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LATVIA Human Development Report



ASPRI
Advanced
Social and Political
Research
Institute

Human Capability in the Regions



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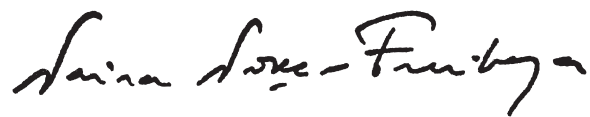


Foreword

I am pleased that this Human Development Report is following in the footsteps of the previous Human Development Reports on Latvia, which had been prepared under the auspices of the United Nations and which are now being published by researchers at the University of Latvia. Latvians can be proud of the fact that the authors of several past reports have received awards at the UN for introducing scientific research innovations in their work.

The Human Development Reports on Latvia are known for their serious attempts to establish, by way of a clear diagnosis, the current situation in the country. A number of important areas, such as education and demography, still need to be addressed, both in the country as a whole and in its regions. For example, the quality of education, along with the educational opportunities available, are generally better in Riga than elsewhere in the country. I am glad that the research in this **Report** complements the work already undertaken by the Strategic Analysis Commission, which was founded under my auspices as President of the Republic in 2004.

This **Report** also addresses Latvia's place within Europe and in the broader world at large. I am pleased that the **Report** offers recommendations for action to the executive and decision-making powers at various levels of governance. Therefore, I encourage Latvia's national and local government politicians, research experts, non-governmental organisations, and entrepreneurs to acquaint themselves with the conclusions offered by the **Report**. I hope that this **Report** will serve as a valuable source of information, as well as an inducement to further action for the benefit of the entire country.



Vaira Vīķe-Freiberga
President of the Republic of Latvia

Foreword

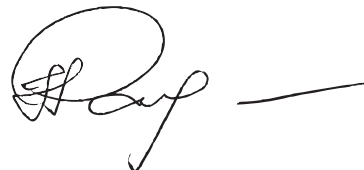
In the work of the United Nations Development Programme (*UNDP*), the Human Development Report has a special place. It is like a development compass that shows the trends in the human development of Latvia and offers new directions for action. The preparation of these reports has always been in the hands of Latvian researchers and policy-makers, but UNDP in Latvia has offered a platform for discussion and global development experience.

The publication, „**Latvia Human Development Report 2004/2005: Human Capability in the Regions**,” is the last report in which UNDP will be involved, and at the same time, the first report prepared by the Advanced Social and Political Research Institute (ASPRI) of the University of Latvia. In the future, the compass of human development will rest with the co-operation network between the University of Latvia and the regional higher education institutions. Henceforth, upon the conclusion of operations by the UNDP Country Office in Latvia at the end of 2005, the preparation and promotion of the Human Development Reports will be headed by ASPRI together with its co-operation partners.

The **Report on Human Capability in the Regions** analyses the human opportunities and resources in various areas of Latvia. It looks at the issues of local identity, the demographic situation, health and migration as well as evaluates the manifestations of regional capabilities in entrepreneurship, culture, political and social life. In parallel, the **Report** evaluates the development resources available in the regions.

The authors of this **Report** have chosen a current and painful topic – human capability in the regions. As the Government of Latvia is preparing a new National Development Plan, it is the right time to analyse the preconditions for development in the regions. The economic polarisation of inhabitants of Riga and the regions, of the rural and urban inhabitants is increasing yearly. At the same time, implementation of regional policy seems more like a spontaneous attempt to solve all the problems simultaneously and satisfy all conflicting interests. As a result, Latvia is still a country with more than 530 local governments, the complex regional co-operation of which is co-ordinated by planning regions that are based on the principle of voluntary participation.

The in-depth analysis of human capability in the regions done by the authors of the **Report** leads us to conclude that it is high time for purposeful and strategic human development planning at the regional level. Little Latvia needs strong regions, which can put forth regional priorities, balance the internal fragmentation, and represent, legitimately and decisively, the interests of the regions at the national and European Union level at the same time.



Inita Pauloviča
Head of the UNDP Latvia Country Office

Foreword

Dear Readers,

I am really pleased that the „**Latvia Human Development Report 2004/2005: Human Capability in the Regions**” has reached the public.

The year 2004 has been very significant for Latvia. One of the greatest changes that has affected us all is Latvia joining the family of the European Union. Therefore, since May 1, 2004, much broader possibilities have opened up for Latvia in regional development and local government matters. By utilising Structural Funds and other financial instruments it will be possible to achieve a much more rapid and purposeful regional development.

