņa, Jelgava, Rēzekne, Ventspils amalgamated municipalities.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Priority 3.7 „Technical Assistance for ERDF Implementation”

1266. ERDF co-financed Priority in the framework of which support will be provided to ensure the fund management functions.

Justification of the Priority

1267. Analysis of the current situations allows identifying the following strengths and weaknesses, as well as threats and opportunities, justifying investments made in the framework of the priority.

Table 37: SWOT Analysis of Priority 3.7. “Technical Assistance for ERDF Implementation”

Strengths	Weaknesses
A functioning ERDF management system 2004 – 2006 established High results of funding attracted to the projects and satisfactory payment progress High activity of applicants for projects	Unwieldy ERDF management system – extended review process of project applications, delays in making payments Insufficient qualification of employees, inadequate number of high qualified employees and over-load of the qualified employees at institutions involved in ERDF management Poorly prepared projects, frequent changes in the approved projects
Opportunities	Threats
Increase of total State Administration capacity Application of the best practice implemented at ERDF management to management of other public financial resources	Inadequate administrative load and generation of „bottlenecks” at the institutions involved in ERDF management upon increasing the amount of the absorption funds and overlapping two programming periods Rotation of employees at institutions involved in ERDF institutions Influence of increased expenses and other external factors to implementation of ERDF projects

1268. In order to improve the ERDF management, ensure its simplification, efficiency and at the same time safety of its management system, it is necessary to ensure attraction of technical assistance to the fund management functions, as well as implementation of assistance functions.

Objective of the Priority

1269. The priority objective is to support efficient and secure management of ERDF co-financed priorities and the overall operational programme.

Measures

1270. Measure “Assistance for Management of Operational Programme “Infrastructure and Services” ERDF Co-financed Measures” will be implemented within the framework of the priority. It will finance costs directly connected with ensuring the programme management functions – preparation of programmeselection, management, control, record keeping, audit, monitoring, evaluation and implementation of programmes/projects. This measure will also finance costs connected with support measures for programme management functions - implementation of training, seminars, information and publicity, consultations, evaluation implementation.

Synergy

1271. The priority is related to OP “Human Capital and Employment” co-financed priority “Administrative Capacity Building”, in the framework of which building of public

administration institutional capacity is planned, as well as priorities of technical assistance co-financed by ESF, ERDF and CF.

Indicators

1272. Outputs:

- The number of institutions receiving support – 17 (target in 2009 – 17).

1273. Results:

- The positive judgement of implementation of the EU funds to be successful among the inhabitants of Latvia – 42% (baseline of 2004 – 38%, target in 2009 – 40%).

Measure 3.7.1 “Assistance for Management of the Operational Programme “Infrastructure and Services” ERDF Co-financed Measures”

Introduction

1274. In order to perform successful acquisition of the EU SF resources destined for Latvia it is essential to increase the capacity of institutions involved in the EU SF management. In this regard there is a separate priority developed within the OP for building institutional capacity of the public administration institutions involved in the SF management process.

Objective of the Measure

1275. The objective of the measure is to support efficient and secure management, implementation, supervision, evaluation and control of the operational programme “Infrastructure and Services” ERDF co-financed measures.

Justification and Description of the Measure

1276. The measure has been created to support institutions involved in the management of Structural Funds and ensure efficient and relevant Structural Fund management. Taking into account, that relevant and efficient implementation of Structural Funds largely depends on the quantity and qualifications of human resources involved in Structural Fund management, support measures should also be provided for the increase of human resource capacity in institutions involved in Structural Fund management.
1277. A survey conducted at the beginning of 2006 in institutions involved in Structural Fund management, found that during 2005 institutions involved in Structural Fund management have seen an average 12% staff turnover against the current number of employees. Furthermore, if it is taken into consideration that new employees vis-à-vis current employees account for 24.5% and not all of the planned positions were filled, the number of new employees in 2005 would be 44.4%. The aforementioned situation in institutions involved in Structural Fund management shows that the implementation of target-oriented and coordinated training and development measures for current and new employees, when they become specialists in Structural Fund-related fields, is one of the main factors for successful management and implementation of Structural Funds in Latvia.
1278. In addition, for the competition in employee attraction between the institutions in the management and implementation of EU Structural Funds to be based on the specifics of the field and not on basic motivators, thus ensuring a more efficient use of human resources for implementing EU Structural Funds in Latvia in the long-term, this measure will provide equal opportunities for the institutions involved in Structural Fund management to carry out measures that develop human resources.
1279. By implementing the aforementioned activities, the efficiency of institutions involved in the administration of Structural Fund financed measures will be improved due to the increased possibility of attracting relevant specialists and be able to compete on the labour market, as well as ensure the necessary management, control and monitoring mechanisms of Structural Funds.

List of Indicative Target Groups of the Measure

1280. The list of indicative target group of the measure is public administration institutions involved in the management, implementation, monitoring, evaluation and control of the OP “Infrastructure and Services” ERDF co-financed measures.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

1281. According to the Article 46 of Council Regulations (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund technical assistance resources of the Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds. Since Latvia is in a convergence region, the financing amount of technical assistance should not exceed 4% of the total financing allocated by the funds.

Previous Assistance

1282. In 2004 – 2006 programming period, the public funding of 22.68 million EUR was allocated within the framework of the Single Programming Document under Priority “Technical Assistance”. Within this framework, support has been envisaged for the provision of fund management functions for institutions involved in Structural Fund administration, as well as for covering indirect Structural Fund management costs. The support was received by the Managing Authority, Paying Authority, 10 first level Intermediate Bodies, 4 second level Intermediate Bodies and 4 Grant Scheme Managers.

Synergy

1283. The Measure “Assistance to Management of the Operational Programme “Infrastructure and Services” ERDF Co-financed Measures” is complementary to the measures of the priority “Administrative Capacity” of the OP „Human Capital and Employment”. In the framework of the priority “Administrative Capacity” measures it is planned to provide support for building capacity of public administration institutions, and the measure “Assistance to Management of the Operational Programme “Infrastructure and Services” ERDF Co-financed Measures”, on its turn, envisages co-financing of the institutions involved in the SF management for ensuring the SF management functions of the OP “Infrastructure and Services”.
1284. The measure is also complementary to the OP “Human Resources and Employment” priority “Technical Assistance”, OP “Entrepreneurship and Innovations” priority “Technical Assistance” and the CF co-financed technical assistance priority of OP “Infrastructure and Services”.

Coherence with Horizontal Priorities

Balanced Development of Territories

1285. The measure does not concern this area.

Macroeconomic Stability

1286. The measure will have a favourable effect on macroeconomic stability. By co-financing the provision of EU Structural Fund management functions from the resources of EU funds complete and efficient absorption of EU funds is facilitated.

Sustainable Development

1287. The measure does not concern this area.

Equal Opportunities

1288. Principles of the horizontal priority “Equal opportunities” will be taken into account in the management, implementation, monitoring, evaluation and control of the OP “Infrastructure and Services”. Within the framework of the measure it is envisaged to support employees of

public administration institutions regardless of their gender, race, ethnical origin, religion or beliefs, disability, sexual orientation or age.

Information Society

1289. Taking into account that an essential part of Structural Fund management is the provision of high quality and timely information to beneficiaries, institutions involved in Structural Fund management and the society as a whole, the measure will have a favourable effect on the development of an information society.

International Competitiveness of Riga

1290. The measure does not concern this area.

Indicative Activities

1291. Indicative activity 3.7.1.1. Ensuring programme management and support.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1292. Indicative objective: Support the institutions involved in programme management in provision of programme management functions and direct programme management processes for ERDF co-financed measures. Another objective of the activity is to assist the institutions involved in programme management in providing the support functions through financing of various services. The activity will also support the regional information centres.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1293. The list of indicative target groups: Public administration institutions involved in the management, implementation, evaluation and control of the OP “Infrastructure and Services” ERDF co-financed measures.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1294. The list of indicative final beneficiaries: Ministry of Finance as Managing Authority and Audit Authority, State Treasury as Paying Authority and Certifying Authority, Responsible Institutions and Cooperation Institutions for OP “Infrastructure and Services” ERDF co-financed activities, regional information centres of planning regions, Procurement Monitoring Bureau.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Declaration of Expenditures

1295. If the EU funds final beneficiary receives funding from several EU funds technical assistance activities, then when preparing the declaration of expenditures, individual proportion of declaration of expenditures is applied for each of the EU funds final beneficiaries according to proportions of technical assistance funding set at national level for each OP and fund, taking into account Point 1(a) and Point 3 of article 46 of Council Regulation (EC) No 1083/2006.
(With modifications approved by the Cabinet of Ministers of Latvia with order No367 (09.08.2011.))
1296. Stripped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No367 (09.08.2011.))*
1297. Stripped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No367 (09.08.2011.))*

Priority 3.8 “Technical Assistance for the CF Implementation”

1298. CF co-financed priority in the framework of which support will be provided to insure the fund management functions.

Justification of the Priority

1299. Analysis of the current situations allows identifying the following strengths and weaknesses, as well as threats and opportunities, justifying investments made in the framework of the priority.

Table 38: SWOT Analysis of Priority 3.8. “Technical Assistance for the CF Implementation”

Strengths	Weaknesses
<ul style="list-style-type: none"> - Established a functioning ISPA and the CF management system 2000 - 2006 - High results of funding attracted to the projects and satisfactory payment progress 	<ul style="list-style-type: none"> - Insufficient qualification of employees, inadequate number of high qualified employees and overload of the qualified employees at institutions involved in the CF management - Poorly prepared projects, often changes in the approved projects
Opportunities	Threats
<ul style="list-style-type: none"> - Increase of total public administration capacity - Application of the best practice implemented at the CF management to management of other public financial resources 	<ul style="list-style-type: none"> - Changes in the CF management system, in transition from Project to program approach and changing the procedure of projects review, approval and implementation, arise additional risks to the programme initiation in the beginning - Rotation of employees at institutions involved in the CF institutions - Influence of increased expenses and other external factors to implementation of the CF projects

1300. In order to improve the CF management, ensure its simplification, efficiency and at the same time safety of its management system, it is necessary to ensure attraction of technical assistance to the fund management functions, as well as implementation of the assistance functions

Objective of the Priority

1301. The objective of the priority is to support efficient and secure management of the CF co-financed priorities.

Measures of the Priority

1302. Measure “Assistance to Management of the Operational Programme “Infrastructure and Services” CF Co-financed Measures” will be implemented in the framework of the priority. It will finance costs related to ensuring management functions, implementation. Monitoring, evaluation and control, as well as finance costs related to support measures for programme management functions - implementation of training, seminars, information and publicity, consultations, evaluation implementation.

Synergy

1303. The priority is connected with the OP “Human Resources and Employment” co-financed priority “Administrative Capacity Building” within the framework of which the consolidation of administrative capacity in the public administration has been planned, as well as priorities of technical assistance co-financed by ERDF and ESF.

Indicators

1304. Outputs:
- The number of institutions receiving support – 7 (target in 2009 – 7).
1305. Results:
- The positive judgement of implementation of the EU funds to be successful among the inhabitants of Latvia – 42% (baseline of 2004 – 38%, target in 2009 – 40%).

Measure 3.8.1 “Assistance to Management of the Operational Programme “Infrastructure and Services” CF Co-financed Measures”

Introduction

1306. One of the most important objectives of the European Community is strengthening of economic and social cohesion. Investments to the infrastructure facilitate balancing social and economic results of less developed regions, environment infrastructure improvement and development of transportation system. In order to compensate lack of experience of Latvia and efficiently absorb the means of the CF designated to Latvia it is necessary to improve activity of the developed CF management system, by attracting foreign resources and promoting local resources.

Objective of the Measure

1307. The objective of the measure is to support effective and reliable management, implementation, monitoring, evaluation and control of the operational programme “Infrastructure and Services” CF co-financed measures.

Justification and Description of the Measure

1308. The Measure is developed in order to support institutions involved in the CF project management. Whereas, one of the most essential problems is high level of rotation of employees working for the public sector due to the low wages, within the framework of the measure there will be created such conditions, so that the wages of those working in the public sector would be competitive to the private sector, and thus decrease the high rotation of employees to 7% annually. An essential task is to attract and retain high-qualified experts. Within the framework of the Measure a particular attention will be paid to increase of capacity of institutions involved in the CF project management and improvement of the knowledge and skills of the employees.
1309. Within the framework of the Measure it is planned to finance the CF project management, implementation, supervision, evaluation and control expenses (including wages and state social insurance compulsory contributions). Expenses for organising supervision measures, publicity measures, human resources development (wages, different training, etc.), research costs, as well as services of different experts, interpreting services, costs for audit and on-the-spots checks, including payment to the individuals performing the checks, will also be funded.
1310. Implementation of the above mentioned activities will increase the efficiency of the CF managing authority and other institutions involved in administration of the CF funded measures by increasing the opportunity of attracting appropriate experts and perform wholesome competition at the labour market, as well as ensure the necessary control and supervision mechanisms.

List of Indicative Target Groups of the Measure

1311. The list of indicative target group of the measure is public administration institutions involved in the management, implementation, monitoring, evaluation and control of the OP “Infrastructure and Services” CF co-financed measures.

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

Framework of Planning Documents

1312. Technical assistance is closely related to the CF absorption strategy that relates to the CF funding for 2007-2013, comprising investments in the field of transport, environment infrastructure and power.

1313. Referring to the National Strategic Reference Framework 2007-2013, it is necessary to follow the institutional succession in the CF project management, ensuring adoption of human capital and administrative capacity. The technical support assistance in the programming period 2007-2013 for building the administrative capacity is support to human resources development and ensuring competitive wages to the employees working with the CF project management issues.
1314. According to the Article 46 of Council Regulations (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund technical assistance resources of the Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds. Since Latvia is in a convergence region, the financing amount of technical assistance should not exceed 4% of the total financing allocated by the funds.

