Report on National Follow-up to the UNECE Regional Implementation Strategy of the Madrid International Plan of Acting on Ageing of the Republic of Latvia
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Executive summary

Report on National Follow-up to the UNECE Regional Implementation Strategy of the Madrid International Plan of Acting on Ageing was developed by the Ministry of Welfare of the Republic of Latvia in close cooperation with the line ministries – Ministry of Economics, Ministry of Finances, Ministry of Education and Sciences, Ministry of Culture, Ministry of Justice, Ministry of Transport, Ministry of Environmental Protection and Regional Development, Ministry of Health and Ministry of Agriculture. Also for the preparation of the follow-up the “bottom-up” approach was applied by involving representatives from Latvian Pensioner’s Federation, Latvian Employers Confederation and Free Trade Union Confederation of Latvia.

Regarding achievements and future tasks it must be admitted that both are closely interrelated with the financial and economic crisis our state like all other countries worldwide experienced at the end of 2008. Consequences caused by the crisis have left major impact on the economic, demographic and social situation though the increasing trends of the share of retirement age population and dependency ratio will undoubtedly remain unchanged in Latvia until 2060. Population ageing and decrease of the numbers of population are considered as substantial barriers limiting the growth potential. Population ageing is considered also as a risk factor for economic stability and development, as well as sustainability of public finances and stimulating motivation to adjust to new social requirements, including pensions. Under such circumstances the transition from such economic model, which is based on quantitative aspects with regard to the utilization of human resources to the model which is based on qualitative features (high efficiency) in utilizing the limited human resources, is justified. It increases a need for economic policy that supports fostering high productivity in the country. Growth based on high productivity and fostering high employment in Latvia can be considered as a proper reaction to population ageing and decrease of the population numbers. However, without understanding of these conditions and situation, as well as without undertaking concrete action in relevant policy fields this will not be achievable.

Major achievements since 2007

1. Overcoming the crisis by resuming the economic growth.
2. Strengthened social safety net.
3. Developed preconditions for social insurance system stability.

Challenges for the future

1. Increase productivity and employment level.
2. Increase awareness on risks caused by ageing population.
3. Facilitate the mainstreaming of ageing into all related policies.
General information


Author of the Report:
Mrs. Evija Kūla
Senior Expert of Division of Equal Opportunities Policy
Ministry of Welfare of the Republic of Latvia
telephone: + 371 67021684
fax: + 371 67021607
e-mail: Evija.Kula@lm.gov.lv

Name and contact details of official national focal point on ageing:
Mrs. Elīna Celmiņa
Head of Division of Equal Opportunities Policy
Ministry of Welfare of the Republic of Latvia
telephone: + 371 67021612
fax: + 371 67021607
e-mail: Elina.Celmina@lm.gov.lv

(substitute of focal point: Mrs Evija Kūla)

National policy documents on ageing:

In Latvia there is no single document on ageing though there are policy planning papers which include ageing issues or ageing related activities. The main key strategic documents are as follows:

- Sustainable Development Strategy of Latvia to 2030 (adopted on June, 2010);
- Latvian National Development Plan 2007-2013
- National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy
1. National ageing situation

At the end of 2008 the global financial crisis affected national economy of Latvia particularly severely. The GDP during the crisis contracted by ¼ (the 4th quarter of 2009 compared to the 4th quarter of 2007, which was the last quarter with positive growth). Since the beginning of 2010, the economic recession in Latvia has stopped, and the growth has resumed.

The deterioration of the economic situation has significantly affected the fiscal conditions of Latvia. The general government sector budget deficit in 2009 was 9.6% of GDP, and in 2010 it decreased to 8.3% of GDP. The estimated budget deficit for 2011 is 4.0% of GDP. In total, consolidation measures amounting to of LVL 350 million have been included in the budget for 2011.

The economic downturn significantly worsened the labour market situation and the overall social conditions. The unemployment rate increased from 5.5% in the 4th quarter of 2007 to 20.1% in the 4th quarter of 2009. The labour market reached the lowest point in the 1st quarter of 2010, when unemployment rate was 20.5% of the economically active population. During the following quarters of 2010, the situation in the labour market gradually improved due to the gradual increase in the economic activity. However, the average number of employed in 2010 was by 4.6% lower than in 2009, because the employment growth resumed from a very low level (see Table 5 in Annex).

Due to loss of jobs and income the number of poor people substantially increased starting with the end of 2008 and this tendency continued till end of 2010. In 2008 poor people constituted 5.3% of total number of population in Latvia while in 2010 this share reached already 12.5%. Regarding at-risk-of-poverty by age, the only age group whose poverty risk reduced in 2009 and 2010 were pensioners aged 65+ (see Graph 1 in Annex).

It is due to pension income that has not been reduced but even slightly increased during the crisis, exceeding the at-risk-of-poverty threshold though very little. Groups mostly affected by the crisis were the unemployed, children and the employed.

In recent years the life expectancy has increased in Latvia. Life expectancy at birth has increased from 71.2 years in 2007 to 73.8 years in 2010, where life expectancy for men increased from 65.8 to 68.8 years and for women from 76.5 to 78.4 years. As in other European Union (EU) countries, the life expectancy at birth for women was higher than for men. This considerable difference between these two figures is determined by higher male mortality, especially due to external death factors and tumors. However, when the critical periods of life are over, prospective life expectancy for males, who had reached the age of 60 in 2010, was 16.1 (15.3 in 2007) years and for females – 22 years (21.1 in 2007). For those who reached the age 65 – 13.2 years (12.8 in 2007) and 18.1 years (17.2 in 2007).

2010 was marked by the second lowest number of births since 1998 – 19.2 thousand (18.4 thousand in 1998), according to the Central Statistical Bureau of Latvia. Moreover, these numbers were observed in a situation when death rates still were exceeding the birth rates and the net migration was negative. Generally, this causes unfavorable trends in the age structure of Latvia and like in Europe also in Latvia the ageing process of the population continues.

Analysis of the population numbers by gender shows that in 2010 the number of males aged below 14 exceeds the number of females at the same age by 2.2%, in the age group 15-64 years the predominance of females by 2.7% may be observed, but in the age group over 65 years the number of females exceeds the number of males by 35% (see Table 2 in the Annex).
At the beginning of 2011 the number of population at retirement age per 1000 population of working age was 1.5 times higher than the number of children and teenagers (see Table 3 in the Annex).

The ageing of population is indicated also by the increase of the mean age of it (see Table 4 in the Annex). The increase in the age of Latvian population may be explained by both the low birth rates and the increase in life expectancy.

The share of older people (above 65 years) is increasing in Latvia and it was 17.4% in 2011 (17.4% in EU). It is forecasted that the share of older people will increase to 22.2% by 2030 (23.6% in EU) and to 34.4% by 2060 (30% in EU). The average life expectancy ratio of the newborns is increasing on a yearly basis. Despite the fact that the increase of the life expectancy ratio of the newborns will be among the most rapid in the EU, it will still be among the lowest in the EU. Latvia has also one of the lowest birth rates in the EU, which will cause problems in the long term regarding the changes of generations because the forecasts witness that none of the EU member states will achieve birth rates even by 2060 that are necessary for reproduction of generations. High level of population ageing causes substantial burden on the working-age population and the dependency ratio was 25.2% in Latvia in 2010 (26% in EU).

2. Methodology

Report on National Follow-up to the UNECE Regional Implementation Strategy of the Madrid International Plan of Acting on Ageing was developed using quantitative, as well as qualitative information, which includes also “bottom-up” approach. For the preparation of the report there were involved all line ministries. The bottom-up approach was used by involving representatives from organizations such as Latvian Pensioner’s Federation, Latvian Employers Confederation and Free Trade Union Confederation of Latvia.

3. Review and Appraisal of National Actions to fulfill Commitments of UNECE MIPAA/RIS

There is no single document on ageing issues in Latvia since ageing is a horizontal policy to be mainstreamed in all relevant policy fields.