Work on the Latvian National Development Plan 2007–2013 has been one of the priorities of the Ministry of Regional Development and Local Governments in 2004 and 2005. It is important that a very broad part of society – entrepreneurs, scientists, non-governmental organisations and other interested persons – are involved in creating the future vision of national development. The task of the Plan is to show the growth opportunities for the human quality of life in our country. However, as the authors of the **Report** have noted, the main measure

of the quality of life is the expansion of human social capability. For that reason, the current **Report**, which has been dedicated to human capability in the regions, is a significant study both in thinking about the future – the drafts and implementation of the National Development Plan – and looking back at the past – the **Report**, as if in a snapshot, reflects the human development trends in Latvia in 2004/2005.

I would like to express my gratitude to the authors of the Report – the Advanced Social and Political Research Institute of the University of Latvia and the United Nations Development Programme for the initiative and the invested effort in the preparation of the **Report**.

I hope you find useful information and an overview of human development in Latvia in this Report.



Sincerely,

Māris Kučinskis,
*Minister for Regional
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Latvia Human Development Report 2004/2005

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Content

Basic Facts about Latvia, 2004/2005	11
Introduction	12
1 Chapter People and Places	
Introduction	21
The Geopolitical and Historical Space	21
Administrative-Territorial and Regional Divisions	22
Regions in Latvia	23
Regional Identity	24
People and Place Relations: Contemporary Factors	28
Demographic Situation	31
Value of Health and People's Strategies in Health Maintenance	36
Migration and Mobility of People	40
Conclusion	43
2 Chapter Latvia's Regions: Uneven Progress	
Introduction	49
Regional Policy in Latvia: History and Development Trends	49
Local Governments: Community Power and Management	52
Administrative-Territorial Reform: Opportunities or Losses?	54
European Union Structural Funds in the Regions	55
Education: Development and Accessibility	57
Vocational Education and the Future of the Regions	60
Higher Education institutions as the Intellectual Potential of a Region	64
Education: Opportunity for Stability and Change in life	66
Information Technologies: New Distances and Opportunities	67
Community Information Environment, Support and Development Resources	72
Partnership Principle for Community Development	74
Conclusion	76
3 Chapter Hyman Capability – for Personal and Public Benefit	
Introduction	81
Differences of Economic Activities in the Regions	81
Development of Entrepreneurship	83
Employment: Realisation of Human Capability in Labour Market Relations	87
Political Capability of Local Governments	92
Political Parties and Local Governments	93
Non-Governmental Organisations	97
Culture Capability	100
Conclusion	103

Conclusion	108
2005 Study of Human Capabilities in the Regions. Methodology.	124
Appendix: Brief Overview of the Main Human Development Indicators	126
Sources, Bibliography	
Boxes	
0.1 Factors Determining Human Capability	13
0.2 Terms Used in the Report	16
1.1 Administrative Territories of Latvia, 1939 (regions and counties)	22
1.2 Various Regional Divisions in Latvia	23
1.3 Planning Regions and Statistical Regions	24
1.4 Old-Believers in Latvia	25
1.5 Zemgale: Openness of Identity and Place for New Myths	26
1.6 A Sense of Belonging of the Latvian Population to Different Living Spaces	27
1.7 Relations between an Individual and a Place	29
1.8 Regional Identity Today: The Example of Vārkava county	30
1.9 Population Change and Population Density	32
1.10 Population by Level of Demographic Burden in Planning Regions at the Beginning of 2004	32
1.11 Ethnic Composition of Population in Latvia by Region at the Beginning of 2004, %	33
1.12 Latvian Language Knowledge Among Non-Latvians (highest and lowest level from a territorial perspective), %	33
1.13 Population Change in Planning Regions and its Components, 1999–2004	34
1.14 Length of Time Living in One's Place of Residence (city/town, parish), %	34
1.15 Fertility and Family	35
1.16 Distribution of responses to the question "How much can you personally influence your material well-being and family life?", %	36
1.17 Population Health Self-Assessment, %	37
1.18 Health Maintenance Habits of Latvian Population, %	38
1.19 Public Health Inventory: Short Life-span, Unsatisfactory Health Maintenance Habits and Poor Preventive Care	39
1.20 Accessibility of Health Care Services, %	40
1.21 Hello, Ireland!	41
1.22 Areas of Commuting, 2001–2004	42
1.23 Daily Routine	43
1.24 Railroad Network	44
2.1 Gross Domestic Product per Capita in 1999 and 2002 in the Planning Regions of Latvia (actual prices, LVL)	49
2.2 Weighted Development Index of the Planning Regions in 2000–2003	50
2.3 The Most Important Legislation on the Legislative Basis of Regional Development	51
2.4 Regional Development Support Instruments	51
2.5 National Development Plan: Concentration of Capability and Resources	52
2.6 Correlation between Territory Development Index and Local Government (Parish) Population in 2003	53