Previous Assistance

1315. Since 2005 the Managing Authority of the CF has been granted support from the CF to the amount of EUR– 2 968 644. The proportion of the granted European Union assistance accounts for 84%, consequently, the maximum amount of expenses account for EUR 3 534 100. The assistance is intended for technical assistance in order to ensure improvement of evaluation, supervision and implementation functions of the CF projects.

Synergy

1316. The Measure “Assistance to Management of the Operational Programme “Infrastructure and Services” CF Co-financed Measures” is complementary to the measures of the priority “Administrative Capacity Capacity” of the OP „Human Capital and Employment”. In the framework of the priority “Administrative Capacity Capacity” measures it is planned to provide support for building capacity of public administration institutions, and the measure “Assistance to Management of the Operational Programme “Infrastructure and Services” CF Co-financed Measures”, on its turn, envisages co-financing of the institutions involved in the CF management for ensuring the CF management functions of the OP “Infrastructure and Services”.
1317. The measure is also complementary to the OP “Human Resources and Employment” priority “Technical Assistance”, OP “Entrepreneurship and Innovations” priority “Technical Assistance” and the ERDF co-financed technical assistance priority of OP “Infrastructure and Services”.

Coherence with Horizontal Priorities

Balanced Development of Territories

1318. The measure does not concern this area.

Macroeconomic Stability

1319. The measure will have a favourable effect on macroeconomic stability. By co-financing the provision of Cohesion Fund management functions from the resources of EU funds complete and efficient absorption of EU funds is facilitated.

Sustainable Development

1320. The measure does not concern this area.

Equal Opportunities

1321. Principles of the horizontal priority “Equal opportunities” will be taken into account in the management, implementation, monitoring, evaluation and control of the OP “Infrastructure and Services”. Within the framework of the measure it is envisaged to support employees of public administration institutions regardless of their gender, race, ethnical origin, religion or beliefs, disability, sexual orientation or age.

Information Society

1322. Taking into account that an essential part of Cohesion Fund management is the provision of high quality and timely information to beneficiaries, institutions involved in Cohesion Fund management and the society as a whole, the measure will have a favourable effect on the development of an information society.

International Competitiveness of Riga

1323. The measure does not concern this area.

Indicative Activities

1324. Indicative activity 3.8.1.1. Ensuring programme management and support.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1325. Indicative objective: Support the institutions involved in programme management in provision of programme management functions and direct programme management processes for CF co-financed measures. Another objective of the activity is to assist the institutions involved in programme management in providing the support functions through financing of various services. The activity will also support the regional information centres.
(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))
1326. The list of indicative target groups: Public administration institutions involved in the management, implementation, evaluation and control of the OP “Infrastructure and Services” CF co-financed measures.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))
1327. The list of indicative final beneficiaries: Ministry of Finance as Managing Authority and Audit Authority, State Treasury as Paying Authority and Certifying Authority, Responsible Institutions and Cooperation Institutions for OP “Infrastructure and Services” CF co-financed activities, regional information centres of planning regions, Procurement Monitoring Bureau.
(With modifications approved by the Cabinet of Ministers of Latvia with order No395 (17.06.2009.))

Declaration of Expenditures

1328. If the EU funds final beneficiary receives funding from several EU funds technical assistance activities, then when preparing the declaration of expenditures, individual proportion of declaration of expenditures is applied for each of the EU funds final beneficiaries according to proportions of technical assistance funding set at national level for each OP and fund, taking into account Point 1(a) and Point 3 of article 46 of Council Regulation (EC) No 1083/2006.
(With modifications approved by the Cabinet of Ministers of Latvia with order No367 (09.08.2011.))
1329. Stripped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No367 (09.08.2011.))*
1330. Stripped. *(With modifications approved by the Cabinet of Ministers of Latvia with order No367 (09.08.2011.))*

4. FINANCIAL PLAN OF OP „INFRASTRUCTURE AND SERVICES”

Table 39: Financing plan of the operational programme detailing the annual allocations of each fund in the operational programme¹⁴⁶

	Structural Funds (ERDF) (1)	Cohesion Fund (2)	Total (3) = (1)+(2)
2007	186 066 917	169 410 403	355 477 320
2008	203 406 262	184 728 022	388 134 284
2009	222 141 440	201 270 963	423 412 403
2010	241 677 169	218 517 805	460 194 974
2011	229 476 929	236 392 811	465 869 740
2012	283 056 893	255 041 601	538 098 494
2013	345 460 120	274 414 948	619 875 068
Total 2007-2013	1 711 285 730	1 539 776 553	3 251 062 283

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

(With modifications approved by the Cabinet of Ministers of Latvia with order No444 (26.09.2013.))

Table 40: Financial plan of the programming period detailing financial allocations from each fund, national co-finance and co-finance rate for priorities under the operational programme

	Community Funding (a)	National co-finance (b) (= (c) + (d))	Indicative breakdown of the national co-finance		Total funding (e) = (a)+(b)	Co-financing rate (f) ¹⁴⁷ = (a)/(e)	For information	
			Public funding (c)	Private funding (d)			EIB	Funding from other sources
Priority 3.1 “Infrastructure for Strengthening Human Capital”	535 112 450	90 187 219	59 319 781	30 867 438	625 299 699	85.58%	-	-
Priority 3.2 “Promotion of Territorial Accessibility”	511 190 662	60 870 277	53 072 250	7 798 027	572 060 939	89.36%	-	-
Priority 3.3 “Development of Transport Network of European Significance and Promotion of Sustainable Transport”	856 966 451	151 229 374	62 506 853	88 722 521	1 008 195 825	85.00%	-	-
Priority 3.4 “Quality Environment for Life and Economic Activity”	332 866 466	108 659 875	47 687 962	60 971 913	441 526 341	75.39%	-	-
Priority 3.5 “Promotion of Environmental Infrastructure and Environmentally Friendly Energy”	670 610 102	230 310 984	44 892 715	185 418 269	900 921 086	74.44%	-	-
Priority 3.6 “Polycentric Development”	274 506 107	48 442 256	48 442 256	0	322 948 363	85.00%	-	-
Priority 3.7 “Technical Assistance for ERDF Implementation”	57 610 045	0	0	0	57 610 045	100.00%	-	-
Priority 3.8 “Technical Assistance for CF Implementation”	12 200 000	0	0	0	12 200 000	100.00%	-	-
TOTAL	3 251 062 283	89 699 986	315 921 817	373 778 168	3 940 762 268	82.50%	750 000 000*	-

¹⁴⁶ Pursuant to the Commission Regulation (EC) No .../.. setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund

¹⁴⁷ Co-financing rate defined on the basis of the total eligible expenditure (e)

*Total amount of EIB loan for ensuring the national funding for implementation of projects within operational programme “Human Resources and Employment”, operational programme “Entrepreneurship and Innovations” and operational programme “Infrastructure and Services”.

(With modifications approved by the Cabinet of Ministers of Latvia with order No560 (12.09.2008.))

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

(With modifications approved by the Cabinet of Ministers of Latvia with order No444 (26.09.2013.))

Table 41: Indicative breakdown of the Community funding by category for Operational Programme 3 (Euro)

Dimension 1 Priority themes		Dimension 2 Type of funding		Dimension 3 Area	
Code*	Co-finance**	Code*	Co-finance**	Code*	Co-finance**
10	19 188 819	01	3 230 943 516	01	2 470 971 431
11	166 546 859	03	20 118 767	05	780 090 852
13	3 628 323				
16	141 400 000				
17	114 900 000				
20	264 664 430				
21	218 376 553				
25	139 100 000				
28	1 000 000				
29	78 500 000				
30	182 900 000				
39	10 000 000				
41	24 680 000				
42	32 500 000				
43	70 180 102				
44	129 500 000				
45	562 993 781				
50	49 000 000				
51	26 000 000				
53	25 200 000				
57	42 373 529				
58	21 186 764				
59	21 186 765				
61	263 035 286				
65	16 589 216				
75	285 834 923				
76	207 272 580				
77	29 920 000				
78	29 968 597				
79	3 625 711				
85	52 357 534				
86	17 452 511				
Total	3 251 062 283	Total	3 251 062 283	Total	3 251 062 283

(With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))

(With modifications approved by the Cabinet of Ministers of Latvia with order No444 (26.09.2013.))

* Categories pursuant to the standard classification.

** Community funding.

5. ADMINISTRATIVE FRAMEWORK

1331. Pursuant to the Concept Paper on Planning and Management Systems of the EU Structural Funds and Cohesion Fund in Latvia 2007-2013, approved by the Cabinet of Ministers on 18 October 2005, the concentration model has been chosen for the management of Structural Funds and the Cohesion Fund in Latvia for the 2007-2013 programming period. It provides for the continuity of management systems of Structural Funds for the 2004-2006 programming period by maintaining a single Managing Authority, a single Paying Authority, and a single Monitoring Committee. In comparison with the 2004-2006 programming period, the number of Intermediate Bodies is optimised by abandoning the principle of having Second Level Intermediate Bodies. Therefore, the institutional framework of the management of Structural Funds and the Cohesion Fund for the period of 2007-2013 contains both the elements of continuity, which were successful during the implementation of the Structural Funds, and improves the main shortcomings of the management systems for the 2004-2006 programming period.
1332. The following institutions are involved in the management of OP „Infrastructure and Services”:
- the Ministry of Finance as the NSRF Coordinating Authority and the OP Managing Authority,
 - the State Treasury as the Payment Authority,
 - Ministry of Economics, the Ministry of Education and Science, the Secretariat of the Minister for Special Assignments for E-government Affairs, the Ministry of Culture, the Ministry of Welfare, the Ministry for Regional Development and Local Governments, the Ministry of Transport, the Ministry of Health, the Ministry of the Environment, the Ministry of Finance as Responsible Authorities according to their policy sectors,
 - State Education Development Agency, Central Finance and Contracting Agency, State Regional Development Agency, State Agency “Construction, Energy and Housing State Agency”, State Agency „Investment and Development Agency of Latvia”, Health Statistics and Medical Technologies State Agency as Cooperation Authorities according to the scope of delegation of functions of Intermediate Bodies,
 - the State Treasury as the Certifying Authority,
 - the Ministry of Finance as the Audit Authority,
 - Procurement Monitoring Bureau as performer of ex-ante controls for procurement documentation of the EU funds projects.
- (With modifications approved by the Cabinet of Ministers of Latvia with order No94 (24.02.2010.))*
1333. Although the Ministry of Finance performs the functions of Managing Authority, Responsible Authority and Audit Authority, there will be ensured a clear separation of functions within the ministry. Also within the State Treasury there will be ensured a clear separation of functions of Paying Authority and Certifying Authority. Obligations and rights of the MA, CA and AA are clearly stipulated in the Law of EU Structural funds and Cohesion fund management. It is also clearly stated that functions of the MA, as well as of the AA, must be separated from the other functions of the MoF, which is ensured by internal decrees.
1334. The Minister for Special Assignments for Administration of the European Union Funds is in charge of coordination of the EU structural funds and Cohesion Fund in Latvia.
1335. The management of Structural Funds and the Cohesion Fund in Latvia is regulated by the Community Strategic Guidelines, Council Regulation (EC) No 1083/2006 laying down

general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999, Regulation (EC) No 1081/2006 of the European Parliament and of the Council on the European Social Fund and repealing Regulation (EC) No 1784/1999, Council Regulation (EC) No 1084/2006 establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94, Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.

1336. For implementation of Structural Funds and the Cohesion Fund, the Managing Authority draws up a unified legislative framework in order to provide for a unified and uniform implementation of the Structural Funds and the Cohesion Fund. The major legal act governing the EU Funds management in order to provide efficient and transparent implementation of the EU funds in Latvia according to sound financial management is Law on the Management of the European Structural Funds and Cohesion Fund (binding from March 1, 2007). The Law defines the rights and obligations of the institutions involved in the management of the EU funds, rights and obligations of the final beneficiary, as well as order of decision making, challenge and appeal of the institutions involved in the management of the EU funds.

1337. In order to provide the EU funds management the Cabinet of Ministers according to the delegation of the Law issues so-called horizontal regulations of the Cabinet of Ministers which governs the different stages of the EU funds management cycle and determines the EU funds implementation system. The Law provides the delegation in order to issue the Cabinet of Ministers regulations as follows:

- The order of programming and implementation of the EU funds, including the ex-ante verification of procurement documentation;
- Order of monitoring and evaluation of the EU funds implementation;
- Order on reporting on irregularities;
- Order of provision of functions of Audit Authority for the EU funds management;
- Order on provision on-the-spot checks;
- Order on the planning of the EU funds financing into the State budget;
- Order of publishing of information related to the projects co-financed by the EU funds;
- Order of provision of publicity and visual identity requirements of the EU funds;
- Order of establishment and operation of the EU funds management IT system;
- Requirements for the establishment of the management and control system of the EU funds;
- The rules of procedure of the Monitoring Committee.

1338. In order to implement the EU funds co-financed activity or sub-activity the Cabinet of Ministers according to the delegation of the Law issues the Cabinet of Ministers regulation – the order on implementation of the EU funds activity, defines the Project selection criteria, requirements for final beneficiary, Responsible Authority and Cooperation Authority, division of competence and order of cooperation between them, as well as the form of functional subordination of Responsible Authority and Cooperation Authority.