As for national capacities there is no legally binding regulation which defines the responsible institution on ageing. So far the responsible institution for coordinating the ageing issue and implementation of the Madrid International Plan of Acting on Ageing is the Ministry of Welfare of the Republic of Latvia as it is responsible for employment/labor, social protection, social assistance, family affairs, social inclusion and gender equality policies. In the implementation of the above mentioned plan there are involved also the Ministry of Health, Ministry of Culture, Ministry of Education and Science, Ministry of Environmental Protection and Regional Development, Ministry of Transport, Ministry of Finance, as well as Ministry of Economics.

As for organizations of elderly taking part in the follow-up activities the Latvian Pensioners’ Federation is the most visible, active and longstanding organization that is involved in many different working groups, committees, councils etc. organized by Cabinet

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of Ministers and ministries, mainly Ministry of Welfare. Active and close cooperation where ageing issues are also discussed is developed with the Free Trade Union Confederation and Latvian Employers Confederation.

RIS Commitment 1
Mainstreaming ageing in all policy fields with the aim of bringing societies and economies into harmony with demographic change to achieve a society for all ages

In June, 2010 the Parliament of Latvia adopted Sustainable Development Strategy of Latvia for 2030 (SDS2030) aimed to satisfy the needs of the present generation, balancing public welfare and environmental and economic development interests. One of the priorities is long-term investments in human capital aimed to preserve the base value of human capital of Latvia and to increase its productivity until it reaches the EU average, developing skills, which promote creative activity, flexibility and participation in the labour market. The aim in this respect is also to reduce social inequality and income inequality – to promote social inclusion, to reduce poverty risks, to promote the formation of socially and economically stable middle class. Depopulation and ageing are issues recognized as trends and challenges, ageing is mainstreamed in almost all relevant sectors, i.e., employment, education, health and social care, social inclusion etc.

Latvian National Development Plan 2007-2013 and Latvian Strategic Development Plan 2010 – 2013 (updated to respond to the crisis situation) aims to facilitate a balanced and sustainable development of the country, as well as to ensure an increase in Latvia’s competitiveness. This Plan mainstreams ageing measures mainly targeted to improve the sustainability of the state social insurance system, to develop a life-long learning system and to the provision of health care services.

Latvian National Reform Programme for Implementation of EU2020 Strategy approved on April 26, 2011 by Cabinet of Ministers also includes ageing related measures, i.e., ensuring the sustainability of pension system, introduction of life-long learning principle, investments in research, integration of pre-retirement age population into the labour market, curtailing of discrimination int.al. by old age.

In the European Union 2012 is a year designated to active ageing and solidarity between generations since Europe is getting older and ageing is identified as a new challenge for growth and social cohesion. During this European Year each Member State will implement various activities towards raising awareness of the value of active ageing and solidarity between generations, stimulating public debate and developing mutual learning, as well as offering framework for commitment and concrete action. In Latvia the Plan for implementation of the European Year is prepared in 2011 where the main focus will be on cooperation between generations, raising the value of the elderly, combating age discrimination and tackling stereotypes as well as on the promotion of active and healthy lifestyles.

RIS Commitment 2
Integration and participation of older persons in society

There are numerous NGOs in Latvia representing the interests of older people though only one organization is actively involved in policy making processes – Latvian Pensioner’s Federation (LPF). LPF unites 138 local organizations and in 2007 joined a
regional association of IAG\textsuperscript{2}, together with Belgium, Germany, Luxembourg, France a.o. national representatives. LPF has participated in the 3\textsuperscript{rd} Congress and Conference of European Seniors' Organization and "SOS Europe" where discussions on social justice in Europe were promoted. During 2008 – 2011 LPF has organized 19 conferences of the regional representatives. LPF has sent a number of proposals in the social area to the Economic Council of European Commission and to the European Commission, as well as submitted statements and proposals to the national Constitutional Court.

Latvian Pensioner’s Federation is among those NGO that has signed the “Cooperation Memorandum between NGOs and the Cabinet of Ministers” and is actively participating in the work of the Council of Implementation of the Memorandum. The Council is recognized being an important partner in the filed of civil integration.

Upon a request by LPF information and explanations about current social security issues in the newspaper "Latvian Pensioner" is provided by the State Social Insurance Agency\textsuperscript{3}, as well as experts have participated in the working meetings and facilitated discussions organized by LPF.

Regular meetings take place with the LPF representatives when different initiatives and decisions regarding pension issues are proposed. LPF is also a member of the Social Inclusion Policy Coordination Committee established under the responsibility of the Ministry of Welfare.

**Society integration and tackling discrimination**

On 11 October, 2011 the Cabinet of Ministers approved “Guidelines on National Identity, Civil Society and Integration Policy (2012-2018)". The Guidelines observe continuity with the previous social integration policy replacing the State Programme “Integration of Society in Latvia” and “Civil Society Strengthening Programme”. In 2008 there were implemented measures to support NGOs, their involvement and participation in national integration policies and development. For this purpose there was a number of grant programs launched – “Support for Rural NGOs”, “Support for regional resource centers” and “Support of NGOs for social inclusion”. Applicants for projects include a number of organizations whose members are people at retirement age.

During 2008 and 2009 grants were allocated for 11 NGOs to implement activities outside the capital, focusing on strengthening civil society. Projects included the following activities: citizen and NGO participation in public space, information sharing, providing access to information on public and NGO participation in current issues and opportunities, dialogue and multilateral cooperation; support of initiative, which expands the possibilities of population (including the elderly people) to participate in decision-making, voluntary work and contribute to the initiative of a group of NGOs in the creation, training and motivation, as well as the development of the NGOs.

From April, 2008 till October, 2008 three seminars were organized for judges and legal practitioners and other law enforcement officials in Riga and regions of Latvia "Exploring the variety of discrimination cases – Latvia and other EU countries – comparative approach" that included several topics on reduction of discrimination on grounds of race and ethnic origin, age etc.

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\textsuperscript{2} Internationale Arbeitsgemeinschaft der Seniorenräte.

\textsuperscript{3} The State Social Insurance Agency is a state institution under supervision of the Ministry of Welfare performing the public administration function in the area of social insurance and social services.
Swiss - Latvian cooperation programme active since 2007 up to now aims to facilitate contribution by civil society in reducing economic and social differences. Supported activities include the improvement of living standards for seniors and children and young people subjected to the risks of poverty and social exclusion. Until 2011 in total 56 NGOs have been allocated funding for implementation of related activities.

Culture

Cultural events for seniors take place on a regular basis to promote their participation in social and cultural life. In 2010 in the Latvian museums there were around 220 000 visitors aged 65+. For seniors museums and public theatres provide reduced admission prices. In 2011 there were 3 events gathering together 108 collectives of amateur art, senior choirs and seniors folk dance. In 2012 a Senior Song and Dance Festival is planned.

From 2007 to 2010 the Latvian Public library development project was implemented, co-financed by Latvian government and the Bill & Melinda Gates Foundation. Within the framework of the project all public libraries in Latvia were computerized, librarians were trained in the use of computers and the latest software, in user support and undertaking innovative activities in libraries. As a result of this project 10 regional training centers were established where the training courses for library users in basic computer skills are offered, especially for older persons. 290 people attained the senior group in 2009 and 560 people in 2010. In 2011 a research on internet usage and services in public libraries was carried out to monitor the results of Latvian public library development project. One of the topics of the research was also training and consultation services for library users on using computer and internet. Most libraries carried out special training courses and offered individual consultations for users without preliminary knowledge. Although there is no exact statistics available, library employees acknowledge that especially older persons are interested to acquire computer basics to be able to find necessary information on internet, do payments and contact with friends and relatives.

Housing availability

Statistics on beneficiaries of housing benefit (low-income persons or families eligible to receive this type of benefit) show that from 2007 to 2009 the majority of beneficiaries were retired people. Situation has changed substantially in 2010 when the proportion of elderly among housing benefit recipients has decreased and the elderly are the only reference group, with their proportion among other beneficiaries of housing benefit decreased, contrary to the unemployed and children. However, dwelling supply with amenities of retired people households in 2010 comparing to all households does not differ a lot (see Table 6 in the Annex).