2.7 Territorial Plans in Local-level and District-level Local Governments	53
2.8 Planned Financing for Projects Co-financed by the EU Structural Funds	55
2.9 Distribution of EU Structural Funds Financing by Region	56
2.10 The Number of Educational Institutions and Students in Latvia in 2004	58
2.11 Latvian School Ratings Developed by the “Neatkarīgā Rīta Avīze” and the Friendly Appeal Fund	59
2.12 The Number of Students in Vocational Education Schools (VES) of Latvia	60
2.13 Distribution of Vocational Education Programmes by Region	61
2.14 Student Enrolment in Vocational Education Programmes, %	61
2.15 Proportion of Students in Vocational Secondary Education Programmes, %	62
2.16 Resources Allocated for Improvement of Vocational Education Accessibility	62
2.17 Proportion of Students Who Enrolled in the 1st Year in 2004 with grades of 1–3 (on scale of 1–10), %	63
2.18 Proportion of Vocational Education Graduates Among the Unemployed	63
2.19 The Number of Students with Unfinished Basic Education Enrolled in Correctional Groups and Remedial Education Programmes	64
2.20 The Number of Graduates with a Doctorate is Insufficient	65
2.21 Adult Education	66
2.22 Public Participation in Lifelong Learning	67
2.23 Computerisation of Enterprises in Latvia at the beginning of 2003, %	68
2.24 EQUAL Project “Computer and Internet Use Training for the Unemployed of Latvia”	69
2.25 From the Cēsis City Development Plan	70
2.26 Libraries in Latvia	70
2.27 The Project of the National Unified Library Information System (NULIS)	71
2.28 Survey Results on Library Use	71
2.29 Changes in the Public Attitude towards Libraries and the Library’s Attitude toward Its Own Development	73
2.30 Factors That Facilitate Individual Capability, %	74
2.31 A Study of Latgale’s Rural Partnership	75
3.1 Distribution of Economically Active Enterprises by Types of Activity (NACE) in 2003	82
3.2 Scramble Out of Stagnation	83
3.3 Problems of Entrepreneurship Development in Rural Areas	84
3.4 Development Indices and Ranks of Planning Regions	84
3.5 “Latvian Plywood”	85
3.6 LEADER Programme	86
3.7 Economically Active Enterprises	87
3.8 Economic Activity Level of the Population in the Planning Regions of Latvia in 1999–2004, %	87
3.9 Employment in Rural Areas	88
3.10 The Economic Activity of Women in Latvia Still Remains Lower than that of Men	89
3.11 Proportion of Job-Seekers in the Total Economically Active Population in Latvia’s Regions, %	90
3.12 Opportunities to Find Suitable Job in the Place of Residence as Evaluated by the Population, %	90
3.13 Proportion of Inhabitants who, if in Need of Employment, would Attempt to Establish an Enterprise or Become Self-Employed, %	91
3.14 Political Competition in Local Government Elections	92
3.15 Patronage in the Local Governments of Latvia	94

3.16 Attitude of the Latvian Population toward Patronage in Local Governments	94
3.17 Ability of Local Governments to Influence Development at the Local and State Levels as Evaluated by the Population of Latvia	95
3.18 Number of Public Organisations (situation on August 30, 2005)	96
3.19 Number of Registered NGOs per 1,000 Inhabitants	96
3.20 School Building – A Hostage of Parties	98
3.21 Distribution of Culture/Folk Centres, Artistic Groups in Latvia	99
3.22 Visit to Cultural Sites and Attendance at Cultural Events by Region	100
3.23 Creative Cultural Activities by Region	101
3.24 NEKAC: A Success Story	102