5.1. Institutions Involved in the Management of Funds

Managing Authority

1339. The obligation of Managing Authority is to ensure the management and implementation of the EU funds. The Managing Authority, in cooperation with Intermediate Bodies and consulting social, non-Governmental and regional partners, develops the National Strategic Reference Framework and Operational Programmes, thus ensuring compliance with the principle of partnership during the preparation of programming documents, as well as ensuring inter-sectoral coordination between the interventions of the Structural Funds and the Cohesion Fund. In addition to preparation of the programming documents as provided by the legislative acts of the European Community, the Managing Authority also ensures the preparation of the Programme Complement for the Operational Programmes which is approved by the Cabinet of Ministers. The Programme Complement for the Operational Programmes lays down the eligible expenditures of the activities, the type of assistance, the beneficiaries, funding plans with breakdowns by activities and years, implementation provisions of the activities, monitoring indicators at the measure level, as well as their division by planning regions.
1340. The Managing Authority also provides for the development and maintenance of the single Management Information Systems (MIS) of the Structural Funds and the Cohesion Fund.
1341. The Managing Authority performs the following additional functions:
- ensure organisation of evaluation of the EU funds,
 - ensure the implementation of information, publicity and communication measures,
 - ensure the management of the EU funds technical assistance management and effectiveness of implementation;
 - manage the Monitoring Committee and Sub-Committees and ensure monitoring of the Operational Programmes,
 - draw up annual and final reports,
 - draw up the chapter on the EU funds investments for the annual report on national reform programme implementation,
 - approximate and submit the large-scale projects to the European Commission,
 - evaluate the information on irregularities disclosed and reported to the Managing Authority, inform the national contact point on the irregularities to be reported to the European Anti-Fraud Office and the European Commission and, if necessary, initiate or perform additional controls and audits of the EU funded operations or implementation systems; elaborate the Cabinet of Ministers regulation to ensure the implementation of the provisions of the Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests,
 - ensure that public contracts or concessions awarded, concerning projects benefiting from the assistance of the European Regional Development Fund programmes comply with the provisions of Directives 2004/17/EC, 2004/18/EC, Regulation (EC) No 1564/2005 or the Treaty principles where applicable.
1342. The Ministry of Finance performs the functions of the Managing Authority.

Paying Authority

1343. The Paying Authority carries out:

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

1344. The State Treasury performs the functions of the Paying Authority.

Responsible Authorities and Cooperation Authorities as performers of functions of Intermediate Bodies

1345. The Intermediate Bodies represent a set of functions performed by a Responsible Authority or the Responsible Authority in conjunction with a Cooperation Authority together fulfilling the functions of the Intermediate Body.

1346. It is planned that during the programming period of 2007-2013 the Intermediary Bodies will perform the following functions:

- draw up the Operational Programmes within sectoral competences (analysis, strategy, priorities, measures, etc.),
- draw up the implementation provisions (criteria, eligible expenditure, applicable activities, etc.),
- perform financial planning,
- perform monitoring functions at the measure level, submit quarterly activity implementation progress reports to the Managing Authority, including the information on the achievement of output and result indicators,
- selection and approval of projects,
- management of project implementation, entering into agreements, monitoring implementation thereof,
- perform control and on-the-spot checks ,
- check and authorise payment requests, prepare expenditure declarations,
- information and publicity measures at the level of priorities and measures,
- ensure that public contracts or concessions awarded, concerning projects benefiting from the assistance of the European Regional Development Fund programmes comply with the provisions of Directives 2004/17/EC, 2004/18/EC, Regulation (EC) No 1564/2005 or the Treaty principles where applicable
- report to the Managing Authority on the irregularities disclosed on a quarterly basis and keep records on each irregularity disclosed,
- recover the amounts wrongly paid to the Final Beneficiary and account the irregular expenditures (recovered and recoverable).

1347. Functions 1-4 may not be delegated and are performed by the Responsible Authority itself, however, implementation of the functions 5-9 may be delegated to the Cooperation Authority.

1348. Other functions of the Intermediate Body, taking into consideration the scope of functions delegated to a Cooperation Authority are the following:

- verify compliance of the goods and services delivered and costs,
- ensure electronic recording of accounting data on every project, as well as the necessary information for financial management, monitoring, control and evaluation,

- ensure that the Final Beneficiaries or institutions which ensure implementation of Operational Programmes use separate accounting systems,
- ensure documentation storage.

Audit Authority

1349. The Audit Authority verifies efficient functioning and compliance of the Management and Control Systems of the Operational Programme:

- lays down requirements for audits carried out in the systems of the Intermediate Bodies, the Managing Authority and the Certifying Authority and organise audits by verifying that the Management and Control Systems of the Operational Programme comply with requirements laid down in the legislative acts of the EC and the legislation of the Republic of Latvia,
- verifies the effective functioning of the Management and Control Systems of the Operational Programmes and its compliance during the implementation process of Operational Programmes,
- verifies eligibility of expenditures,
- presents to the European Commission an audit strategy covering the bodies which will perform audit on effective functioning and compliance of the systems and will verify compliance of expenditures, the method to be used, the sampling methods to be used for audit of expenditures and the indicative planning on audits and controls,
- prepares and presents to the European Commission:
 1. an annual control report on the Management and Control System,
 2. an annual opinion on the effective functioning and compliance of the Management and Control System,
 3. a closing expenditure declaration together with final report on the Management and Control System,
- ensures that audit is carried out in compliance with internationally recognised audit standards.
- reports to the Managing Authority on the irregularities disclosed on a quarterly basis and keeps records on each irregularity disclosed.

1350. The Ministry of Finance performs the functions of the Audit Authority.

Certifying Authority

1351. The Certifying Authority certifies the statements of expenditure to the European Commission:

- drawing up and submitting to the European Commission expenditure declaration in electronic form,
- certifying that the information included in the expenditure declaration is correct, based on verifiable supporting documents, as well as it results from reliable accounting systems,
- certifying that the declared expenditure complies with European Union and national legislation, and that the expenditure has been incurred within the scope of the respective projects,
- ensuring that the received information on the procedures and verifications carried out is adequate for certification of expenditure,
- for the purpose of certification evaluates results of all audits and verifications carried out by the Audit Authority,
- providing records of the requested expenditures in electronic form to the European Commission,
- keeping an account of recoverable amounts, repaying to the European Commission, where possible, by deducting them from the next statement of expenditure to the EC.

1352. The State Treasury performs the function of the Certifying Authority.

Procurement Monitoring Bureau

1353. The obligation of Procurement Monitoring Bureau is to ensure the ex-ante control of procurement documentation of the projects co-financed by the EU funds and ex-ante random check for procurement procedure.

1354. The Procurement Monitoring Bureau has right to demand the information necessary for execution of its functions to the institutions involved in the management of the EU funds, as well as final beneficiary.

5.2. Partnership

1355. Latvia acknowledges the partnership principle as one of the core principles in preparation and implementation of NSRF and OPs. Latvia's objective was to involve all the relevant parties, including socio-economic partners, regional partners (planning regions, local municipalities and their associations) and respective NGOs in elaboration process of NSRF and OPs, thus ensuring the transparency and visibility of the process, as well as respecting the interests of partners and potential beneficiaries of the EU funds.
1356. In implementing partnership principle during elaboration of the NSRF and OPs several instruments were used – such as involvement of partners (mostly industry associations, regional partners, municipalities) in elaboration of the respective description of OPs' priorities and measures, debate on NSRF and OPs in the meetings of 'shadow' Monitoring Committee, organization of public discussions on planning documents, publishing the draft NSRF and OPs on the web page already starting from the very early drafts of those documents.
1357. By establishing the 'shadow' Monitoring Committee in November 2005, the priority was to ensure involvement of the partners in the discussion forum for NSRF and OPs. Thus, the participants from councils of planning regions, Association of Local Governments, Labours' Union, Employers' Confederation, as well as the respective NGOs were asked to nominate their representatives to participate in the 'shadow' Monitoring Committee. The meetings of the Committee, where the draft NSRF and OPs were discussed, took place on December 2, 2005 and June 2, 2006.
1358. In order to ensure transparency of the elaboration process of planning documents and to provide an opportunity to become acquainted with the most recent draft of the documents starting from the middle of November 2005 all the draft documentation of NSRF and OPs was published on the EU funds web page www.esfondi.lv.
1359. For each of the programming document a public discussion was organized. The discussions were launched for the partners and wider public by organizing the press conference. Within the framework of public discussions the documents were published on the EU funds web page www.esfondi.lv. All the interested organizations and individuals were asked to submit their comments. The discussions were concluded by the meetings of all the stakeholders, where the comments and proposals were discussed with their authors. After that the agreed comments were incorporated into the documents. The Cabinet of Ministers was informed about those comments, where the common understanding was not reached during the discussions.
1360. The public debate on the NSRF was launched on November 16, 2005 and continued till December 9, 2005 – in parallel with the official approximation of the NSRF. Within the framework of public discussions there were 358 comments received from more than 20 institutions (including development agencies of planning regions, local municipalities, NGOs, ect.). On January 10, 2006 the Ministry of Finance organized the meeting on the comments received during the public discussion, and, subsequently, 114 or 44.4% of all comments were agreed for incorporation into the NSRF.
1361. In addition to that on January 25, 2006 the Ministry of Finance organised a round table discussion with the most active NGOs (European Movement – Latvia, Centre for Public Policy *Providus*, Latvian Adult Education Association, Latvian Green Movement) with regard to the non-agreed comments provided by the mentioned NGOs. Most of the discussion was focused on ESF issues. As a result of the public discussion on NSRF the focus from infrastructure to education and science and human resources was changed.
1362. The public debate on three OP ("Human Resources and Employment", "Entrepreneurship and Innovations", "Infrastructure and Services") was launched on May 16, 2006 – also in parallel

with the official approximation of the OPs. Altogether during the public discussions 453 comments were received on OPs, and 240 or 53% of them were agreed for incorporation into the OPs.

1363. Dynamics of the comments as per OP is as follows - 177 comments were received on the OP "Human Resources and Employment" (89 or 50.3% of them were agreed for incorporation into the OP), 102 comments were received on the OP "Entrepreneurship and Innovations" (46 or 45.1% of them were agreed for incorporation into the OP), and 174 comments were received on the OP "Infrastructure and Services" (105 or 60.3% of them were agreed for incorporation into the OP).
1364. By assistance of Regional Structural Funds Information Centres five public discussions in five planning regions of Latvia about the OPs were organised. In addition to that the minister's round table discussion with field experts of human resources, entrepreneurship, macroeconomics, infrastructure, regional development and EU funding issues was held on June 26, 2006. The discussion included the investment priorities as set by the EU funds planning documents for 2007-2013 and the discussion was covered by the internet policy portal www.politika.lv.
1365. Finally on September 6, 2006 the Ministry of Finance organised an open discussion about the EU funds implementation issues in 2007-2013 with governmental, non-governmental, regional and social partners, as well as Structural Funds beneficiaries in current programming period where the system changes in 2007-2013 were introduced and discussed in several working groups.
1366. The planning regions have been involved in several discussions with the Responsible authorities organized by the Ministry of Regional Development and Local Governments in order to identify the territorial criteria (specific activities for particular territories, specific project selection criteria, regional quotas, differential co-financing rates) for activities, stipulating the observation of horizontal priority for balanced territorial development.
1367. Taking into account the aforementioned the partnership principle was ensured also during the negotiation process of the OPs - the negotiation delegation approved by the Cabinet of Ministers included representatives from socio-economic and regional partners, as well as from the NGOs. In such a way the partners as well as the representatives of Responsible authorities and other line ministries during the March and April 2007 had an opportunity to participate in all negotiation rounds with European Commission on the adoption of the EU funds programming documents.
1368. The principle of partnership will be observed also during the implementation, monitoring and evaluation stages of the EU funds – involving the partners in elaboration of implementation, monitoring and evaluation documentation of the EU funds, organizing the public discussions of implementation provisions of the EU funds activities (project selection criteria, Cabinet of Ministers regulations on implementation of activities), involving of partners into the project appraisal commissions, participating into the Monitoring Committee meetings, as well as monitoring the financial and physical progress of programme implementation. Thus, the principle of partnership will be ensured, as well as implemented the needs of planning regions taking into account the development traits and potential of each territory.

5.3. Implementation

1369. Implementation of projects co-financed by EU Structural Funds or the Cohesion Fund is to be applied the following horizontal principles:
- The principle of simplification: appraisal of a project application and a decision on providing assistance for project implementation within the scope of the Structural Funds and the Cohesion Fund is adopted by a single authority;
 - The principle of effectiveness: the time period from submission deadline of an application until adoption of a decision on the project approval must not exceed three months, except for large-scale projects.

Project Selection

1370. In the programming period of 2007-2013 the following two schemes are planned for the selection of projects for co-financing from Structural Funds of the Cohesion Fund:
- closed project selection procedure,
 - open call for applications.
1371. As regards the closed project selection procedure as a selection method of projects co-financed by the Structural Funds and the Cohesion Fund, it is a method of project selection developed by the Line Ministries for implementation of policy within an established area of investments for a restricted range of beneficiaries that are invited to submit the project proposal. All the projects which comply with the project selection criteria are approved and financed.
1372. The open call for applications as a selection method of projects co-financed by Structural Funds provides for competition among project applications, as a result of which projects to be co-financed by Structural Funds are selected.
1373. The OP Programme Complement, which is to be approved by the Cabinet of Ministers, lays down the implementation method applicable for the OP activities.

Closed project selection procedure

1374. The Managing Authority draws up the Cabinet of Ministers Regulations on project selection within the closed project selection procedure, providing unified criteria for project selection of within the closed procedure (The order of programming and implementation of the EU funds, including the ex-ante verification of procurement documentation) (1). The Cabinet of Ministers approve the drafted CM Regulations (2).
1375. The Intermediate Body establishes a working group which develops an activity implementation scheme (3).
1376. The Intermediate Body shall develop the criteria for the closed project selection procedure (4), which shall be submitted to the Managing Authority. The Managing Authority shall forward it to the MC for approval (5).
1377. The Intermediate Body draws up a draft Cabinet of Ministers Regulation on the implementation of the specific activity (6).
1378. After drawing up the draft Regulation of the Cabinet of Ministers on the implementation of operation, the Intermediate Body submits it for announcement to the Meeting of State Secretaries (MSS), where the Managing Authority and other Line Ministries the draft CM Regulations. The Intermediate Body submits to the Cabinet of Ministers for approval the a draft CM Regulation (7).