In Latvia according to the Law On Assistance in Solving Apartment Matters the municipality is obliged to rent out the local government-owned or leased residential spaces first to low-income persons who are evicted from a rented residential space or from an apartment they own and if they are persons who have reached retirement age. The right to rent social dwelling have persons (families) with low-income (poor) and renting residential space of municipality and he or she has a desire to rent social dwelling and if the person is

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5 If recovery proceedings are applied against the property as a result of payments for services related to expenses for the residential space use, building maintenance, exploitation and renovation.
an orphan. The municipality may provide favorable conditions for low-income (poor) person (family) for the recognition of the right to rent a social dwelling. Social housing rents should be less than the rent that is determined in the categories of municipal residential spaces. The municipality may also cover part of the cost of utilities.

In 2010 compared to 2009 the number of persons who are registered in assistance register of municipalities for social dwelling rent increased by 157 persons, the number of persons who are renting social dwelling has increased by 569 persons, inter alia the number of pensioners who live in social dwelling increased by 131 pensioners⁶. In 2009 44% of social houses were adapted to persons with disabilities and in 2010 – 55%. From 127 social houses 58 have been or are in process to improve heat insulation measures thus to reduce payment for housing utilities.

**RIS Commitment 3**

*Promotion of equitable and sustainable economic growth in response to population ageing*

The National Reform Programme of Latvia for the Implementation of the Europe 2020 strategy (NRP) was approved by the Cabinet of Ministers on April 26, 2011 along with the Convergence Programme of Latvia for 2011-2014. NRP is aimed to foster growth and employment, thus ensuring growth rate of GDP in the amount of 4-5% in the mid-term and a high employment rate in the amount of 73% by 2020. NRP also foresees to reduce poverty, providing that at-risk-of-poverty rate is 21% in 2020.

SDS2030 (see RIS Commitment 1) also includes activities to reduce the negative impact of demographic burden on economic growth and social security and is as follows:

1. *To develop programmes for prevention of age discrimination* which should be included in social responsibility assessments and enterprise audits.

2. *To support the enterprises and non-governmental organizations*, which implement measures to prevention discrimination. Such support may be both moral, by granting the title e.g. „Age-Respecting Employer” or „Enterprise Friendly to People with Functional Disorders”, and practical by reducing or speeding up bureaucratic procedures the enterprises face, as well as by offering other administrative advantages and services.

3. *Short-term poverty assistance programmes*. Social programmes should be targeted to operational assistance for people subjected to temporary difficulties, acting according to the principle „Try again and we will help you”.

4. *Social programmes for groups of people subjected to the risk of poverty and social exclusion*. The most critical risk groups of poverty and social exclusion at present and in future will be families with children with only one provider (mainly women), retired persons (especially single retired persons) and people with functional disorders, as well as Roma.

5. *Training and socialisation programmes for people in retirement and pre-retirement age*. In order to prevent social isolation of elderly people and promote their inclusion in the labour market, programmes of lifelong learning and rising of professional qualifications are developed. It is important to offer the acquisition of skills, which are particularly useful currently – ICT skills and foreign language skills. At the same time retired persons should be given an opportunity to voluntarily engage in public activities.⁷

⁶ Source: The Ministry of Economics.
Latvian National Development Plan 2007-2013 and Latvian Strategic Development Plan 2010 – 2013 (updated to respond to the crisis situation) aimed to facilitate a balanced and sustainable development of the country (see RIS Commitment 1).

To ensure sustainability of social insurance system the Concept Paper of the Social Insurance System’s Long-term Sustainability was developed in 2010 (see RIS Commitment 4).

The issue of population ageing is included in the key socio-economic policy planning paper of Latvia the National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy. As regards the period of 2007-2010 Latvia continued implementing the National Lisbon Programme of Latvia 2005-2008 and 2008-2010 aimed at implementation of the Lisbon Strategy for Growth and Jobs. The main implemented measures

1. **Macroeconomic policy** – amendments to the budget for 2009, structural reforms launched in public administration, education and health care, budget deficit targets for 2009-2012, transition to the medium term budget planning introduced, wage system’s reform launched, development of human resources management.

2. **Microeconomic policy** – investment stimuli provided in the Corporate Income Tax, promoting cooperation among scientific, education and private sectors, development of technology transfer contact points, ensuring operation of European business support network in Latvia, programmes on development of new products and technologies and their introduction in production launched in Latvia, support to attraction of highly qualified labour.

3. **Employment policy** – total EU funds’ support has been increased for the implementation of active labour market policy measures, new measures have been developed and vocational training has been expanded, support for investments in micro, small and medium enterprises in the specially assisted areas, support for self-employment and business start-ups, education system’s reform has been launched, implementation of life-long learning, strengthening of flexicurity principles in the labour legislation, measures implemented for reducing undeclared work.

The implementation of National Lisbon Programme of Latvia smoothened the negative impact of the crisis on the economy of Latvia by fostering economic recovery and ensuring competitiveness and sustainable growth in the long term.

The Latvian Employers Confederation was initiator of the idea to create the “Sustainability Index” for Latvian enterprises. It is a strategic management tool developed on the grounds of global methodology in order to help Latvian enterprises to establish the level of sustainability and corporate responsibility. It also sets objective criteria for the community as well as public and non-governmental organisations. Another purpose of the initiative is to assess and support the enterprises contributing to the long-term sustainability of Latvian economy.

**RIS Commitment 4**

Adjustment of social protection system in response to demographic changes and their social and economic consequences.

**Social insurance and pensions**

Since July 1, 2008 retirement age is 62 years for both men and women in Latvia. Compared to 2007 average age, when people ceased their economic activity was gradually increasing from 59.77 in 2007 to 60.93 in 2010. Opportunity to opt for early retirement was foreseen in legislation until July 31, 2008. However, a political decision was made to
prolong the possibility for early retirement until December 31, 2013. Persons who have an insurance period not less than 30 years and who have reached the age of 60 have a right to claim a pre-retirement pension. When retiring earlier the amount of pre-retirement pension is 50% of calculated pension (pre-retirement pension granted until 30 June, 2009 were paid in amount of 80%). Reaching the age of 62, the retirement pension is paid in full amount. In 2007, from newly granted old age pensions 23% were granted prematurely, while in 2010 - 26%. The growth was influenced both by the increase of general retirement age and high unemployment rate in recent years.

Since 2002 pension indexation was carried out taking into account the consumer price index and the share of the real growth of social insurance contribution wage (hereinafter - the contribution wage) sum in the country (the sum of current and previous year's contribution wages). Low pensions have been adjusted also previously, but pensions that exceeded an amount of five state social security benefits (LVL 225) were not subject to indexation. From 2009, pension indexation is frozen until 31 December 2013. After resumption of the indexation all pensions shall be indexed once a year with the consumer price index.

To improve the social security of retired persons with long insurance records and low amount of pensions, during 2007 – 2009 the scope of persons who were entitled to the supplementary payment has been extended, as well as the amount of payment has been increased. The above mentioned payment was defined for all old age pensions and disability pensions by 2009 and the amount of payment was LVL 0.7 for each year worked before 1996. Therefore the average amount of payment has increased from LVL 6.88 in 2007 to LVL 22.06 in 2010. While the number of beneficiaries has increased from 373.5 thousands in 2007 to 536.7 thousands in 2010.

By pension indexation (in particular for low pensions) until 2009, increasing of supplementary payment amount and extending of recipients numbers, an amount of old age pensions has significantly increased from LVL 111.75 in 2007 to LVL 182.39 in 2010.

Up to the end of 2010 a number of Mandatory State Funded Pension Scheme (Funded scheme) participants has increased from 999.7 thousands in 2007 to 1124 thousands in 2010 (48.5% men and 51.5% women) that was 78.6% of Latvian population who could be a Funded scheme’s members. Comparing with previous years the number of Funded scheme’s newly registered participants has decreased from 51.2 thousands in 2007 to 13.7 thousands in 2010. During the reporting period a proportion of active participants has decreased from 89 % in 2007, 85.5 % - 2008, 79.9 % - 2009, to 76.4 % in 2010. Similarly the average yearly contributions’ sum per active participant has decreased from LVL 126.93 in 2007 until LVL 77.26 in 2010. Those were the consequences of still preserving high unemployment rate and also due to economic considerations when young people have emigrated from Latvia.