Calling Cards of the Planning Regions

Kurzeme Planning Region	18
Latgale Planning Region	46
Rīga Planning Region	78
Vidzeme Planning Region	104
Zemgale Planning Region	122

Basic Facts about Latvia, 2004/2005



Population

Estimated population (millions)	2.3
Annual population growth (%)	-0.5
Population density (persons per km ²)	35.7

Population distribution, %

Rural	32.1
Urban	67.9

Gender distribution, %

Males	46
Females	54

Age distribution, %

0-14	14.8
Working age (males 15-62, females 15-60.5)	63.9
Older than working age	21.3

Ethnic distribution, %

Latvians	58.8
Russians	28.7
Belarusians	3.8
Ukrainians	2.6
Poles	2.5
Lithuanians	1.4
Others	2.2

Health

Average life expectancy (years)	72.1
Males	67.1
Females	77.2
Infant mortality (per 1000 births)	9.39
Number of physicians (per 10,000 inhabitants)	34.9

Human Development Index rank (Global HDR 2005)

Adult literacy rate, %	99.8
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Distribution of employment by Sectors, %

Agriculture	13
Industry	27
Services	60

Economy

Total GDP (millions of lats)	7,333
GDP per capita (lats, at average prices of 2000)	2,705
Real GDP per capita (ECU, PPP)	9,700
Real growth of GDP (%)	8.3
Unemployment rate (% of work force)	8.5

Government expenditures, % of GDP

Total	20.1
of which: Defence	1.2
Education	5.9
Health	3.4
Social Security	10.0

Exchange rate of 1 USD vs. LVL

(Bank of Latvia rate, November 28, 2005)	
1 USD	0,597 LVL
1 EUR	0,7028 LVL

Land area (sq. km)	64 589
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Introduction

The purpose of the publication **Latvia Human Development Report 2004/2005: Human Capability in the Regions** is to look at human development as the expansion of opportunities for human activities and capability. So far, the Human Development Reports of Latvia have analysed important components of this process (human security, partnership among the individual, the state and the private sector, and social cohesion) and have researched social processes (globalisation, social integration during a transition period, etc.) that significantly affect human development. This **Report** assesses the progress of human development in the regions.

Human Development as an Expansion of Human Capability

The basis of the quality of life is the well-being and security of individuals and the sustainability of society. With the development of opportunities for human activities as well as the ability to fully participate in society, the expansion of human capability is the main measure of the quality of life. The development of the capacity for action (capability) determines the individual's freedom of choice, facing the range of life-activity opportunities offered by society. Technological development and the values of material and intellectual culture are only the conditions for activity opportunities, which are realized in the activity of individuals.

The opportunities for social activity and an individual's capability to act have been recognised as the main conditions for human well-being since the times of Karl Marx and Adam Smith. Karl Marx included it in the formula: "free development of every individual is a condition for the free development of all individuals." In the course of social change, the variety of life-activity opportunities increases, and the development of individual abilities determines what level of freedom in the choice of activities an individual has. **The human capability of an individual means the ability to use the opportunities offered by society. Human development is the expansion of human capability in the economic, political and cultural life of society.**

Several factors determine the human capability. Theoretically, they could be grouped into **objectively given (living environment)** factors independent from the activities of an individual and other social agents, such as the geopolitical position of the state, natural resources, cultural and historical development, demographic potential, etc., and subjective factors (life-activity opportunities) such as purposeful action by the state, local governments, interest

groups and other social actors, which creates preconditions for the realization of the capability of individuals.

People are simultaneously the main resource of human development and its target. The cultural and historical heritage accumulated by prior generations, the economic and demographic potential, the geopolitical position of the state, the administrative-territorial division and natural resources are important conditions for human development. In our view, not only national, but also regional and local identities play a significant role in the exploration and utilisation of these natural resources. Do people recognise themselves as the true masters of their land and heirs of their ancestors, who can not only make use of but also increase the values created by their predecessors? Traditional cultural values, if they are not implemented in the daily activities of the modern generation, if they are not given a new and current interpretation, may get covered with dust in museums and hope chests. Regional uniqueness is not an expression of backwardness; it is an advantage which increases the freedom of a person's choice and the diverse manifestations of capability.