1379. The Intermediate Body sends an invitation to a limited group of potential tenderers to submit their project applications.
1380. SF/CF beneficiary develops a project (8) and submits it to the Intermediate Body. The Intermediate Body evaluates and approves the project (9) and enters into an agreement with the beneficiary (10).
1381. In the event of large-scale projects, the Intermediate Body presents the closed procedure project to the Managing Authority (11) who forwards it to the European Commission (12). The European Commission approve the large-scale project (13) and the Intermediate Body enters into an agreement with the beneficiary (10).

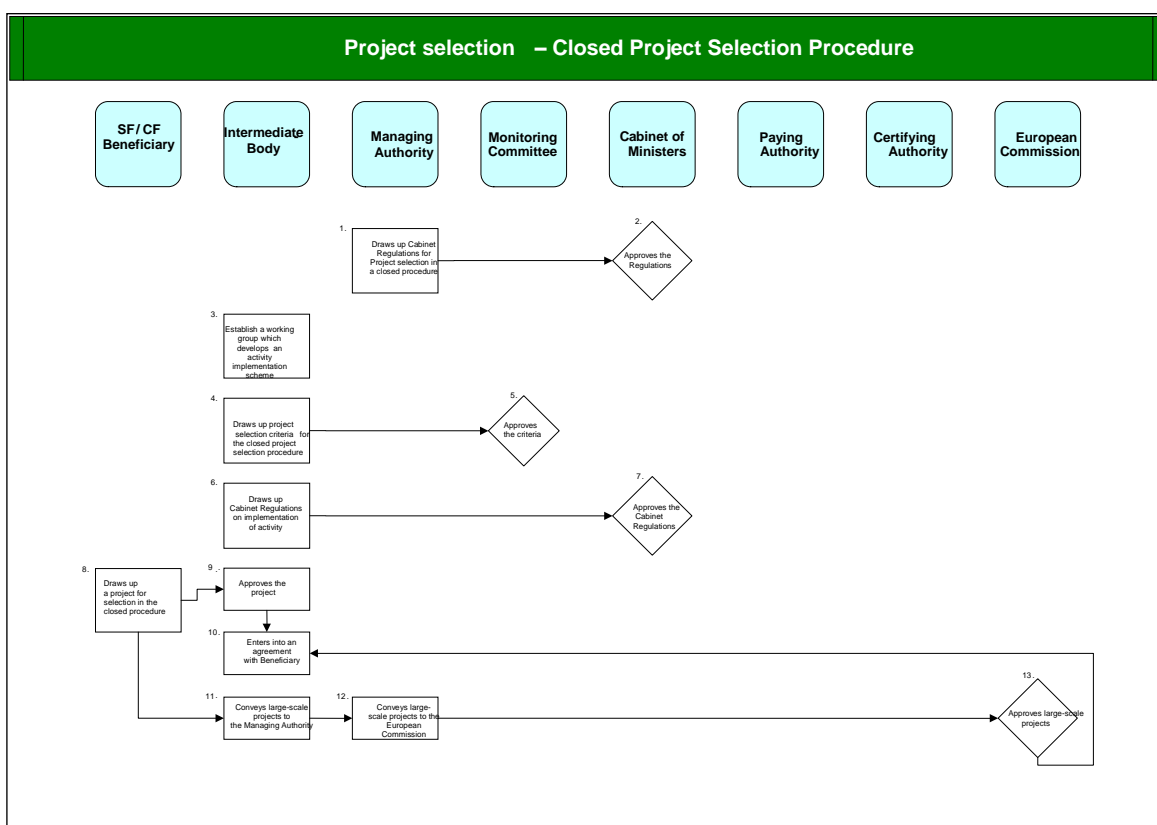


Figure 23: Project Selection Scheme for Closed Project Selection Procedure

Open Calls for Project Applications

1382. The Intermediate Body draws up draft Cabinet of Ministers Regulation on the implementation of activity (1).
1383. The Intermediate Body submits the project selection criteria included in the draft Cabinet of Ministers Regulation to the Managing Authority for approval at the MC. The MC approves the project selection criteria (2).
1384. After approving the criteria at the MC, the Intermediate Body forwards the draft Cabinet of Ministers Regulation for approval to the Meeting of State Secretaries, where the Managing Authority and other Line Ministries provide opinions on the draft Cabinet of Ministers Regulation. The Intermediate Body submits to the Cabinet of Ministers for approval the agreed draft Cabinet Regulation (3).
1385. After approval of the Cabinet of Ministers Regulation Intermediate Body announces an open call for applications (4).

1386. The Intermediate Body establishes an Evaluation Commission for the open call for applications (5). The Evaluation Commission evaluates the projects (6), after which a decision on providing funding for projects (7) is made.
1387. The Intermediate Body enters into an agreement with the beneficiary on implementation of an open call project (8).

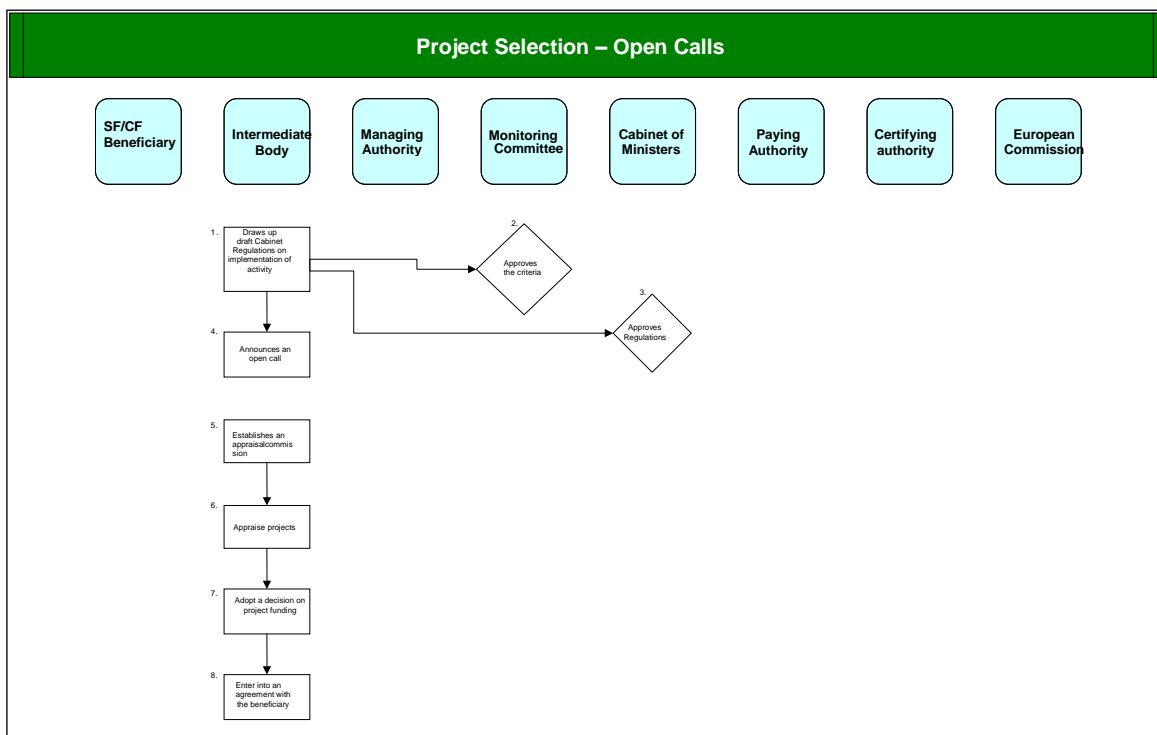


Figure 24: Project Selection Scheme for Selection at Open Calls for Project Applications
Project Implementation

1388. The Managing Authority draws up draft Cabinet of Ministers Regulations on the requirements for standard agreements (The order of programming and implementation of the EU funds, including the ex-ante verification of procurement documentation) (1). The Managing Authority forwards the draft Cabinet of Ministers Regulation for approval to the Meeting of State Secretaries, where the other Line Ministries provide opinions on the draft CM Regulation. The Managing Authority submits the agreed draft CM Regulation for approval by the Cabinet of Ministers. The Cabinet of Ministers approve the CM Regulations on the basic requirement for standard agreements (2).
1389. The Intermediate Body draws up a standard agreement (3), based on which it enters into an agreement with the beneficiary (4).
1390. The beneficiary implements the project (5). The beneficiary carries out a procurement procedure and ensure the procurement process is in compliance with national legislation. The beneficiary enters into a contract with a contractor on works, supplies or services, and ensure operational monitoring of the implementation of projects in accordance with contracts concluded.

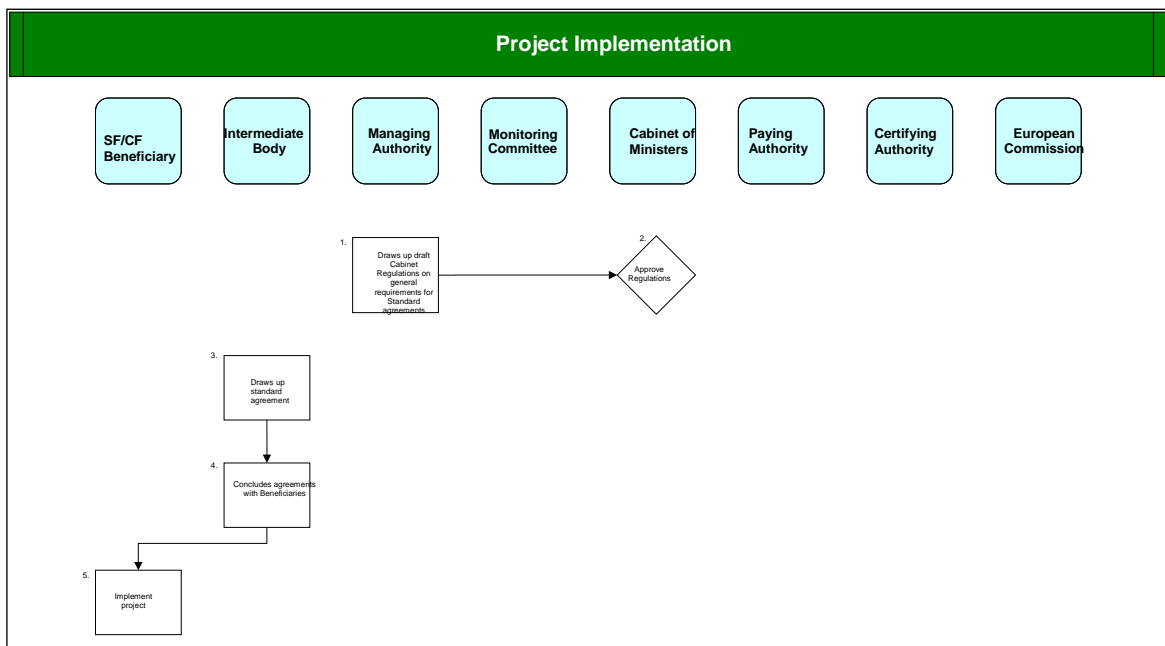


Figure 25: Scheme of Project Implementation

Payment Flow

1391. The European Commission makes an advance payment (2), the Paying Authority accounts the advance payments (1).
1392. The Beneficiary fulfils the preconditions before receiving an advance payment (3) and informs the Intermediate Body, after which the Intermediate Body carries out control on preconditions for receiving an advance payment (4). The Intermediate Body plans an advance payment to the Beneficiary in the budget and makes an advance payment to the Beneficiary (5).
1393. The Beneficiary makes a payment to the Contractor (6). The Contractor receives the payment (7). The Beneficiary prepares a payment request for funding from the SF/CF and submits it to the Intermediate Body (8).
1394. The Intermediate Body reviews the payment request for funding from the SF/CF (9), approves the amount of the assigned expenditures and prepares the payment order, by deducting already made an advance payments (10). The Intermediate Body sends the payment order to the Paying Authority (11). The Paying Authority makes a payment to the Beneficiary (12).
1395. The Intermediate Body prepares a statement of expenditure and send it to the Managing Authority for verification (13). The Managing Authority verifies the statement of expenditure and send it to the Certifying Authority (14) which certifies the expenditures (15).
1396. The Certifying Authority submits the statement of expenditure to the European Commission. The European Commission make a payment to the state budget (16). The Paying Authority accounts the received payments (17).