After the negative results in 2008 when up to the end of 2008 accumulated capital in Funded scheme was even lower for total amount of contributions invested, following two years have been successful allowing in the end of 2010 to reach LVL 109 million large profit since the beginning of the functioning of the scheme (LVL 18 million profit in 2007).

Introducing the Funded scheme legislator has decided that from 2010 the state social contribution rate shall be divided by 10% for notional defined contribution pension scheme and 10% for Funded scheme until than defining the gradual transition. However,


Since January 1, 2006 retired person residing in Latvia with insurance period no less than 30 years and whose monthly pension amount did not exceed LVL 105, a supplementary payment to the old age pension for each year before December 31, 1995 was defined. The amount of supplementary payment was LVL 0.19 per year.
already in 2009 the situation in the budget has shown that defined contribution rate was too high (4% in 2007, 8% in 2008) thus complicating the implementation of obligations in the solidarity’s level. Therefore amendments in the State Funded Pension Law were made defining the contributions’ rate of 2% in 2009, but as from 2013 – in amount of 6%.

Within private pension scheme in 2010 7 private pension funds were operating in Latvia – 6 open and 1 closed, offering 21 pension plans with 191.3 thousands of participants or 16.5% of all inhabitants in the working age. Comparing with 2007 a number of participants has increased by 48.3 thousands. At the same time a number of passive participants from 17.6 thousands in 2007 to 46.1 thousands in 2010 has increased. Consequently, an amount of contributions in the pension plans has decreased from 19.5 million in 2007 to 15.8 million in 2010.

During the reporting period the number of participants who have made contributions individually has increased from 42% in 2007 to 61% 2010, as well as the private pension scheme’s net capital has considerably increased from 0.47% of GDP in 2007 to 0.89% of GDP in 2010.

Both the generous decisions taken during state’s economic growth years followed by economic crises and the demographic aging of the population cogently have affected the financial sustainability of the social insurance system. To ensure it’s sustainability in collaboration with social partners and with the support of international experts the Concept Paper of the Social Insurance System’s Long-term Sustainability was developed in 2010 and adopted by the Cabinet of Ministers on November 17, 2010. Experts have concluded that radical reforms of social security sector are not required and its core principles should not be changed, but there is a need to make serious adjustments to the system to improve the current situation and to ensure financial sustainability of the system, the need of which is determined by the economic crisis, generous decisions of previous years, as well as future demographic changes. The Concept Paper provides the following:

- increase the retirement age: gradually, starting from 2014, increase the retirement age by three months in 2014 and 2015, following increase the retirement age by six months from 2016 reaching 65 years in 2020 (submitted to the Parliament);
- increase the minimum insurance duration up to 15 years starting from 2016 and until 20 years for rights to get a minimum (guaranteed) pension starting from 2021 (submitted to the Parliament);
- refuse payment of pensions granted on preferential conditions – persons employed in work with unhealthy and hazardous conditions (newly granted) as of 2012 (defined into the law);
- freeze pension indexation for a certain period of time as of January 1, 2011 (defined into the law);
- suspend payment of supplements to the old-age and disability pensions for newly granted pensions as of January 1, 2012 (defined into the law);
- move to pension capital accounting and accumulation on the basis of actually paid contribution at the 1st and 2nd pension level as of January 1, 2011 (defined into the law).

Social assistance and social services

Since 2009 requirements and needs regarding social security including social assistance and social services have changed rapidly and substantially. Increase of needy (poor) people has been substantial – from 5.3% in 2008 to 12.5% in 2010. As a result also the need for social assistance from local municipalities increased considerably. The proportion of retired people was relatively constant – 5% of pensioners were recognized as
needy. At the end of 2009 the guaranteed minimum income (GMI) level was increased from LVL 37 per person per month to LVL 40 per adult per month and LVL 45 per child per month. In addition the right was given to local municipalities to increase the GMI level for retired and disabled persons at their own initiative. The proportion of retirement age persons was 1.8% of GMI recipients and elderly is the minor group among all GMI beneficiaries since 2007.

With regard to social services, since 2008 both demand and supply is constantly decreasing. In 2005 home care services were provided for 9546 persons, in 2006 – 10612 persons, in 2007 – 10851 persons, in 2008 – 10633 persons, in 2009 – 9291 persons, 2010 – 9392 persons. This is due to two reasons: (1) reduced financial resources of municipalities that were allocated for social services and (2) families especially in peripheries prefer to take care about elderly themselves. However, along with the tendency of longer life, also the number of potential clients for the home care social services is and will be increasing. Though due to a shortage of financial and human resources municipalities cannot always fully satisfy the demand for the home care service.

The reduction is also observed regarding day care centers. At the end of 2008 there were 97 day care centers, in 2010 – 87 (incl. 16 for retired people).

For development of social services, especially the alternative services, in 2009 there was developed Programme for Development of Social Care and Social Rehabilitation Services 2009-2013. Besides in 2009 by means of ESF funding each region (5 in total) prepared Programme for Development of Alternative Social Care and Social Rehabilitation Services for 2010-2016. These programmes include activities to improve social and functional skills of disabled people, homeless a.o. groups subjected to poverty and social exclusion risks (including also elderly). As for preparation and implementation of social rehabilitation, care and motivation programmes, there have been approved 38 projects where 11 are targeted at people of pre-retirement and retirement age.

**RIS Commitment 5**

Enabling labour markets to respond to the economic and social consequences of population ageing

*Overview of labour market situation*

During the past years when unemployment rate in Latvia was low the main challenges for the labour market were to increase labour competitiveness and to promote the inclusion of marginalized groups into the labour market. Taking into account the serious consequences of the economic crisis and a possible impact of recently implemented structural adjustments on the labour market during the next years, there is a need for both types of measures – short-term measures aimed at alleviating the severe social consequences of the crisis and to reduce the risk of increasing poverty (the main activity until end of 2011 being workplaces with stipend in municipalities whose main task is to provide minimum support to those persons in continuing unemployment, not receiving unemployment benefit and to retain their labour market skills) and long-term measures aimed at increasing competitiveness of the labour force and giving positive signals to the unemployed and the workforce in general.

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10 Institution where social care and social rehabilitation services, development of social skills, education and leisure time activities are provided during daytime for persons with mental disorders, the disabled as well as persons who have reached the retirement age.
Due to the economic crisis situation in the labour market significantly deteriorated at the end of 2008 and 2009 – the numbers of the employed decreased and the unemployment increased rapidly.

The employment rate has declined. In 2010 it was 53.1 % in comparison with 62 % in 2007 (population aged 15-74). The male employment rate shrank from 67.8 % in 2007 to 54.5 % in 2010, female employment rate shrank from 57 % to 51.8 %, respectively. The employment rate (population aged 55-64) decreased from 57.6 % in 2007 to 48.2 % in 2010 and the employment rate of older people (population aged 65-74) decreased from 18.9 % in 2007 to 9.8 % in 2010.

The decrease of the male employment had been affected more than female employment also in age group 55+. The employment rate of males (aged 55-64) has decreased by 17.1 percentage points to 47.6 % in 2010 compared to 2007, the employment rate of males (aged 64-75) has decreased by 13.5 percentage points to 11.4 % in 2010 respectively. On the contrary, the employment rate of females (aged 55-64) has decreased by 3.6 percentage points to 48.7 % in 2010, the employment rate of females (aged 64-74) has decreased by 6.5 percentage points to 8.9 % respectively.