State and local governments and other social agents have a wide selection of instruments at their disposal to release human capability. The planning of national development, regional policy, availability of European Union Structural Funds and other resources create the institutional, financial and informative conditions for the development of human abilities. Not only the availability of resources and information, but also the abilities and skills to acquire and utilise them, determine the true freedom of action of a person. Therefore, along with the development of different funds and information networks, it is necessary to unleash the human abilities and skills by educating and involving people in practical activities.

The social capability of an individual expresses itself as the freedom of choice of action. In implementing one's capability in all areas of public life, people create the conditions for the free development of future generations. By realising their abilities through action, individuals change the social environment and create new conditions for their own activities and activities of their peers. Security in an individual's economic activities, broad social networks, the ability and willingness to assume responsibility for what is going on in the neighbourhood and society, a creative approach to one's own life-activity, maintenance of a healthy microclimate within the family, etc. – these are new opportunities for action.

The understanding of human development has expanded and deepened since 1990, when the United Nations Development Programme (UNDP) published the **Global**

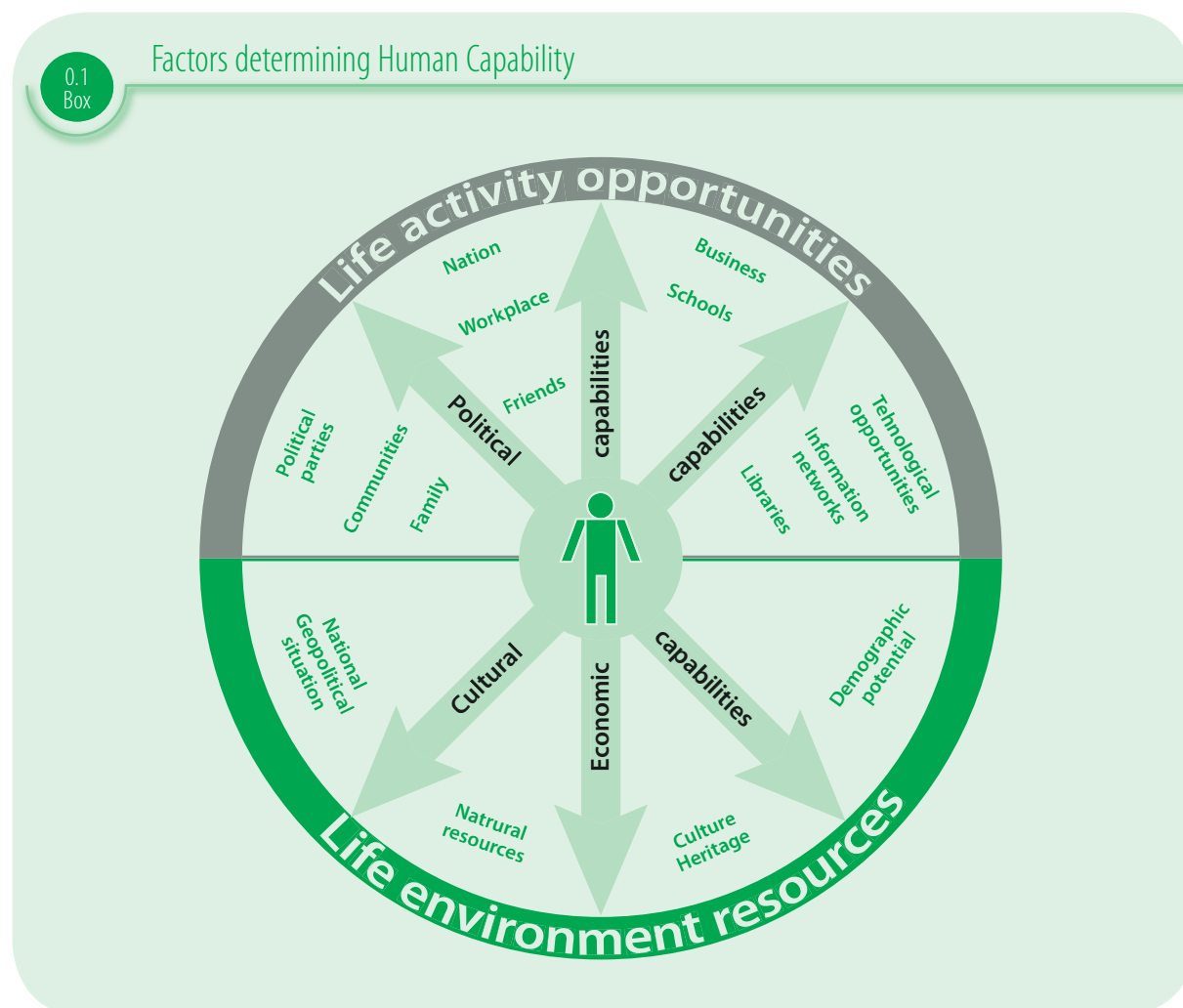
Human Development Report for the first time in which the development of human well-being was brought to the forefront of national and global development policy. Human development is a holistic concept, which evaluates economic, political and cultural development through the prism of human life fulfilment. The Human Development Index, which consists of the basic education, life expectancy and economic development indicators, only partially describes the human development process in which the expansion of civil and political rights is also important. Economic well-being, human security, development of education and health are only the means to achieve social well-being, the core being human life and the expansion of the freedom of choice. This is why the main topic of the **Latvia Human Development Report 2004/2005** is capability – the capability of individuals, inhabitants, local governments, enterprises, non-governmental organisations and other parties involved in development in Latvia's regions and in the state as a whole.