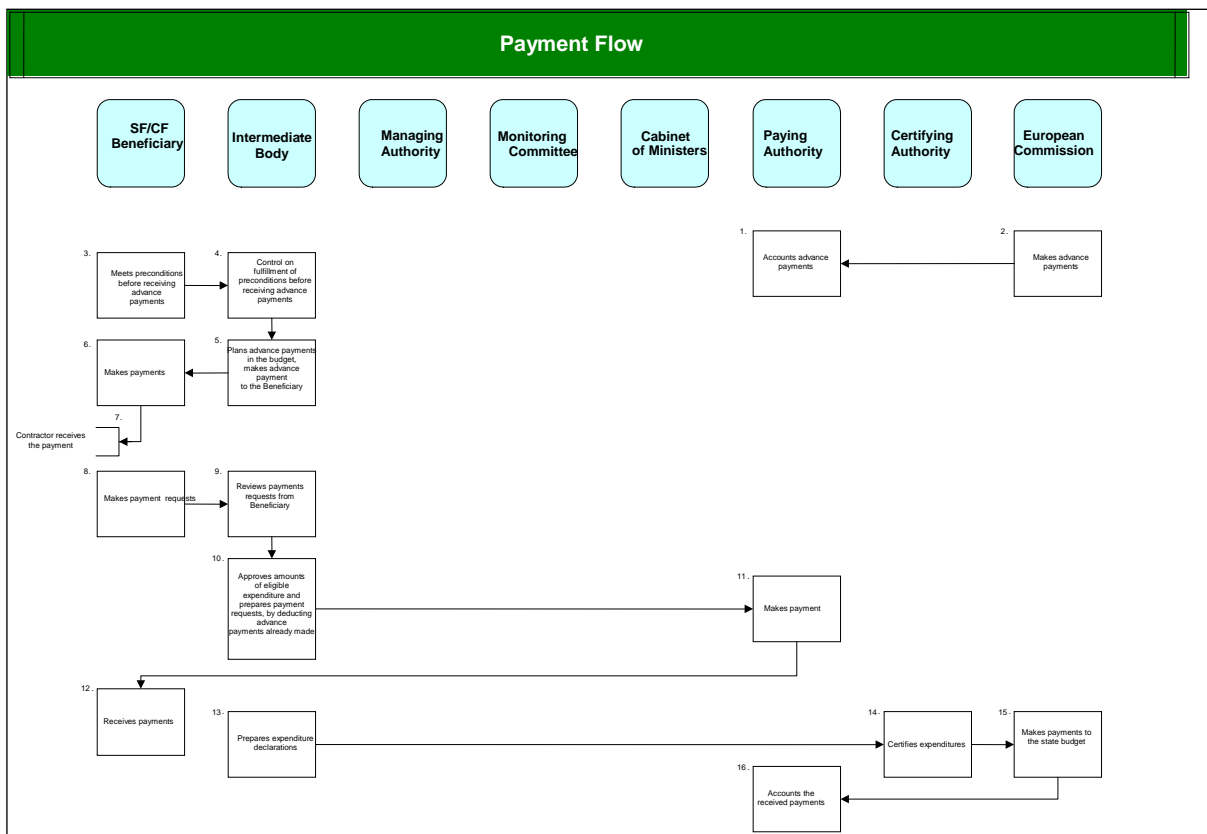


Figure 26: Scheme of Payment Flows

State Aid

1397. State aid is planned for the certain measures of OP. Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

5.4. Monitoring

1398. The aim of monitoring is to ensure regular control of the implementation of the Structural Funds and the Cohesion Fund in compliance with the priorities and aims provided at the OP. Monitoring of Operational Programmes will ensure implementation quality and efficiency by evaluating the financial and physical progress as defined in the OP and on implementation progress on programme.
1399. In order to ensure effective use of funds from Structural Funds and the Cohesion Fund, the Managing Authority establishes a monitoring system of implementation of the OP.
1400. In order to ensure regular monitoring and analysis of indicators specified in the OP, the Managing Authority, in cooperation with the Intermediate Body, develops evaluation indicators for the programme. The OP lays down outcome and result indicators at the priority level. In order to collect the necessary information, the OP Complement shall lay down outcome and result indicators at the level of measures.
1401. Monitoring of the OP begins at the lowest - project level. The basic element of the analysis is the project, where the necessary information for monitoring is collected. Information on projects is collected by illustrating the activities of the implementation progress at the operational, priorities and the OP level.

Monitoring Committee

1402. In accordance with Council Regulation 1083/2006 which lays down the general provisions of the European Regional Development Fund, the European Social Fund and the Cohesion Fund, the Monitoring Committee of the OP is established at most three months after approval of the Operational Programme.
1403. In accordance with the Concept Paper on Management and Control Systems of EU Structural Funds and the Cohesion Fund in Latvia for the 2007-2013, a single Monitoring Committee is established for all the Operational Programmes. The Rules of Procedure of the Monitoring Committee shall be approved by the Cabinet of Ministers. The Monitoring Committee is chaired by the Head of the Managing Authority, and it consists of a member from the Managing Authority, Paying Authority, Intermediate Body, Implementation Bodies, Audit Authority, Certifying Authority. Members from regional, non-governmental (those working with such issues as environmental protection, equal opportunities, information society and others), economic and social partners (Free Trade Union Confederation of Latvia, Latvian Employers' Confederation), as well as members from the Ministry of Agriculture, Ministry of Foreign Affairs, Saeima Commission of European Affairs participating as observers at the Monitoring Committee, a representative of the Ministry of Welfare as body responsible for co-ordination of the horizontal policy „Equal opportunities” and a representative of Ministry of the Environment as body responsible for co-ordination of protection of environment issues within the scope of the horizontal policy „Sustainable development”. Members from the European Commission and international financial institutions also participate in the work of the Monitoring Committee.
1404. The Monitoring Committee establishes two sub-committee – a separate sub-committees for monitoring of ERDF and CF co-financed Ops, and a separate sub-committee for monitoring of ESF co-financed OP.
1405. The Monitoring Committee verifies the efficiency and quality of implementation of the OP. For these reasons the Monitoring Committee is obliged to carry out the following tasks:
- periodically review progress made towards achieving the specific targets of the OP and examine the achieved results;

- examine achieved targets at the priority and operational levels;
- review and approve proposals for amendments to the OP ;
- approve the criteria for project appraisal under each measure;
- review and approve annual and final reports before sending them to the European Commission;
- be informed of the annual control report or part of the report and of any relevant comments made by the Commission;
- approve the Communication Strategy of the management of Funds;
- initiate an evaluation;
- approve the evaluation plan,
- monitor the horizontal priorities, including the horizontal policy „Sustainable development” and the implementation of the environment protection policy .

Management Information System

1406. In order to provide an effective monitoring system in Latvia, an information system for management of the Structural Funds and the Cohesion Fund – MIS is to be established, which is one of the mechanisms implementing the monitoring of the Structural Funds and the Cohesion Fund. In order to ensure operational information flow, the Managing Authority is responsible for the development and maintenance of the MIS.

1407. The aims of using the MIS are as follows:

- to store information on activities funded by the EU Structural Funds/Cohesion Funds;
- to make account of the payments made by the EU Structural Funds/Cohesion Funds within the scope of the funded projects;
- to store information on the implementation of monitoring indicators;
- to collect output, result indicators and impacts and to generate output data;
- to carry out electronic information exchange with the Commission, carry out data processing by making different reports etc.

1408. The MIS is used to store information on financial indicators (invested and disbursed amounts), as well as implementation impact indicators (outputs, results and impacts).

Arrangement of the Monitoring Process

1409. In order to ensure circulation of operational information, the Beneficiary ensures data collection on the progress of the project and its submission to the relevant Intermediate Body (1). The Intermediate Body checks the information received from the Beneficiary and enters information on project implementation into the MIS(2). The Intermediate Body analyses problems encountered throughout implementation of the Funds and provide suggestions to the Managing Authority on improvements of the implementation of SF/CF projects. The Managing Authority reviews the information received from the Intermediate Body and evaluate the use of Funds in compliance with the priorities and targets specified at the OP and the NSRF (3). The Managing Authority sends the above-mentioned information, together with the evaluation of use of Funds, to the Cabinet of Ministers and the Commission (EC) (4,5).

1410. In order to ensure effective exchange of information between the authorities involved in the administration of the ERDF and ESF and the authorities involved in the administration of EAFRD and EFF on the projects and Beneficiaries, who have applied for or have received support from the funds, MIS will be interconnected with the management information system of Rural Support Service. This is seen as an effective tool to monitor and prevent possible overlapping of ERDF and ESF projects and Beneficiaries with the EAFRD and EFF projects and Beneficiaries in addition to the co-ordination mechanisms set at the programming level.

1411. The Managing Authority ensures the organisation and management of the MC (6). The Managing Authority prepares and submits an annual report on the implementation of the OP, which provides information on financial and physical progress of programme implementation (7) for the approval by the MC. The MC approves the annual report on the implementation of the OP (8) and the Managing Authority submits it to the Commission (9).
1412. Based on the monitoring information, the Managing Authority prepares a report on the implementation of the NSRF (10). After approval has been received from the Cabinet of Ministers (11), the Managing Authority submits the report on implementation of the NSRF to the Commission (12).

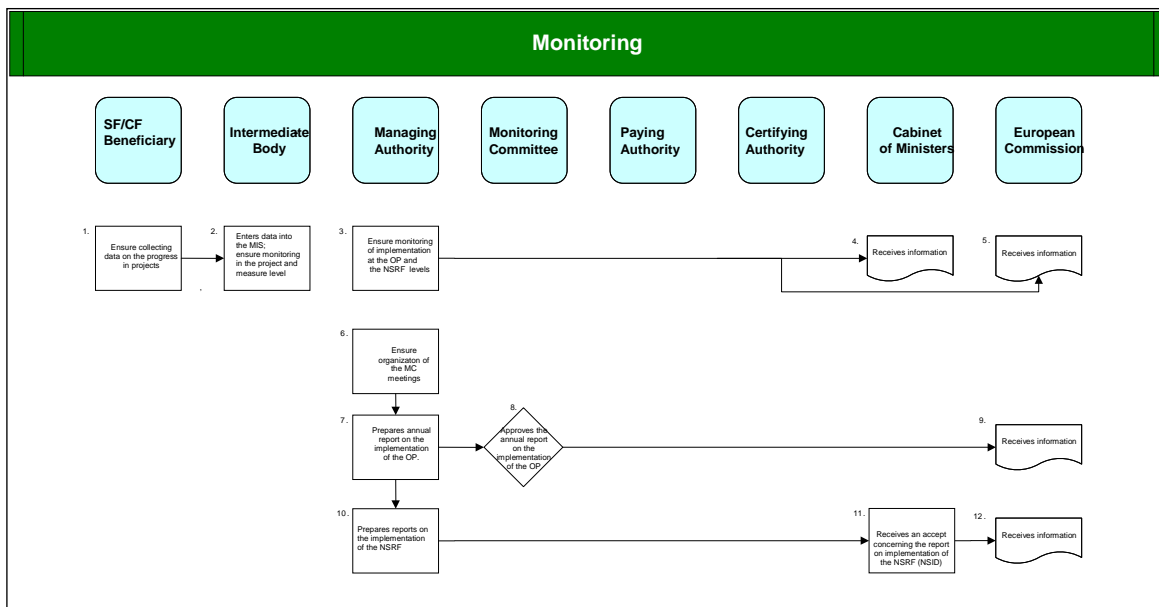


Figure 27: Monitoring Process

5.5. Evaluation

1413. In accordance to Article 47 of the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, and in accordance to the general practice the aim of an evaluation is to improve the quality, effectiveness and consistency of the assistance from the Funds and the strategy and implementation of operational programmes with respect to the specific structural problems affecting the country and regions concerned.
1414. Managing Authority in collaboration with institutions involved in the EU funds management ensures the implementation of evaluation by establishing an inter-institutional working group that ensures a qualitative implementation of evaluations (functions of the working groups are laid down in its regulations) and that constitutes of delegated representatives from all institutions involved in EU Funds management.
1415. There exist evaluations carried out before (ex-ante), after (ex-post) and during (thematic/ on-going) the programming period.
1416. Evaluations are carried out by independent experts.
1417. Evaluations are financed from the budget for technical assistance.
1418. The evaluation results are made public in accordance with the existing normative acts on the access to documentation. The Monitoring Committee is being informed about the results from the accomplished evaluations, as well as implementation status of recommendations suggested by evaluators, and can also suggest an evaluation.
1419. Managing Authority develops evaluation plan which in respect to evaluation issues contains indicative evaluation activities. Managing Authority in collaboration with inter-institutional working group ensures that areas of potential difficulties in the implementation are addressed by the evaluation activities and that conclusions and recommendations expressed by independent experts are reviewed and introduced in practice.
1420. Evaluation plan will be verified by the Monitoring Committee until July 2008.

Ex-ante evaluation

1421. Ex-ante evaluation is carried out under the responsibility of institution accountable for the development of programming documentation.
1422. The aim of the ex-ante evaluation is to ensure the development of qualitative EU funds programming documents 2007 – 2013 in conformity with EU and Latvian legislation, as well as in conformity with state development needs and EU and Latvian programming documents.
1423. In accordance to Article 48 of the aforementioned regulation the aim of the ex-ante evaluation is to optimize the allocation of budgetary resources under operational programmes and improve programming quality. Evaluation reports shall identify and appraise the disparities, gaps and potential for development, the goals to be achieved, the results expected, the quantified targets, the coherence, if necessary, of the strategy proposed for the region, the Community value-added, the extent to which the Community's priorities have been taken into account, the lessons drawn from previous programming and the quality of the procedures for implementation, monitoring, evaluation and financial management.
1424. Ex-ante evaluation happens in parallel with development of the EU funds programming documents. During the evaluation independent experts provides the developers of the programming documents with an evaluation and recommendations on the elaboration of

documents, they also participate in the discussions with European Commission representatives on the validation of programming documents.

1425. Within the strategic environmental impact assessment being a part of the ex-ante evaluation process an analysis of the EU and Latvian environmental policy documents and normative acts is performed, activities foreseen in the programming documents are analyzed from the environmental protection and sustainable development perspective, the probable environmental impact if programming documents are implemented is assessed, possible alternatives if proposed are being analyzed, as well as the recommendations to reduce the environmental impact of activities foreseen in the programming documents and to facilitate sustainable development are provided.
1426. The detailed description of the ex-ante evaluation and SEA of the EU funds programming documents is available in chapter on ex-ante evaluation process.

Ex-post evaluation

1427. In accordance to Article 49 of the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, the European Commission in close cooperation with the Member State and Managing Authority carries out and completes the ex-post evaluation by 31 December 2015.
1428. Ex-post evaluation covers all the operational programmes under each objective and examine the extent to which resources were used, the effectiveness and efficiency of Fund programming and the socio-economic impact, draws conclusions for the policy on economic and social cohesion. The factors contributing to the success or failure of the implementation of operational programmes and the good practice is identified.