Due to economic recession the number of active population decreased from 1191.1 thousand in 2007 to 1157.0 thousand in 2010 (population aged 15-74). The activity rate in 2010 (65.3%) was by 0.7 percentage points lower than in 2007. Lost hopes to find a job are one of the main reasons for the decrease in the number of economically active population.\textsuperscript{11}

Since the beginning of 2010 the economic recession in Latvia has stopped. The growth has resumed and has a positive albeit slow impact on labour market trends. In total the negative impact of the crisis on the labour market has a longer lasting nature than the recovery of economic activities. The situation in the labour market is likely to improve very gradually, and no rapid increase in the number of employed is expected as the growth will be ensured mainly by the increase of productivity (see Table 7 and Table 8 in Annex).

\textit{Labour legislation and coordination}

According to legislation a right to request the old age pension five years before the official retirement age have the persons with length of insurance periods no less than 30 years, persons who have cared for five or more children or a child with disability under the age of eight years; politically repressed persons with an insurance period of not less than 30 years (into force from January 1, 2008) and persons involved in the liquidation of the consequences of the Chernobyl Nuclear Power Plant.

According to Article 7 of the Labour Law everyone has an equal right to work, to fair, safe and healthy working conditions, as well as to fair work remuneration. The rights provided shall be ensured without any direct or indirect discrimination irrespective of \textit{int.al.} a person's age. If the prohibition against differential treatment and the prohibition against causing adverse consequences is violated, an employee in addition to other rights specified in the Labour Law, has the right to request compensation for losses and compensation for moral harm. In case of dispute a court at its own discretion shall determine the compensation for moral harm.

Under Article 108 of the Labour Law in the case of a reduction in the number of employees, preference to continue employment relations shall be for those employees who have higher performance results and higher qualifications. If performance results and qualifications do not substantially differ, preference to remain in employment shall be for those employees \textit{int.al.}:
- who have worked for the relevant employer for a longer time;

- for whom less than five years remain until reaching the age of retirement.

The National Tripartite Co-operation Council co-ordinates and organizes the tripartite social dialogue among organisations of employers, state institutions and trade unions in order to co-ordinate the interests of these organisations on social and economic issues, thus guaranteeing social stability in the State. Tripartite social dialogue is of great importance in the development, taking and implementation of policy decisions, particularly on issues related to the labour market, labour legislation and social security.

Employment opportunities for elderly

General labour market policies, strategies and programs promote older worker’s access to employment in all sectors of the economy first of all through the Latvian public employment service (State Employment Agency) accessible to all job seekers and providing counseling as well as information on available vacancies also in on-line regime.

A training voucher scheme has been introduced. State Employment Agency offers several active labour market measures also targeting to people of pre-retirement age:
- vocational training, re-qualification and upskilling measures, non-formal education;
- work at state co-financed work places;
- activities to increase competitiveness;
- crisis measure – work practice with stipend in the amount of LVL 100 per month (from July 2011 to December 2011 the amount of stipend was decreased to LVL 80 per month);
- a.o. activities.

RIS Commitment 6

Promotion of life-long learning and adaptation of the educational system in order to meet the changing economic, social and demographic conditions

Ensuring the opportunities of social partners to participate in decision making on budgeting at the national level, as well as duties with respect to development and implementation of professional standards and initial vocational education programmes the Trilateral Co-operation Sub-Council for Education and Employment has been established for co-ordination of policy-making and implementation.

On February 23, 2007 the Cabinet of Ministers approved the basic policy planning document for development of lifelong learning – the Guidelines for Lifelong Learning Policy 2007-2013 (Guidelines). To implement the Guidelines a Programme for Implementation of the Guidelines for Lifelong Learning Policy 2007-2013 for the period from 2008 to 201312 (updated in the end of 2009 to respond to the crises challenges) has been prepared and approved. The Guidelines and the Programme is developed on the basis of national and international long term strategic policy planning documents. The Programme actions are based on lifelong learning policy goals:
- to provide availability of lifelong learning to all people in Latvia irrespective of their age, previous education, place of residence, income level, ethnic identity, social status, functional disorders;

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12 According to the Article 3 of the Cabinet of Ministers order No 111 of 23 February 2007 “On the Guidelines for Lifelong Learning Policy 2007-2013”. 
- to create quality education offer for adults that would ensure sustainable competencies for work, active citizenship, personality development and would facilitate progress of high competencies based, competitive knowledge economics and democratic society in Latvia;
- establish synchronized system of regulatory documents and efficient resource (including finance) administration, based on the principles of shared responsibility and interaction of sector policies for development of common lifelong learning system.

To achieve the mentioned goals the following objectives shall be reached:
- structure for introduction and management of lifelong learning is developed both at the state and regional planning level;
- ensuring a sufficient offer of the second chance education;
- ensuring function of the system of validation of knowledge, skills and competencies acquired outside the formal education system;
- offer and availability of formal and non-formal educational programmes are provided, referring also to the population belonging to the groups of social exclusion risks.

It is expected that as a result of the Programme implementation there will be ensured flexible educational and training offer and accessibility compliant with the labour market demand, as well as improved decision making co-ordination through increase of the ratio of persons involved in the lifelong learning process (in 2013 up to 12.5 % of adults aged 25-64).

Adults in Latvia have a legal entitlement to complete basic and general education in general evening schools and receive a school leaving diploma. Since 2007 demand for evening school programmes has been persistently increasing. As for situation to date, 160 new second-chance education programmes were licensed in 2009 and 143 new second-chance education programmes were licensed in 2010.

Validation of non-formal and informal learning to obtain professional qualification is to be launched in Latvia starting January 2011. Vocational Education Law amendments have been adopted by the Parliament in 2010, giving right to inhabitants to validation of their knowledge and skills. Detailed regulation is to be in force by January 1, 2011, that allowed VET institutions that correspond to certain requirements to examine and provide professional qualifications to those adults, who seeks for it.

National Reform Programme of Latvia for the Implementation of the “Europe 2020” strategy foresees to implementing the lifelong learning principle aiming that 15 % of the population (aged 25–64) would be continuously involved in the learning process by 2020. In 2009, the share of the mentioned persons was 5.3 %, however, it is planned to reach 12.5 % by 2013. Among others, initiatives supporting qualification improvements for the employed according to the employer’s needs are being envisaged.

On July 14, 2011 the Parliament adopted the Amendments to the Law on Higher Education Institutions which sets out the recognition mechanism of degrees and qualifications obtained before the currently existing degrees and qualifications.

Implementation of the European Commission Lifelong Learning Programme activities is provided by education and mobility of teachers, students and adults (int.al. seniors), as well persons at social exclusion risk. The national policy in the field of adult education is encouraging and facilitating the activities of the Grundtvig programme.

Success stories or samples of best practice of the Grundtvig programme in Latvia (2010) using different resources in adult education (learning from each other):
- Vilkene municipal Library participated in a project “Exchange of Methods to increase ICT Skills for Senior and Underprivileged Learners”, which focused on
alternative pathways to education on ICT skills for people from different social backgrounds. 80 seniors were involved. It was a good example of intergenerational learning because seniors were learners, but young people - teachers. This experience was presented at the Valorisation conference “10 years of Grundtvig programme in Latvia”;
- organisation "Manai mazpilsetai Aknistei" organized ICT courses for seniors, afterwards previous learners taught other seniors ICT skills. These experiences were presented at national conference and seminars to promote volunteering activities in our country.

Since 1995 outstanding and internationally distinguished scientists after their retirement can be granted with a status of state emeritus scientist. A lifetime grant is allocated to candidates in addition to their old-age pension since 2010. In 2007 the status of state emeritus scientist was granted to 23 scientists, in 2008 – 34, in 2009 – 301 and in 2010 – 284.

RIS Commitment 7
Striving to ensure quality of life at all ages and maintain independent living including health and well-being

To continue implementation of public health policy, which was started by Public Health Strategy and its Action Plan for 2004 – 2010, approved by the Cabinet of Ministers in 2001, Public Health Strategy for 2011– 2017 was approved in September 2011. This is a mid-term policy planning document where the new development aims are set and lines of actions are defined to reach them, in order to maintain, improve and restore the health status of Latvian population, to prolong life expectancy, reducing the differences between men and women, and make the lived years of life as healthy as possible during the coming six years. Some of the main priorities of Public Health Strategy are to (1) decrease morbidity and mortality from non-infectious diseases, decrease the negative impact of risk factors upon health, (2) decrease traumatism and mortality from external causes, (3) decrease morbidity from infectious diseases, (4) ensure high-quality and accessible health care services to all inhabitants of Latvia and to (5) eliminate injustice in the field of health, by implementing measures to ensure equal health possibilities to all inhabitants of Latvia, which all are essential issues in maintaining and promoting healthy ageing.