Human Development in Latvia

Since 1995, when the first Human Development Report was published in Latvia, the well-being of people has

grown considerably. The macroeconomic statistical indicators indicate a dynamic development in Latvian society and in some regions of the state. At the same time, there are pronounced differences in social and economic development among regions, and human capabilities in specific areas of residence are quite different. More than half of Latvia's gross domestic product is generated in Rīga, the income inequality among urban and rural inhabitants has not diminished, and the differences of income at a household's disposal has increased among regions, especially between Rīga and the other regions.

The statistical indicators do not always reflect the actual differences among regions. In Latvia, the concept of region is understood differently, and in practice there are various regions: statistical regions, planning regions; moreover, many state administrative authorities, which operate throughout the entire territory of Latvia, have introduced their own regional classification. At the moment, a situation has emerged where there are tens of regional-level administrative territories in Latvia (the State Revenue Service, sickness insurance funds, environmental boards, etc.), the borders of which do not necessarily coincide.



These peculiarities about Latvia's regions are the result of previous socio-economic and cultural development, and, at the same time, affect the potential for future development. What has been created by prior generations and historically inherited can be either explored and utilised differently or forgotten and neglected. For this reason, we have tried to assess human capability in Latvia from a territorial point of view, and the sub-title of the **Latvia Human Development Report 2004/2005 is Human Capability in the Regions**. This publication relates to the basic postulates of the Latvian National Development Plan (2007 – 2013), which puts the quality of life of the people at the centre of development.

Tasks of the Report

The **living environment resources** and **life-activity opportunities** determine human **capability**. In order to evaluate the expansion of capability in Latvia's regions, the **Report**:

- 1) describes the most important living environment resources and processes in regions – the identity of the area, demographic potential, population migration and mobility;
- 2) analyses the most significant factors that determine the differences of people's **life-activity opportunities** in regions – regional development policy, education and information networks; and
- 3) discusses the most relevant expressions of **human capability** in the economic, political and cultural life of the regions.

These tasks have been implemented in the three chapters of the **Report**. The first chapter "People and Places" looks at important human development resources – living environment and demographic potential, especially emphasizing the identity of the area.

The **Report** of 2002/2003, which was dedicated to human security, discussed attachment, a sense of belonging and social networks as important factors in an individual's securitability. Regional identity, which expresses the mutual relations between an individual and a location, is one of the significant aspects of belonging.

This **Report**, for the first time, examines the role of regional and local identities (among other things, Chapter 1 briefly also outlines the problems of European identity – how people have adjusted to the European Union) in human development in Latvia. The geopolitical and historical space of Latvia has been shaped over the course of time; it reflects the interaction of interests and influences of Latvians and neighbouring nations within a specific geographical space. Over time, the space of cultural

interaction, the administrative and regional division has left traces in the regional identity of Latvia's population. An analysis of the regional identity, demographic situation and population movement shows the region as a changing and economically and socially specific variable, where the functional links often are of greater importance in people's daily lives than administrative division. The **Report** emphasises the role of cultural and historical heritage, which serves as a significant human development resource in the creation of a richer and more open identity at the individual and local community level as well as its relevance in the shaping of Latvian national identity. The cultivation of a national (state) as well as a regional identity is not an end in itself, but it may serve the achievement of human development ideals. The supply of products and services of local origin may become a significant market niche, which could be left unexplored if the recipes of traditional food and the technologies of treating materials are forgotten, if the face of an original state and culture, fashioned by generations of Latvia's inhabitants, is not recognised in the world. In searching for opportunities to ensure everyday well-being and to realise their professional ambitions and creative abilities, people will leave because without a local identity there is no motivation to stay and improve life-activity opportunities here and now. Without people there is no nation, without a nation there is no human development...