Strategic and operational evaluation

1429. The aforementioned regulation foresees the evaluations of a strategic nature in order to examine the evolution of a programme or group of programmes in relation to Community and national priorities, and of an operational nature in order to support the monitoring of an operational programme.
1430. Evaluation can be organized according to themes, policy fields, priority axis, of a part of or the whole programming document; there can be joint evaluations on several EU Funds related issues and other evaluations on a specific policy field covering several sources of financing, not only the EU Funds.
1431. In cases when amendments or changes are needed in the programming documents an evaluation effort is provided.
1432. Among evaluation implementation both horizontal policy impact and programme impact, inter alia, values of context indicators and impact indicators of NSRF, values of outcome and result indicators of OPs, is to be assessed.
1433. Justification of evaluation of operational nature is a deviation of 25% from the annual target value that is set out proportionally distributing the annual 2009 and 2013 target values over years, bearing in mind the inception date of the respective activity and the respective indicator. In case of deviation of 25% the Monitoring Committee and the inter-institutional working group is notified that reviews the existing situation and makes decision on the inception of operational evaluation. Monitoring Committee and the inter-institutional working group can make a decision on the strategic and operational evaluation based on other reasons.
1434. Evaluation is concluded within the programming period in order to secure a possibility for the Managing Authority to take measures for improvement of operational programmes or to acquire useful conclusions for the preparation of next programming period.

5.6. Controls

Controls of the Eligibility of Expenditure and Audits of Eligibility and Efficiency of the Systems

1439. The AA draws up draft Regulations of the Cabinet of Ministers on basic requirements for carrying out controls of the eligibility of expenditure (1). After approval of the above Regulations by the Cabinet of Ministers (2), the IB develops a method (instructions and procedures) for carrying out controls of the eligibility of expenditure and audits of eligibility and expenditure of the systems (3). The relevant unit of the IB, the functions of which are separated from functions of the units which are responsible for implementation of the Structural Funds and the Cohesion Fund, carries out controls of eligibility of expenditure and audits of eligibility and expenditure of the systems (4). The AA is also eligible to carry out controls of eligibility of expenditure and audits of eligibility and expenditure of the systems (5). The AA receives reports on all the controls of eligibility of expenditure and audits of eligibility and expenditure of the systems carried out by the IB, and evaluates them (6). Copies of the reports and evaluations carried out by the AA are sent for information to the MA and the CA (7;8).

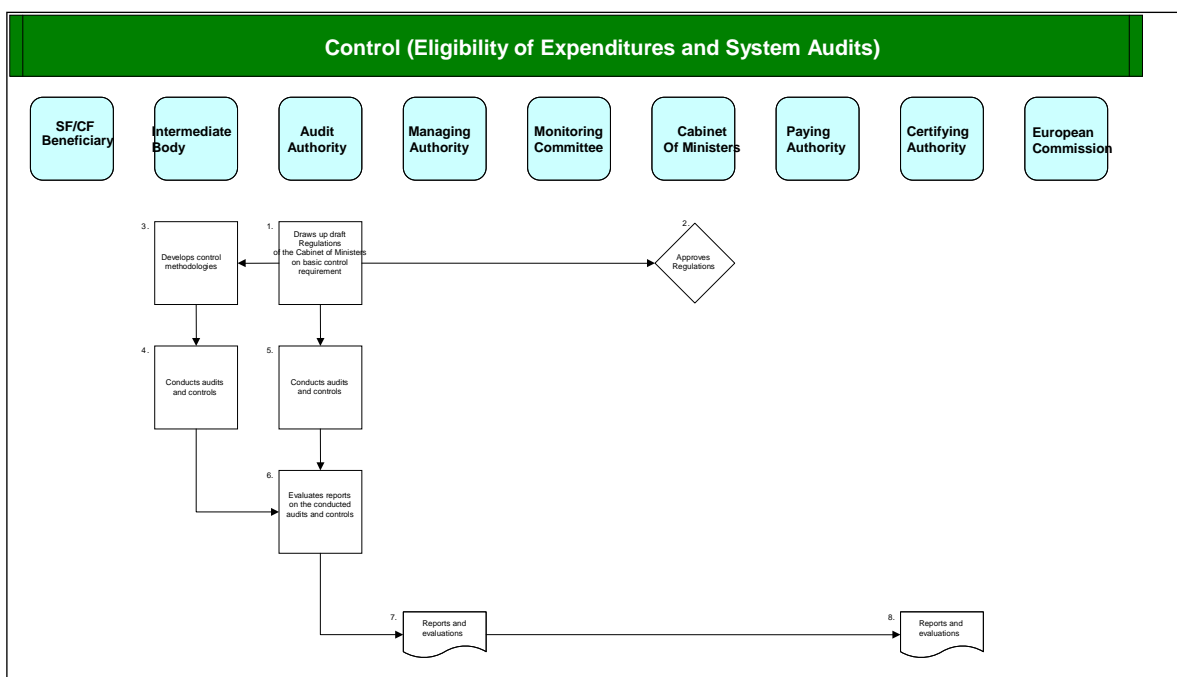


Figure 29: Chart on Controls of the Eligibility of Expenditure and Audits of Eligibility and Efficiency of the Systems

On-the-Spot Checks

1440. The MA draws up the draft Regulations of the Cabinet of Ministers on the basic requirements for carrying out on-the-spot checks (1). After approval of the above regulations by the Cabinet of Ministers (2), the IB draws up a method (instructions and procedures) for carrying out on-the-spot checks (3). The relevant unit of the IB carries out on-the-spot checks (4). The MA receives reports on all the on-the-spot checks carried out by the IB, and evaluates them (5). Copies of the reports are sent for information to the AA and the CA (6,7).

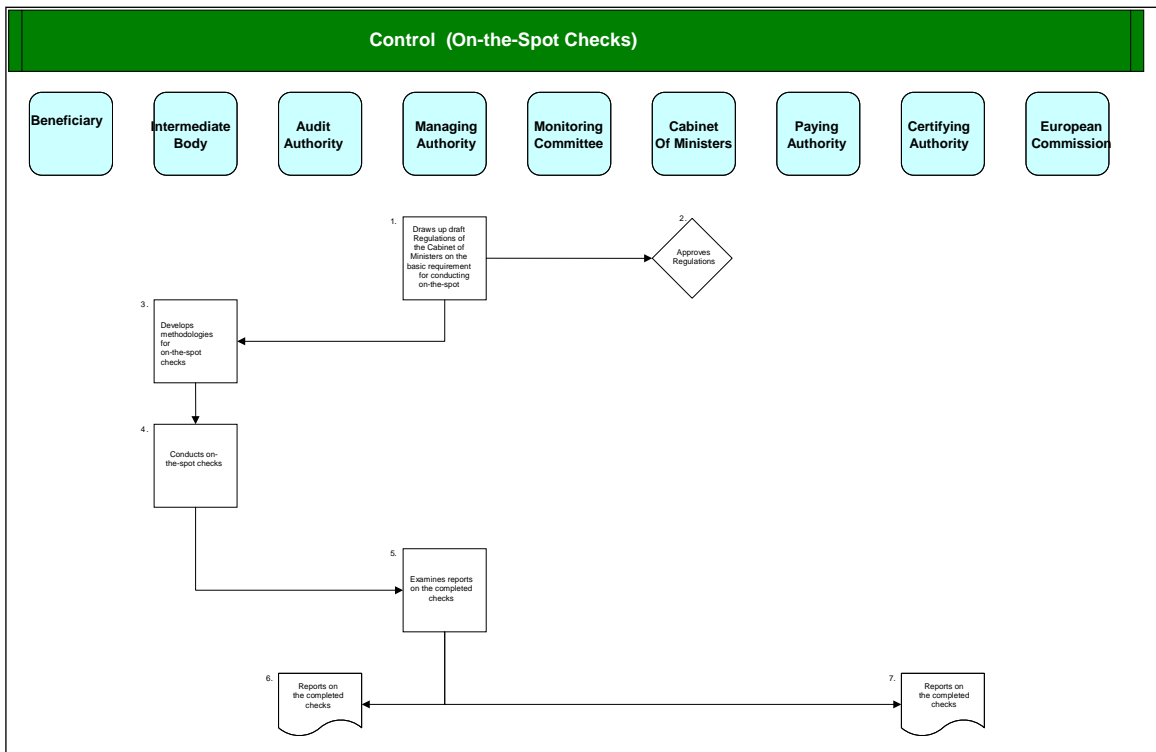


Figure 30: On-the-spot Check Scheme

Annual Report on the Implementation and Control System

1441. The AA lays down the requirements for drawing up an annual report on the Implementation and Control System (1). After receiving the necessary information from the MA and the IB (2,3), the AA draws up the annual report on the Implementation and Control System (4) and send it for information to the MA, CA and the European Commission (5,6,7).

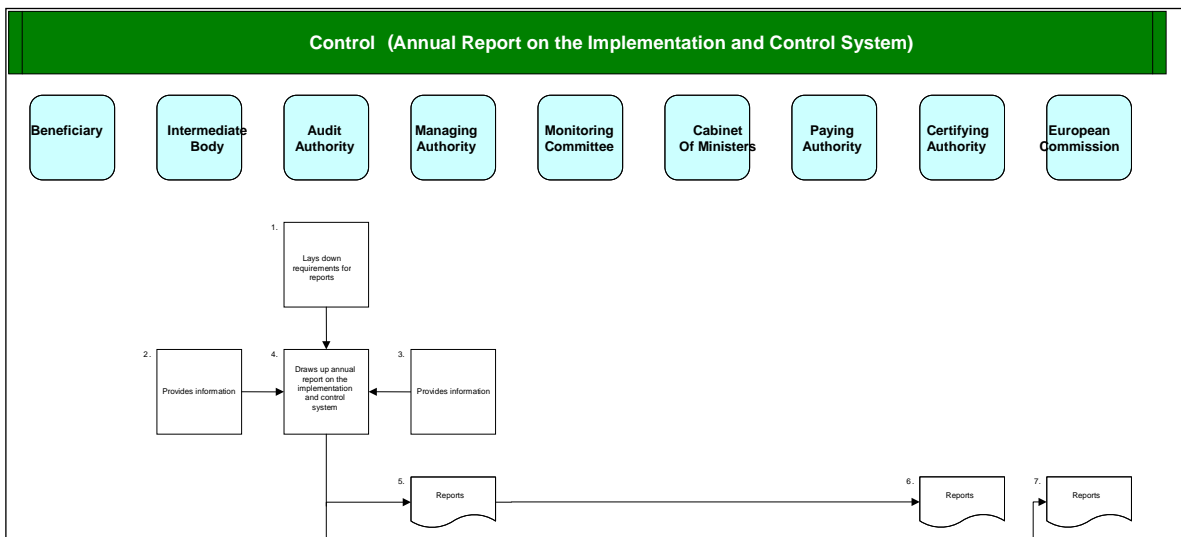


Figure 31: Annual Report on the Implementation and Controls System

Audit of the Description of the Management and Control System

1442. The MA prepares a description of the Management and Control System for all the OP (1). The AA provides requirements for carrying out the audit of the Management and Control Systems created by the MA and the CA, and organises the audit (3). The AA sends the report on the audit of the MA and the CA systems to the MA (4). The MA, in cooperation with the CA and the AA, lays down the requirements for the creation of the Management and Controls Systems by the IBs (5). The audit of Management and Controls Systems created by

the IB is outsourced to an independent audit company on the systems for all the OPs under the supervision of the AA. Compliance Assessment Body will be chosen according to an open tender procedure. There is no involvement of the MA and CA in this procurement process and evaluation of offers, as well as in performing of audits. Moreover, MA and CA will be audited as well as all other institutions involved in the management of EU funds in 2007-2013 by the Compliance Assessment Body during the compliance assessment process. (6) the outsourced independent auditor prepares a report on audits of all the OPs Management and Control Systems, which after review by AA are sent to the MA (7). The MA sends the report on audits of all the OP Management and Control Systems (8) and descriptions on all the OP Management and Control Systems to the European Commission (2). The European Commission approves the description of Management and Control Systems on all the OP (2).