Also in 2007 the Ministry of Health has prepared recommendations of healthy nutrition for people 60 + that were distributed through various institutions and posted on the website of the Ministry of Health.

SDS2030 notes that ageing will have a substantial impact on the sector of services, particularly health care. Inevitably restructuration of health care institutions, for example, transformation of paediatrics departments into geriatrics departments, and specialisation in diseases more characteristic to elderly people will be necessary. Therefore the Strategy states it is particularly important to perform timely investments in health care, in knowledge and technologies related thereto (in life sciences, biomedicine, pharmacy) and in promotion of healthy lifestyle in all generations. Preparation for the future increasing demand for everyday care services for elderly people should take place in due time by developing “care” or so called “silver” economy. As elderly people will continue active

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13 Dietary guidelines encourage the elderly to be physically active, eat plenty of grain products and potatoes, vegetables and fruits, dairy products with reduced fat content and other protein rich foods, reduce the sugar, salt, fat and alcohol consumption, use plenty of fluids and to consult a family doctor in case of health and nutrition problems.
economic life, demand for different services related to the consumer market and financial areas, as well as new forms of social integration and networking will increase.

To deal with the rising unemployment and a deteriorating social situation as a result of financial and economic crisis at the end of 2008, the Government of the Republic of Latvia on September 8, 2009 approved the Social Safety Net Strategy. There were outlined activities to be implemented in order to strengthen the existing social safety net and one of the main and major areas was health care that included the following measures:

- Prior to October 1, 2009 patients who had been granted the needy person status (status assigned by the local government social service office) paid 50 % of patient payment for health care. Introduction of patient payment compensation mechanisms made it possible for needy persons to receive necessary health care that was limited before. Within the scope of expanded social safety net, needy persons are exempted from patient co-payment.

- Prior to October 1, 2009 patients who obtained needy person status paid 25 % or 50 % co-payment for medicine included in the list of compensated medicine. As these patients had low income they could not receive necessary medication in the state medicine compensation system as they could not cover the co-payment. Patients are able to continue treatment at the outpatient level within the framework of the established compensation system. If the patient is granted the needy person status, then the patient is being compensated for the necessary medicine.

- If mostly out-patient health care services are provided in Latvia, patients living outside the big cities have to go long way to the treating institution. Within one treating process patients sometimes have to undergo several investigations, manipulations etc. Hence, they need to spend much time on their way as well as the treatment institution. The patients need to go home after the treatment, which is not always possible due to the fact that public transportation might not be available in late afternoon. Hence, the availability of health care to needy persons that cannot afford to stay overnight in a hotel is hindered. Therefore within the framework of the compensation system it is possible to cover expenses for hotel-type beds in hospitals.

- Home care service ensures the care of chronically ill patients at their place of living, thus decreasing the need for in-patient treatment services and the need for the emergency medical services. Provision of home care services is a part of the healthcare system reform which foresees moving from in-patient care to out-patient care where possible. Within the scope of increased social safety net, home care services are provided for chronically ill patients free of charge.

- The development of care in day centers will ensure establishment of mental health care service based in society. Mental health care services are available on equal terms for all citizens in Latvia increasing the role of family doctors and making it possible for patients to receive mental health care services of maximum proximity, as well as integrating patients in the society. In Latvia, the ratio of hospital beds is big comparing to other EU countries, including in the field of psychiatric care. Developing day centres could decrease the number of in-patient cases, make the use of resources more effective and take care of patients with mental disability as close to their living place as possible thus ensuring integration of these patients in the society and decreasing stigmatization of patients.

- In 2011 there was included a new activity to launch a family physician advisory telephone service to connect patients to doctor after working hours and on weekends (when family doctor offices are closed), a low-cost method to extend access to primary care services 24 hours a day across the country. It is aimed at the chronically
ill and others who have an acute episode during off hours that otherwise might precipitate an emergency ambulance call or an emergency hospital visit.

Besides the mentioned activities there were introduced two additional measures: improvement of accessibility of primary health care services by attracting the second nurse to family doctor's private practice in 2010 and 2011 and providing day hospital services in 2010.

In 2011 the Ministry of Health prepared guidelines for health promotion in municipalities and elderly is one of the target group in the said guidelines. Municipalities are provided with recommendations how to promote diet, physical activity, safety and other issues related to seniors.

From January 1, 2011 Law on Disability entered into force. One of preventive measure foreseen by this Law is the predictable disability, i.e., persons with predictable disability are entitled to receive state financed medical, social rehabilitation and vocational rehabilitation services in prior. This activity is expected to reduce the cases when person becomes disabled as a result of not receiving necessary services.

**RIS Commitment 8**

**Mainstreaming a gender approach in an ageing society**

*Measures taken to mainstream gender*

Gender equality was a horizontal priority in the EU structural funds programming period from 2004-2006 and has retained its place in the period of 2007-2013. The Ministry of Welfare is the responsible institution for implementation of this horizontal priority which means to coordinate un monitor gender, age and disability mainstreaming into all structural funds activities.

*Gender/age segregated data:*

In order to acquaint data users with information available in the breakdown by gender, the Central Statistical Bureau (CSB) prepares a regular publication “Women and Men in Latvia”, in which the current data on men and women in Latvia are summarized, divided by age as well. The latest publication was issued in 2010. Data in the breakdown by gender and age are available also in other CSB publications including databases of CSB.

CSB also compiles on a regular basis statistical data that can be used to get detailed information on the situation of women in Latvia. For example, in all surveys of persons and households statistical data are summarized in the breakdown by gender. Detailed information is available on employment, wages, earnings, educational level, state of health, use of information technologies, participation in tourism activities, time use. For data users information is available on women’s activities in the field of research as well as information on the employment of women, who have acquired a doctor’s degree. The largest surveys that summarize data in the breakdown by gender are the Labour Force Survey (LFS), the EU Survey on Income and Living Conditions statistics (EU-SILC), the Household Budget Survey (HBS), the survey on the use of information and communication technologies (ICT), the European Health Interview Survey (EHIS), the Adult Education Survey (AES), etc.

The Statistical Bureau of the European Communities (Eurostat) has worked out a list of 16 core variables including the sex of a respondent, that beginning with 2010 are going to be included also in all new surveys of households.
The CSB has also an access to data in the breakdown by gender from administrative data sources – information on social security, morbidity, violation, representation in legislative and executive bodies, etc.

Measures to encourage and facilitate equal sharing of family and care responsibilities between women and men.

During last five years (2007-2011) policy approach as regards to work and family life reconciliation measures has developed rapidly in order to make it more worthwhile as well as reducing the gender imbalance in doing so, providing financial support during family-related leave and reducing discrimination. Parents of both sexes are eligible to all care-related leaves and benefits, except those specifically related to a certain sex, i.e., maternity and paternity leaves and benefits.

As data show the number of fathers who used paternity leave increases since 2004. In 2004 22% of socially insured fathers used paternity leave, but in 2008 - 40.9%, 2009 – 39.8%, 2010 – 37.2 %.

Measures to promote the economic rights of women (such as legislation to ensure equal pay for equal work, to protect women’s rights in the workplace, to reconcile family life with work life, etc.)

Both women and men are free to seek their economic independence to obtain education, job, run their own business, participate in decision making process in Latvia. Gender equality is guaranteed in the legislation of Latvia in all spheres of life.