Chapter 2 "Latvia's Regions: Uneven Progress" examines the most important factors that determine the differences of people's life-activity opportunities in the regions – regional development policy, education and information networks. The realisation of human capability in Latvia's regions has varied opportunities. Regional development policy, national development planning and the availability of the resources of EU Structural Funds are important instruments for the shaping and utilisation of the living environment. The opportunities for human activities in the regions are affected considerably by the development and availability of education. Particular emphasis in the Report is placed on the role of vocational education in the shaping of a region's future, schools of higher education as a significant intellectual potential in the regions and to the continuing education of adults.

Information technologies open new opportunities for human activities. The availability of information resources and the level of information literacy in society affect the utilisation of information technologies. The development of both local media and educational and cultural institutions affect the networking of the information environment of a community. A significant development resource is partnerships, because, by being practically involved in the improvement of their living conditions, people improve their co-operation skills and are more aware of the link between individual and community development interests.

Chapter 3 “Capability for Personal and Public Benefit”, in examining the economic, socio-political and cultural capability of people in regions, the **Report** searches for answers to the question “Why do some territories develop while others sink into depression?” How, by exploring and utilising local resources, do people transform opportunities into capability – economic, socio-political and cultural activities?

In studying the differences of the living environment and opportunities in regions from the perspective of the expansion of human capabilities, the authors of the **Latvia Human Development Report 2004/2005: Human Capability in the Regions** were thinking about how to facilitate human development in regions and how to attract the attention of the state administrative authorities, local governments, various development agencies, county development leaders and advocates of regional uniqueness – a development resource that has not been utilised much so far.

Until now, in speaking about regional differences, uniqueness was mostly framed as the backwardness of the periphery in comparison to the centre, as the inequality of resource allocation, and regional development was linked with overcoming these differences. The authors of the **Report** promote the use of the particularity of local conditions (specific models of particularity, local traditions, etc.) as a positive development potential, a reservoir of experience and ideas for freeing human capability. In search of new opportunities, people often leave home for big cities and even far-away lands without noticing that they leave ample development resources unnoticed and unutilised as well as opportunities for the realisation of innovative ideas. The drain of inhabitants significantly decreases human development opportunities. A vicious cycle is forming – the active people are leaving the regions because there are no opportunities for development, yet no development is happening, as there is no one to engage actively. Migration processes – within the state among regions, from the periphery toward the centre and outside the state – that considerably affect the human development opportunities in Latvia have not been sufficiently examined yet.

Latvia and the 2005 Global Human Development Report

A short time has passed since the publication of the previous **Report** in 2003, yet during this time period, significant changes have affected the society of Latvia. Since May 1, 2004 Latvia is a Member State of the European Union. The integration of Latvia into the European Union created very rapid development and a dynamic change in macroeconomic indicators.

Upon the suggestion of the UNDP, the **2005 Global Human Development Report**, prepared by independent experts and dedicated to the problems of international co-operation in the fields of aid, trade and security in an unequal world (*International Co-operation at a Crossroads: Aid, Trade and Security in an Unequal World*) refers to poorer African states as the main human development problem region. According to human development indicators, Latvia currently is in 48th place in the world (in 2003 – 50th place). For the fourth year in a row Latvia is among the states characterised as having a high level of human development. With accession to the EU Latvia has joined a group of the world’s most developed states and has turned from an aid-recipient into an aid-donor. At the same time, Latvia is the poorest EU state and in many areas of human development the situation has worsened. Against the overall background of dynamic development, the areas where the situation has not improved or has even worsened stand out sharply. There are still a high number of cases of tuberculosis, which is among the social diseases facilitated by unemployment, alcoholism, drug addiction, and, most importantly, disregard of one’s own health. The rapid proliferation of HIV and AIDS is alarming. The total funding for education, health care and social protection increases from year to year, but, despite the increase, the portion of GDP allocated for these purposes is decreasing. Along with other EU Member States, Latvia has to start providing effective assistance to poor states, thereby also transferring its reform experience along with material support. At the same time, by getting involved in global markets and improving their own economic and social development indicators, these new member states must face threats to their security generated by the spread of drugs and human trafficking.