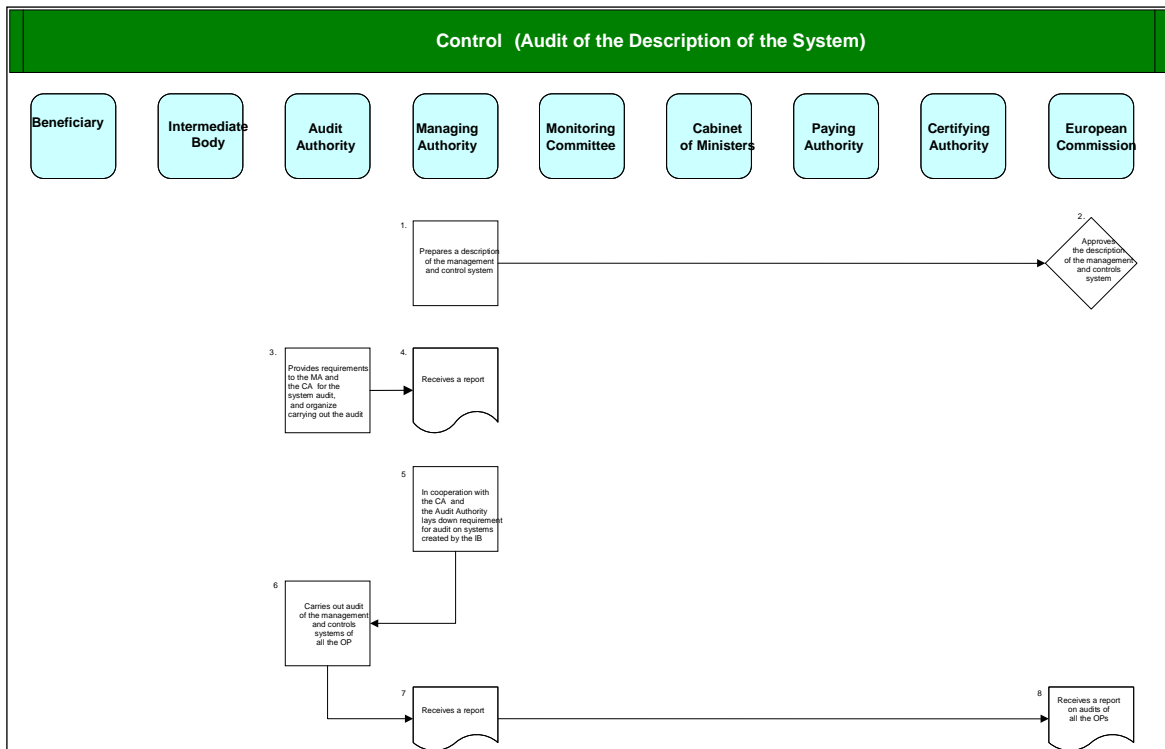


Figure 32: System Description Audit Scheme

5.7. Information and Publicity

1443. In order to ensure transparent implementation of the Operational Programmes and to meet the publicity requirements of Structural Funds and the Cohesion Fund laid down by the European Commission, the EU Funds Communication Strategy for 2007-2015 is drafted. The strategy lays down communication objectives and tasks for the given time period, the division of responsibilities and communication competences among the institutions involved in the management of EU Funds, as well as the necessary activities for carrying out the communication tasks. The Strategy includes publicity plan for EU funds project application and implementation period and evaluation of the communication efficiency after closure of the Operational Programmes.
1444. The EU Funds Managing Authority draws up the Communication Strategy within 4 months of approval of the Operational Programmes at the European Commission. The European Commission provides its conclusion on the Communication Strategy within 2 months, the Member State, within 2 months after receiving the comments from the European Commission will improve the Strategy and again submit it to the European Commission, which is expected to provide the final conclusions in 2 months.

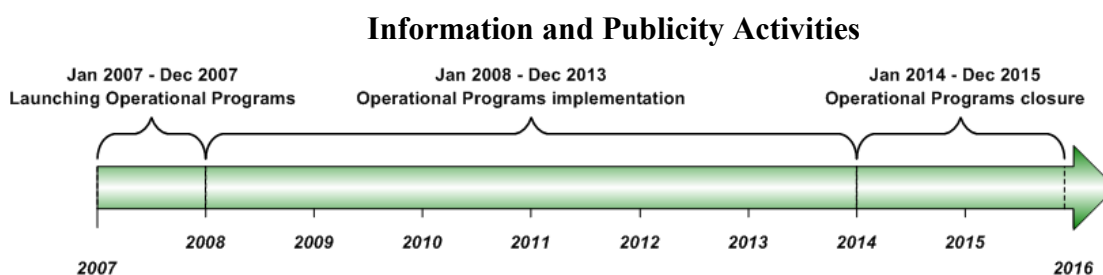
Communication Objectives

1445. The communication objectives are as follows:
- To promote public awareness of the investments EU Funds in the socio-economic development of Latvia and general public benefit,
 - To promote participation of social, regional and non-governmental partners in drafting EU funds planning documents and project implementation conditions,
 - To ensure timely, clear and comprehensive information for potential EU funds project applicants and final beneficiaries,
 - To promote transparency in the use of EU Funds by ensuring transparency of EU Funds utilisation and traceability,
 - To ensure access to information in planning regions by facilitating active participation of inhabitants of planning regions in EU Funds implementation,
 - To promote cooperation among institutions involved in the management of EU Funds and information intermediates

Target Groups

1446. The communication target groups are:
- Potential project applicants and and final beneficiaries as laid down in the Operational Programmes: (Local Governments, NGOs, entrepreneurs, the education sector, public authorities) etc.;
 - Potentially and actually benefiting groups;
 - Information intermediates:
 - National and local media
 - Regional Structural Funds Information Centres in 5 planning regions;
 - Information providers on EU issues, such as The Latvian Rural Advisory and Training Centres, EU Information Agency, EU Information Points, *Europe Direct*, libraries at local governments;
 - Local governments, Latvian Association of Local and Regional Governments, The Association of Large Cities;
 - Non-governmental organisations

- Journalists;
- Opinion leaders;
- Institutions involved in the management of EU Funds;
 - General public.



Stage 1: Launching Operational Programs: January 2007 – January 2008

Measure type	Content	Target groups	Institutions involved
MEASURE 1: Mass media relations			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - EU funds TV and radio programmes - Press releases - Interviews, comments, opinions - Press conferences 	<ul style="list-style-type: none"> - EU funds availability - Launching open calls - Launching restricted calls - Major projects - Economic sectors development in context of EU funds implementation - Project implementation - Contact information etc. 	<ul style="list-style-type: none"> - Potential Project applicants - Final beneficiaries - Latvian society - Information intermediates 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5)
MEASURE 2: Mass media monitoring			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - media monitoring 	<ul style="list-style-type: none"> - LR national and local press reviews and content analyses 	<ul style="list-style-type: none"> - Institutions involved in EU funds management 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5)
MEASURE 3: Regional conferences about EU Funds			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Regional conferences (5) 	<ul style="list-style-type: none"> - EU funds projects in 5 planning regions 	<ul style="list-style-type: none"> - Final beneficiaries in planning regions - NGOs, social and regional partners - Institutions involved in EU funds management - Latvian society 	<ul style="list-style-type: none"> - Regional SF information centres (5)
MEASURE 4: Publicising and dissemination information materials and			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>

<ul style="list-style-type: none"> - Information materials in line of Cabinet of Ministers regulation „EU Funds publicity and visibility” 	<ul style="list-style-type: none"> - NSRF - OPs - OPs complements - Activities under responsibility of Responsible Institution - Other information materials, content correspondent with the target group (s) 	<ul style="list-style-type: none"> - Potential project applicants - Information intermediates - Public administration institutions - Local authorities - NGOs, social and regional partners 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5) -
MEASURE 5: Consultations, information measures for potential applicants including informative support in planning regions			
1	2	3	4
<ul style="list-style-type: none"> - Seminars, consultations etc. 	<ul style="list-style-type: none"> - EU funds availability - Practical information to potential applicants and final beneficiaries - Contact information etc. 	<ul style="list-style-type: none"> - Potential project applicants, especially in regions - Final beneficiaries, especially in regions - Information intermediates 	<ul style="list-style-type: none"> - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5)
MEASURE 6: Promoting involvement of potential applicants and partners in drafting and discussion of project selection criteria			
1	2	3	4
<ul style="list-style-type: none"> - Any form of promoting society's participation 	<ul style="list-style-type: none"> - EU funds project selection criteria 	<ul style="list-style-type: none"> - NGOs, social and regional partners - Potential project applicants, 	<ul style="list-style-type: none"> - Responsible institutions
MEASURE 7: Development of a single network in the EU Funds web-page www.esfondi.lv among home pages of institutions involved in EU Funds management			
1	2	3	4
<ul style="list-style-type: none"> - Development of a single home pages network - Unified contact information of contact persons of EU funds institutions 	<ul style="list-style-type: none"> - Information support to potential applicants and final beneficiaries 	<ul style="list-style-type: none"> - Potential project applicants - Final beneficiaries - Information intermediates - Web page visitors 	<ul style="list-style-type: none"> - Managing Authority in co-operation with responsible and co-operation institutions and Regional SF information centres (5)
MEASURE 8: Flying EU flag at the Managing Authority on 9th of May			
1	2	3	4
<ul style="list-style-type: none"> - Flying EU flag 		<ul style="list-style-type: none"> - Inhabitants of Latvia 	<ul style="list-style-type: none"> - Managing Authority

Stage 2: Operational Programs implementation: February 2008 – December 2015

Measure type	Content	Target groups	Institutions involved
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MEASURE 1: Mass media relations			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - EU funds TV and radio programmes - Press releases - Interviews, comments, opinions - Press conferences 	<ul style="list-style-type: none"> - EU funds availability - Launching open calls - Launching restricted calls - Major projects - Economic sectors development in context of EU funds implementation - Project implementation - Contact information etc. 	<ul style="list-style-type: none"> - Potential Project applicants - Final beneficiaries - Latvian society - Information intermediates 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5)
MEASURE 2: Mass media monitoring			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - media monitoring 	<ul style="list-style-type: none"> - LR national and local press reviews and content analyses 	<ul style="list-style-type: none"> - Institutions involved in EU funds management 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5)
MEASURE 3: Annual conference on EU Funds			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<p>Annual conference on EU Funds</p>	<ul style="list-style-type: none"> - EU funds implementation with a focus on reached indicators 	<ul style="list-style-type: none"> - Final beneficiaries in planning regions - NGOs, social and regional partners - Institutions involved in EU funds management - Latvian society 	<ul style="list-style-type: none"> - Managing Authority in co-operation with responsible and co-operation institutions and Regional SF information centres (5)
MEASURE 4: Dissemination of specific information			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Information materials in line of Cabinet of Ministers regulation „EU Funds publicity and visibility” 	<ul style="list-style-type: none"> - EU Funds implementation process and results - EU Funds project examples - Reached indicators - Project implementation experience etc. 	<ul style="list-style-type: none"> - Final beneficiaries in planning regions - NGOs, social and regional partners - Institutions involved in EU funds management - Latvian society - Public administration institutions 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5) -
MEASURE 5: Public opinion poll (1x year) about society’s awareness of EU Funds			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Public opinion poll 	<ul style="list-style-type: none"> - Society’s awareness of EU Funds 	<ul style="list-style-type: none"> - Latvian inhabitants (random choice / 1000) 	<ul style="list-style-type: none"> - Managing Authority
MEASURE 6: Placement of Billboards and permanent information plaques and posters			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>

- Billboards and permanent information plaques and posters at project sites	- Information on EU funding in EU Funds projects	- Final beneficiaries - Inhabitants of Latvia	- Responsible or co-operation institutions
MEASURE 7: Updating homepages			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
- Home pages	- Actual EU funds information	- Potential project applicants - Final beneficiaries - Information intermediates - Home pages visitors	- Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5) -
MEASURE 8: Consultations, information measures for potential applicants and final beneficiaries including informative support in planning regions			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
- Seminars, consultations etc.	- EU funds availability - Practical information to potential applicants and final beneficiaries - Project implementation experience	- Potential project applicants, especially in regions - Final beneficiaries, especially in regions - Information intermediates	- Responsible Institutions - Co-operation Institutions - Regional SF information centres (5)
MEASURE 9: Conferences, seminars of technical nature on major project implementation			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
- conferences - Seminars - Exchanging experiences and good practice	- Practical information to major project applicants and beneficiaries	- major project applicants and beneficiaries - information intermediates	- Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5) -
MEASURE 10: Publicising list of EU Funds beneficiaries			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
- list of EU funds beneficiaries in line with the Cabinet of ministers regulation "Publicising information about EU funds project"	- Content in line in line with the Cabinet of ministers regulation "Publicising information about EU funds project"	- Final beneficiaries - Inhabitants of Latvia	- Responsible Institutions - Co-operation Institutions -
MEASURE 11: Flying EU flag at the Managing Authority on 9th of May			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
- Flying EU flag		- Inhabitants of Latvia	- Managing Authority
MEASURE 12: Qualitative research in 2010 about the impact of publicity measures			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>

- Qualitative research	- Reached indicators and impact of information and publicity measures	- Inhabitants of Latvia - Institutions	- Managing Authority
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Stage 3: Operational Programmes closure 2014-2015

Measure type	Content	Target groups	Institutions involved
MEASURE 1: Qualitative research in 2010 about the impact of publicity measures			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
- Qualitative research	- Reached indicators and impact of information and publicity measures	- Inhabitants of Latvia - Institutions	- Managing Authority

Funding

1447. The institutions involved in the management of EU Funds and Regional Structural Funds Information Centres will receive EU funding from technical assistance in order to ensure the implementation of information and publicity activities. The indicative funding of the EU funds for the implementation of the communications strategy for 2007-2015 is estimated at 7.5 million EUR.

Management and Monitoring of Communication of EU Funds

1448. Responsible institutions or other line ministries and State Chancellery ensure the management and information measures for activities financed by EU Funds, in accordance with the sector policy and the priorities laid down in the National Strategic Reference Framework. Responsible institutions ensure that the target groups receive information on EU Funds activities in the sector concerned and explain their importance within the developmental context of the sector. Bearing in mind that implementation of the European Social Fund, European Regional Development Fund and the Cohesion Fund activities is simultaneously managed by several Responsible institutions, their primary informational responsibility is to provide information on the activities under their supervision, as well as progress and results thereof. The overall information which covers activities supervised by several Responsible institutions within the framework of a single Fund must be mutually coordinated and supplementary.

1449. The informational support to project applicants and final beneficiaries is ensured by Cooperation institutions or Responsible institutions in accordance with the delegation of functions as laid down by the Responsible institution. Co-operation or Responsible institutions provide information on open and restricted calls; carry out the necessary informational tasks related to encouraging project applications, and ensure explanation of implementation requirements and informational support to final beneficiaries.

1450. In addition to the informational support provided by the Cooperation institutions or Responsible institutions, the Regional Structural Funds Information Centres provide general information and consultations to potential project applicants, provide support and supplement the informational activities carried out by other institutions and their regional offices involved in the management of the EU Funds; coordinate the EU Funds information activities in five planning regions, thus promoting awareness of potential project applicants and their activity in the planning regions.

1451. The Managing Authority is responsible for implementation of the communication strategy and provides general information on the overall absorption of the EU Funds. Coordination and monitoring of the EU Funds communication activities is ensured by the EU Funds Communication Management Group, where communication specialists of all the institutions

involved in the management of the EU Funds and 5 Regional Structural Funds Information Centres are represented.