Policy documents

Since 2001 in order to implement above mentioned Conception there were carried out following Programmes:

The Programme for the Implementation of Gender equality 2005-2006 and the Programme for the Implementation of Gender Equality 2007-2010 which was in line with the EU Roadmap for Gender Equality and the national situation. The objectives set out in the Programme were focused in six directions of action: 1) awareness raising about gender equality in general public; 2) education about gender equality for specialists in central governmental institutions and other specialists; 3) improvement of monitoring of gender equality policy implementation; 4) bringing the issue of domestic violence into agenda; 5) studying of the health related lifestyle habits; 6) reconciliation of work and family life. Activities were carried out by public institutions, as well as nongovernmental organizations and the private sector, focused on the different target groups – employers, employees, women and men in different age group, family, and specialists working in the education field.

In December, 2011 the Plan for the Implementation of Gender Equality 2012-2014 was submitted to the Cabinet of Ministers. The Plan focuses on four directions of action:
1) reducing gender stereotypes;
2) promotion of healthy and environment friendly life habits among women and men;
3) promotion of economic independence and equal opportunities in labour market for women and men;
4) improvement of monitoring of gender equality policy implementation.

RIS Commitment 9

Support for families that provide care for older persons and promote intra-generational solidarity among their members
SDS2030 states that upon increase in the gap between generations and life expectancy, there is a tendency that different generations of one family live in separate households. Thus, the so called social responsibility gap increases. It means that a number of elderly people who will not have an opportunity to be regularly cared for by their relatives will increase and public and private sector will have to develop different forms of care in this area.

To address this issue SDS2030 foresees the following activities:

1) *Establishment of social enterprises and support to the development of social business.* Social enterprises would ensure as wide range of services as possible to the households of elderly people. Similar support could be provided by non-governmental organisations by promoting social integration activities of active ageing and elderly people;

2) *Programmes of voluntary mentors.* Within the scope of these programmes adults without specific pedagogical education may apply at schools as voluntary mentors or advisors and help children who want to do their homework and to repeat the material acquired at school in the afternoons or evenings. Special support should be provided to involvement of retired persons in such mentor programmes, thus reducing social isolation of retired people and strengthening the link between generations.

From January 1, 2008 benefit for persons with disabilities who need special care is introduced. The benefit is granted to persons whom disability is granted over 18 years of age and who due to severe functional impairments require special care. Amount of benefit is LVL 100 per month. During the reporting period the number of benefit recipients increased by 87.3 % (4.9 thous. in 2008; 9.1 thous. in 2010).

**RIS Commitment 10**

*Promotion the implementation and follow-up of the regional implementation on strategy through regional cooperation*

During 2007–2013 Latvia is participating in ten European Territorial Cooperation (ETC) programmes, eight of which are funded by the European Regional Development Fund, whereas two programmes are implemented with support from the European Neighborhood and Partnership Instrument (ENPI). All projects in the ETC programmes are implemented on the basis of international (cross-border, transnational or interregional) cooperation, with partnerships always being formed between at least two member states. The total ERDF/ENPI funding for the implementation of ETC programmes allocated by the European Commission to Latvia in the 2007–2013 programming period is 89.9 million euros or 63.2 million lats, whereas the total available volume of funding available to the partners of Latvia in all of the above ETC programmes constitutes 501.8 million euros, or 352.7 million lats. In ETC programmes, the gain of the project partners of a particular member state may be greater than the national contribution to the programmes, therefore the amount of the Latvian funding implemented depends on the activity of Latvia’s partners in the cooperation projects. Till 1 January 2012 Latvian partners are involved in the implementation of 360 ETC projects with total financing about 495 million euros, incl. Latvian partners’ share – 106.2 million euros, or 74.6 million lats (90.2 million euros from ERDF/ENPI).

In 2010 Ministry of Environmental Protection and Regional Development oversaw two priorities of the bilateral financial mechanism of the Norwegian government:

1) Cross-Border Cooperation;
As part of the “Cross-Border Cooperation” programme in 2010 there were implemented ten subprojects related to environmental protection, sustainable development, preservation of European cultural heritage, human resource development and education, development of regional policy and economic activities and academic research. Nine individual projects were implemented as part of the priority “Regional Policy and Development of Economic Activities” and 13 subprojects as part of the programme within the priority “Promotion of the Development of Public and Private Partnership in Latvia”. An amount of the EU fund investment disbursed between January 1, 2007 and February 1, 2011 reached 1 071.9 million lats.

4. Conclusions and Priorities for the Future

In 2030 the society of Latvia as well as society of other countries worldwide will be substantially different from the present one – about 2 million people will live in Latvia, most of them will be aged over 45 and already in 2020 there will be more people of retirement age than children and young persons up to 18 years of age.

In Latvia depopulation and ageing has a quite strong regional dimension. Present tasks of development provide for even and balanced development of territories, however, it may be hindered in the future. If national policy is not directed towards tackling these tendencies, the number of inhabitants will decrease in all regions of Latvia, except Riga region. The more distance from the capital, the more the average number of inhabitants decrease. It should be taken into account that the ageing dynamics of inhabitants of Latvia is more rapid than on average in the EU.

However, an opposite tendency is also emerging. In many places in Europe, and to some extent also in Latvia, “exchange” of inhabitants takes place – the less wealthy rural inhabitants move to the neighboring cities and the wealthier city dwellers take their place in the countryside. Higher requirements in relation to the quality of life and solvency attract better and more expensive services, thus allowing the development of the existing infrastructure and the maintenance of the environmental quality. Employment and preservation of the base value of human capital in the countryside may be related to the work in e-environment.

Family and children is still one of the central values in Latvia, however, changes in the structure and lifestyle of families and households create new demographic situation also at micro-level. Almost every second marriage ends in divorce in Latvia, the average length of marriage until its dissolution is 11 years, the number of second and third partners inevitably increases. New kinships are forming – there will be a larger number of grandparents per smaller number of children and also larger number in kinships, which, most likely, will not live together in one place.

The present and future demographic situation in Latvia is directly related to the influence of our main resource – human capital – on the economic capital and its development. The necessity to involve inhabitants as much as possible in the labour market and to maintain high productivity of the labour force will increase the tension as regards balancing of work and family life.

Ageing of the society is related to the loss of labour productivity and changes in the structure of the labour force. As regards the use of human capital, Latvia is one of the leading countries in Central and Eastern Europe, unfortunately in case of Latvia high employment does not mean higher productivity of human capital. If the productivity of
human capital is not substantially improved within the following years, further investments in the base value and use of human capital will be inexpedient expenditure. The most significant possibility of the development of Latvia within the context of demographic load and changes is the promotion of the participation and economic activity of the labour force and investments in education of all age groups and elevation of the productivity of human capital. Next to the traditionally involved educational institutions, activities and services of libraries and cultural and educational institutions, as well as creative and interest groups may provide substantial investment in this area.

Considering society ageing as challenges in the future must be mentioned the following:

- Improvement of the demographic situation will remain a key priority in Latvia;
- to continue the implementation of the active labour market policy broadening measures of active labour market for social risk groups specially for people at pre-retirement age at the same time removing option for early retirement and increasing retirement age;
- ensuring of access to health care and its quality. In order to ensure healthy lifetime for inhabitants, focus will be on health prevention and health promotion measures for youth and children;
- to develop and improve choice of social services, specially promoting establishment of alternative care services (care at home, day care centre, half way homes, etc.);
- to develop social service networks in local municipalities and increase the number of professionally educated social work specialists in social services institutions;
- facilitate education and information of society, as well as change of attitudes to gender equality questions, incl. work and family life reconciliation;
- promotion of tolerance and elimination of discrimination based on age, disability, gender a.o.
### IV. Annexes