Summary of Responsibilities and Communication Competences of the Institutions Involved in Management of the EU Funds

Institution	Primary target group	Primary responsibility
Monitoring Committee	Institutions involved in the management of EU Funds	Approval of the EU Funds Communication Strategy for 2007-2015 and its implementation monitoring
Managing Authority	General public	Implementation of the EU Funds in general
Responsible Institutions	General public	Implementation of EU Funds activities; EU Funds impact on sector policy
Cooperation Institutions <u>or</u> Responsible Institutions	Potential applicants and Beneficiaries	Practical information for project applicants and implementers
5 Regional Structural Funds Information Centres	Potential project applicants, especially less active EU Funds target groups in the regions	Informing, encouraging and orientating potential project applicants and less active EU Funds target groups in order to attract funding from the EU Funds in the regions

1452. The Managing Authority, Responsible Institutions, Cooperation Institutions and regional Structural Funds information centres draw up their communication plans independently, by evaluating their own resources and competence. However, they are drawn up in compliance with the Communication Strategy. If the information provided by the institution ranges beyond its established competence and concerns activities of other institutions, then the information is mutually agreed. Detailed division of responsibilities and communication competences of institutions involved in the management of the EU Funds is laid down in the Communication Strategy.

Indicators for Evaluating Implementation Progress of Information and Publicity Measures

1453. Results:
- Indicators of information dissemination to the public (source of information – opinion polls),
 - Level of awareness within target groups (source of information – public opinion polls),

- Indicators of the efficiency of the delivery of information – conformity of the chosen communication channels with the needs of the target groups (source of information – opinion polls),
- Level of popular support on the EU Fund targets and achieved results (source of information – opinion polls),
- Manner of media coverage (source of information – content analysis of the media publications).

Measure	Outputs
Websites	<ul style="list-style-type: none"> - Number of users (average per day and the total number) - Number of electronic requests for information - Registrations to receive information electronically
Information to the Media	<ul style="list-style-type: none"> - Number of releases - News reflected in national and local media (number of publications)
Press briefings	<ul style="list-style-type: none"> - Number of press conferences - Coverage in national and local media (number of publications)
Informational events (seminars, conferences, etc.) and informational/consultative support	<ul style="list-style-type: none"> - Number of informational events - The reached audience (number of participants) - The reached area - Number of individuals who were provided consultations
Publications	<ul style="list-style-type: none"> - Number of publications, copies/circulation - The reached audience - The reached area

5.8. Coordination of the assistance

1454. The coordination of SF and CF operational programmes is important for mutual harmonization and separation of sectors of assistance, and for alignment with horizontal objectives. In order to ensure coherence between the three OPs to achieve the strategic goals set at the level of the NSRF, the coordination mechanisms are put in place.
1455. The mutual coordination of SF and CF operational programmes is ensured by the Ministry of Finance as the Managing Authority, as well as by the OP Monitoring Committee. The concentrated implementation model, whereby all OPs have a joint Managing Authority, fosters better coordination between OPs. A joint Monitoring Committee has also been established for the OPs, which allows for optimum coordination of OPs by concentrating information on all OPs in one place. In the negotiations with the European Commission services it was agreed to establish also two dedicated Sub-Committees – one for ESF and the other for ERDF and the CF.
1456. In order to avoid overlap in SF and CF investments, as well as the situation whereby financing for a particular sector cannot be provided by any financial instrument, it is important to coordinate the SF and CF with the European Agricultural Fund for Rural Development and the European Fisheries Fund. This is particularly important when complying with the cohesion policy objectives as complemented by the common agricultural policy objective to ensure a fair standard of living for the rural community.
1457. The coordination of SF and CF operational programmes with the instruments for implementing the common agricultural policy and Common Fisheries Policy will be ensured by the Ministry of Finance as the Managing Authority of SF and CF. During the elaboration of the OPs, the Ministry of Finance consulted the Ministry of Agriculture on the measures to be included in the programming documents and conditions for receiving financing. Coordination will also be ensured during implementation with the participation of a representative from the Managing Authority in the European Agricultural Fund for Rural Development and European Fisheries Fund monitoring committees (management groups), as well as with the participation of a representative from the Ministry of Agriculture in the SF and CF operational programme Monitoring Committee.
1458. In addition, according to the national legislation the Ministry of Regional Development and Local Governments will ensure coordination of the OPs with the National Development Plan, while the Ministry of Economy will ensure coordination of the OPs with the Latvian National Lisbon Programme, thereby ensuring harmonization of investments under the SF and CF with the national development programming documents. All of the institutions mentioned are members of Monitoring Committee.

6. INFORMATION ON EX-ANTE EVALUATION AND SEA PROCESS AND RECCOMENDATIONS TAKEN INTO THE CONSIDERATION IN RESPECT TO OPERATIONAL PROGRAMME “INFRASTRUCTURE AND SERVICES”

6.1. Ex-ante evaluation process

1459. According to second part of Article 48 of the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 Member State shall carry out an ex ante evaluation for planning documents.
1460. Ex-ante evaluation of operational programme “Infrastructure and Services” altogether with the operational programmes “Human Resources and Employment” and “Entrepreneurship and Innovations” and National Strategic Reference Framework commenced in July 2006 by preparing four reports – one report for each programming document. Via an open call procurement procedure SIA „PricewaterhouseCoopers” was chosen to be the ex-ante evaluator.
1461. The main objective of the ex-ante evaluation is to ensure a preparation of qualitative EU funds planning documents for the period 2007–2013 in accordance with the EU and national legislation, as well as in compliance with the country’s development needs and provisions laid down in the EU and Latvian planning documents.
1462. According to the Article 48 of aforementioned Regulation the aim of the ex-ante evaluation is to optimize the allocation of budgetary resources under operational programmes and improve programming quality. The evaluation should contain identification and appraisal of the disparities, gaps and potential for development, the goals to be achieved, the results expected, the quantified targets, the coherence, if necessary, of the strategy proposed for the region, the Community value-added, the extent to which the Community's priorities have been taken into account, the lessons drawn from previous programming and the quality of the procedures for implementation, monitoring, evaluation and financial management.
1463. Ex-ante evaluation is carried out in parallel with the preparation of the EU funds planning documents. During the process of ex-ante evaluation the experts provide their opinion and recommendations about the prepared planning documents to their authors, they do participate also in the negotiations process with the European Commission on the approval of the planning documents.
1464. Until the end of October 2006, when the draft reports were prepared, discussions on each planning document took place on a regular basis among the parties involved in the preparation of planning documents – representatives of the respective line ministries, Managing Authority and independent experts. After the reports were received a public hearing was held (see information about the Strategic Environmental Assessment) when the opinion on the reports prepared by the experts could be expressed by the whole society, inter alia, social, regional and non-governmental sector partners. After the reports were received discussion on each comment took place among the involved parties, consequently the reports were updated.
1465. Experts were helpful in preparation of planning documents that ensure clear and constructive layout of issues and lucidity.

Conformity assessment of socioeconomic analysis and elaborated strategy to the needs identified

1466. Main conclusions and recommendations expressed by experts were in respect to insufficient data analysis on the necessity of intervention in the specific area, as well as the lack of country's policy planning documents in the specific area that would, for instance, classify the industries by priority. Evaluators asked the conclusions in the analytical part and weaknesses identified to be justified by statistical information and analysis. This was taken into consideration updating the planning documents by drafting more precise activity descriptions, and providing more comprehensive information in the OP complements.
1467. Draft OP "Infrastructure and services" foresees ever increasing traffic of petroleum and dangerous substances in the Baltic Sea, it also determines that the number of social housing in the country is substantially lower than must, nevertheless the experts pointed out that at the same time the document lacks the statistical justification for these statements. In updating the data the line ministries used the most outstanding statistical data and unprejudiced information from studies within their limits.
1468. Experts noted that Activity "Development of stationary health care service providers and emergency medical service" of measure "Health care infrastructure" is too general and that no specific support directions are identified; they asked to consider a possibility to include information in the OP that would justify the need for such activity and present in more detail the support directions of this activity. Regarding the justification of activities more detailed explanatory notes were included in the final OP version.

Conformity assessment of developed strategic justification to strategy

1469. Experts were asking to consider a possibility to provide more detailed information on the necessity of assistance in respect to the specific activity. One must note that the OP complements cover the areas where assistance is offered in more details by setting the priority areas.
1470. Draft OP "Entrepreneurship and Innovations" foresees that measure "Science, research and development" has synergy with measure "Higher Education Infrastructure" of the OP "Infrastructure and services", however this is not mentioned in the draft OP "Infrastructure and services" version. The final version of the planning documents the synergy part is significantly enhanced.
1471. There was an invitation expressed to provide a more detailed description on how the horizontal priorities' targets are met within each measure, for instance, by marking the particular activities that target these priorities or by marking the target groups that are involved in the implementation of activities, or by defining a specific set of project selection criteria that would allow to meet the horizontal priorities' targets. Thus OP complements provide description of the implementation of horizontal priority. For instance, horizontal priority "International competitiveness of Riga city" is implemented by having a large part of the target group positioned in Riga or its surrounding.

Conformity assessment of the developed strategy to the Community Cohesion strategic guidelines and Latvian line policies

1472. Independent experts certified that the developed planning documents are altogether in line with the Community Cohesion strategic guidelines, scenario laid down in the National development plan and the respective line basic positions for the period 2007 – 2013.

Assessment of the anticipated results and impact

1473. It was recognized that in the development phase of the documents no target indicators were set for the horizontal priorities; thus a risk was identified to lack the possibility to evaluate the horizontal priority targets. There was an appeal from the experts to develop evaluation criteria
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on the programme level (outcome, impact) in order to create an opportunity to evaluate the results achieved by the programme in total, avoiding going deeper till the priority level, to review a possibility to include baseline values for all the indicators, thus providing an opportunity the targets achieved to be conveyed in relative values and making it easier to interpret the results achieved in the particular context, as well as review the possibility to indicate the data sources and the period of reconstruction for the indicators included in the document, as well as indicating the method used for data calculation. Experts invested rather much effort in the development of indicators.

1474. On the initiative of the Managing Authority an inter-institutional working group on the indicators was organized, which considered all the comments expressed by the experts and which results are visible in the final version of the planning documents – indicators are defined in a comprehensive and logic manner ensuring the evaluation of targets achieved, in the OP complement the data sources and method used for its calculation is depicted.

Assessment of the implementation system

1475. Experts expressed a suggestion to indicate specific financial beneficiaries. This information is included in the OP by indicating the groups of financial beneficiaries for each activity.

6.2. Strategic Environmental Assessment

1476. In accordance with the Law “On Environmental Impact Assessment” and the Directive 2001/42/EC of the European Commission on the assessment of the effects of certain plans and programmes on the environment independent experts (SIA “VentEko”) within the contract on ex-ante evaluation carried out the environmental impact assessment of the aforementioned four planning documents by preparing four environmental reports – one for every planning document.
1477. In the environmental reports analysis of the respective planning document level EU and Latvian environmental policy documents and normative acts is performed, activities proposed in the planning documents are analyzed from the environment protection and sustainable development perspective, possible environmental impact if implementing the planning documents is assessed, possible alternatives if there are such are analyzed, and recommendations to reduce the environmental effect of the activities mentioned in the planning documents and enhance sustainable development are given.
1478. In the preparation of environmental reports the transparency principle was obeyed by effectively publishing the most outstanding information on the Ministry of Finance administered web site, thus making the information publicly available. Public hearing of the environmental reports took place from October 31, 2006 until December 14, 2006. On November 6, 2006 seminar was organized to attract the public attention to the fact that the public hearing for the environmental impact assessment commenced. Institutions involved in the EU funds implementation and the development of planning documents, social, regional and non-governmental sector representatives participated in the seminar. Overall there were around 50 participants. The aim of the seminar was to give an overall insight and the most outstanding information on the ex-ante evaluation and on strategic environmental assessment of the EU funds planning documents, as well as to repeatedly pay partners attention that the EU funds planning documents environmental reports commenced. The meeting of the public hearing during which an opportunity was provided to express comments and make a discussion on the comments took place on December 6, 2006.
1479. Managing Authority by making adjustments to planning documents have taken into consideration the comments expressed and made respective changes (for the detailed information see the Annex No 2 on Strategic Environmental Assessment – Report on Statement foreseen by Article 9(1)(b) of the SEA Directive summarizing how environmental considerations and opinions expressed have been taken into account in the OP).
1480. In accordance with the provisions of the national legislation on strategic environment assessment Managing Authority within 14 days after the approval of the respective planning documents prepares and publishes the information note on the web site www.esfondi.lv administered by the Managing Authority. The information note indicates how the environmental report and the statement of Environment State Bureau have been considered in the planning document and information on the analysis of the alternatives and the reaction to the comments received during the public consultation process. Within 5 days after publishing of the information note, the statement on the approval of the State level planning document is to be published in the web site administered by the Managing Authority, in the official newspaper „Latvijas Vēstnesis” and sent to the Environment State Bureau electronically for publishing on the web site administered by the bureau. The statement has to be sent also to the institutions and organizations that have expressed their comments during the preparation of planning documents, thus making the information publicly available.

1481. In the beginning of March 2007 positive opinions on the four environmental reports were received from the Environment State Bureau – the competent authority. The managing authority plans to implement the recommendations of the competent authority into practice.

7. ANNEXES

Annex No 1. Ex-ante Evaluation of OP „Infrastructure and Services”

Annex No 2. Strategic Environmental Assessment of OP „Infrastructure and Services”.
Informative Report

Annex No 3. Strategic Environmental Assessment of OP „Infrastructure and Services”.
Information on Preparation

Annex No 4. Strategic Environmental Assessment of OP „Infrastructure and Services”.
Monitoring

Annex No 5. Strategic Environmental Assessment of OP „Infrastructure and Services”.
Summary