**Table 1**

**Number of Latvia population by selected age group, 2000-2011**
*(at the beginning of the year)*

<table>
<thead>
<tr>
<th>Age group (years)</th>
<th>0 - 14</th>
<th>15 - 64</th>
<th>65 +</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>number</td>
<td>% of total number</td>
<td>number</td>
</tr>
<tr>
<td>2000</td>
<td>428082</td>
<td>18.0</td>
<td>1600317</td>
</tr>
<tr>
<td>2005</td>
<td>341415</td>
<td>14.8</td>
<td>1583843</td>
</tr>
<tr>
<td>2006</td>
<td>328547</td>
<td>14.3</td>
<td>1580414</td>
</tr>
<tr>
<td>2007</td>
<td>318463</td>
<td>14.0</td>
<td>1572881</td>
</tr>
<tr>
<td>2008</td>
<td>312309</td>
<td>13.8</td>
<td>1567797</td>
</tr>
<tr>
<td>2009</td>
<td>310311</td>
<td>13.7</td>
<td>1560129</td>
</tr>
<tr>
<td>2010</td>
<td>309154</td>
<td>13.8</td>
<td>1549011</td>
</tr>
<tr>
<td>2011</td>
<td>306529</td>
<td>13.7</td>
<td>1535986</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau of Latvia

**Table 2**

**Number of Latvia population by selected age group and gender, 2007-2011**
*(thousand, at the beginning of the year)*

<table>
<thead>
<tr>
<th>Age group (years)</th>
<th>0 - 14</th>
<th>15 - 64</th>
<th>65 +</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>males</td>
<td>females</td>
<td>males</td>
</tr>
<tr>
<td>2007</td>
<td>162.9</td>
<td>155.6</td>
<td>760.6</td>
</tr>
<tr>
<td>2008</td>
<td>159.7</td>
<td>152.6</td>
<td>759.4</td>
</tr>
<tr>
<td>2009</td>
<td>158.7</td>
<td>151.6</td>
<td>756.7</td>
</tr>
<tr>
<td>2010</td>
<td>158.1</td>
<td>151.1</td>
<td>752.2</td>
</tr>
<tr>
<td>2011</td>
<td>156.6</td>
<td>149.9</td>
<td>746.9</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau of Latvia
Table 3
The following chart shows the changes of the demographic burden.

Level of demographic burden in Latvia at the beginning of 2000, 2005, 2009 and 2011 (at the beginning of the year, per 1000 population of working age)

<table>
<thead>
<tr>
<th>Year</th>
<th>Under working age</th>
<th>Over working age</th>
<th>Demographic burden, total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>209</td>
<td>311</td>
<td>520</td>
</tr>
<tr>
<td>2009</td>
<td>207</td>
<td>303</td>
<td>510</td>
</tr>
<tr>
<td>2005</td>
<td>232</td>
<td>332</td>
<td>565</td>
</tr>
<tr>
<td>2000</td>
<td>305</td>
<td>393</td>
<td>698</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau of Latvia

Table 4
Mean age of Latvia population in 2000, 2005, 2009 and 2010 (at the beginning of the year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>35.4</td>
<td>38.4</td>
</tr>
<tr>
<td>2005</td>
<td>37.1</td>
<td>37.7</td>
</tr>
<tr>
<td>2009</td>
<td>37.7</td>
<td>38.1</td>
</tr>
<tr>
<td>2010</td>
<td>38.1</td>
<td>38.1</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau of Latvia

Table 5
Latvia: Economic Development Key Indicators

<table>
<thead>
<tr>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross domestic product</td>
<td>9.6</td>
<td>-3.3</td>
<td>-17.7</td>
<td>-0.3</td>
</tr>
<tr>
<td>Private consumption</td>
<td>14.3</td>
<td>-5.8</td>
<td>-22.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Public consumption</td>
<td>4.9</td>
<td>1.6</td>
<td>-9.4</td>
<td>-9.7</td>
</tr>
<tr>
<td>Formation of total equity capital</td>
<td>7.9</td>
<td>-13.8</td>
<td>-37.4</td>
<td>-12.2</td>
</tr>
<tr>
<td>Exports</td>
<td>10.0</td>
<td>2.0</td>
<td>-14.1</td>
<td>11.5</td>
</tr>
<tr>
<td>Imports</td>
<td>16.1</td>
<td>-10.8</td>
<td>-33.3</td>
<td>11.5</td>
</tr>
<tr>
<td>Consumer prices</td>
<td>10.1</td>
<td>15.4</td>
<td>3.5</td>
<td>-1.1</td>
</tr>
</tbody>
</table>
General government sector balance

-0.4  -4.2  -9.6  -8.2  -4.0

General government debt

9.0   19.8   36.7  44.7  44.7

Export/import balance

-20.1 -13.7  -1.5  -1.4  -1.1

Changes in the number of employed (aged 15-74 years)

2.9   0.5  -12.2  -4.6   3.0

Unemployment rate (share of job-seekers of economically active persons aged 15-74 years, %)

6.0   7.5  16.9  18.7  15.4

e – estimation

Source: Central Statistical Bureau of Latvia and the Ministry of Economics

Graph 1

At-risk-of-poverty rate by age, %

Table 6

| DWELLING SUPPLY WITH AMENITIES IN 2010 (households having following amenities in per cent) |
|---------------------------------------------|---------------------------------------------|
|                                            | All households                     | Retired people households |
| Aukstā ūdens apgāde (ūdensvads)            | 89.5                                | 84.0                        | Cold water supply (water pipe) |
| Karstā ūdens apgāde                       | 76.6                                | 66.5                        | Hot water supply |
| Kanalizācija                               | 86.9                                | 80.4                        | Sewerage |
| Vannas istaba vai duša                    | 80.5                                | 71.9                        | Bath or shower |
| Tualete ar ūdens novadu                   | 83.4                                | 75.6                        | Indoor flushing toilet |
| Tikla gāze                                 | 48.5                                | 47.2                        | Town gas and natural gas |
| Balonu gāze                                | 35.3                                | 39.7                        | Liquefied hydrocarbons |
| Stacionārā elektriskā plīts               | 14.6                                | 8.8                         | Stationary electrical range |

Source: Central Statistical Bureau of Latvia
### Table 7

**Key Indicators of Employment and Unemployment**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employed persons (aged 15-74, thousand)</td>
<td>1119.0</td>
<td>1124.1</td>
<td>986.7</td>
<td>940.9</td>
</tr>
<tr>
<td>Activity rate (aged 15-64, %)</td>
<td>72.9</td>
<td>74.5</td>
<td>73.9</td>
<td>73.2</td>
</tr>
<tr>
<td>Employment rate (aged 15-64, %)</td>
<td>68.4</td>
<td>68.6</td>
<td>61.1</td>
<td>59.3</td>
</tr>
<tr>
<td>Unemployment rate (share of unemployed to the active population aged 15-74, %)</td>
<td>6.0</td>
<td>7.5</td>
<td>16.9</td>
<td>18.7</td>
</tr>
<tr>
<td>Number of unemployed persons (aged 15-74, thousand)</td>
<td>72.1</td>
<td>91.6</td>
<td>200.7</td>
<td>216.1</td>
</tr>
<tr>
<td>Registered unemployed persons (end of the period, thousand)</td>
<td>52.3</td>
<td>76.4</td>
<td>179.2</td>
<td>162.5</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau of Latvia

### Table 8

**Activity rate, Employment rate, Unemployment rate by age group (%)**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2007</th>
<th></th>
<th></th>
<th>2010</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Activity rate</td>
<td>Employment rate</td>
<td>Unemployment rate</td>
<td>Activity rate</td>
<td>Employment rate</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>Women</td>
<td></td>
<td></td>
</tr>
<tr>
<td>55-64</td>
<td>60.2</td>
<td>67.9</td>
<td>54.5</td>
<td>57.6</td>
<td>64.7</td>
<td>52.3</td>
</tr>
<tr>
<td>65-74</td>
<td>19.3</td>
<td>25.3</td>
<td>15.8</td>
<td>18.9</td>
<td>24.9</td>
<td>15.4</td>
</tr>
<tr>
<td>15-64</td>
<td>72.9</td>
<td>77.7</td>
<td>68.4</td>
<td>68.4</td>
<td>72.6</td>
<td>64.4</td>
</tr>
<tr>
<td>15-74</td>
<td>66.0</td>
<td>72.4</td>
<td>60.4</td>
<td>62.0</td>
<td>67.8</td>
<td>57.0</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau of Latvia