Latvia Human Development Reports: Ten Years of Experience

Global Human Development Reports are already being prepared for a second decade. Every year since 1990, the UNDP has commissioned an independent group of experts to prepare a report on human development, which examines the most relevant global problems. The analysis and recommendations published in the report have been prepared with the help of a network of world-class advisers – scientists, governments and civil society offer data, ideas and examples of best practice.

Human Development Reports in Latvia have been prepared since 1995. The UNDP in Latvia supported the preparation and publication of these reports. Over this ten year period a considerable amount of experience has been accumulated and the concept of human development has entered not just the academic discourse but also broader public circulation.

Terms Used in the Report

Community – a group of people united by geographic location, some aspect of social identity and/or common motives.

Cultural identity – sense of belonging to a specific system of culture.

Human Capability (an individual's social capability) – is the individual's ability to use the opportunities for social activity offered by society.

Human capital – human abilities and skills which increase the potential for economic activity. Human capital partially coincides with human capability, yet these terms are not identical. For example, education can increase the individual's ability to compete in the labour market (from the human capital aspect), but at the same time education increases the individual's capability by expanding opportunities for action, self-expression, choice, etc.

Information literacy – ability and skill to find, select, evaluate, manage and utilise information; to find the necessary information efficiently and in as short a time period as possible; skill to critically assess the newly-acquired information and its sources; to combine the selected information with already existing knowledge; ability to effectively use the acquired information in the solution of other problems; to understand the economic, legal and social factors related to information utilisation.

Life-activity – an individual's influence on the external physical or social environment or on the individual himself or herself; the activity of an individual in all areas of life.

Life-activity opportunities – conditions for individual human activity such as education opportunities, health, employment, remuneration, political opportunities, etc.

Partnership – long-term co-operation of several social agents (individuals, entrepreneurs, state and local government institutions, non-governmental organisations, etc.) for the achievement of common development goals.

Regional identity – the sense of belonging to the territory of a specific region. Regional identity consists of a series of inter-related factors: relations with the landscape (natural and man-made); relations with history, traditions, values, other people; relations with the social space of the region (institutional and infrastructure aspects) as well as a special regional self-confidence. Regional identity in Latvia exists and manifests itself on several levels which do not mutually conflict but overlap and supplement each other.

Sustainable development – development that ensures the fulfilment of current needs without endangering the fulfilment of the needs of future generations; a balanced development of environmental, economic and social systems (economic growth and high quality of life is ensured without concurrent environmental degradation). The term was defined in 1987, in the UN World Commission on Environment and Development Report "Our Common Future."

The curricula of Latvian schools of higher education include the course “Human Development” and the publication of the **Reports** always attracts the attention of politicians, media, NGOs, entrepreneurs and the public.

The first **Latvia Human Development Report** served as a basis for analysis of Latvia’s progress and social development in the following years. The 1995 Report reflected the effect of the transition period on inhabitants, emphasised the necessity to stress the human aspect of development and put individuals at the centre of the development strategy. The Report discussed two broad human development problem-areas – social integration and social tension.

The goals of the **1996 Report** were similar – to analyse the transition period from the human perspective, encourage public interest and debate on human development and offer ways to put people at the centre of development. This Report devoted much attention to specific recommendations for the improvement of economic policy, the guidance of education reform and the promotion of public participation in social and political life.

The overriding theme of the **1997 Report** was that sustainable human development must go hand in hand with an increase in the abilities of society’s members and the **promotion of social cohesion**. This **Report** established that the growth of social cohesion and successful human development is most threatened by **inequality and differences** related to socio-economic processes and an increase in poverty, regional development, ethnic relations and national integration.

The purpose of the **1998 Report** was to promote people-oriented development and individual well-being. The authors of the Report activated several concepts: sustainable development, equality of opportunities, inequality, the quality of human relations, state and individual responsibility. Special attention was devoted to co-operation mechanisms that would make human development more dynamic; the **partnership of the individual with the public and private sectors** was placed at the centre of the analysis.

The topic of the **1999 Report** was **globalisation and human development** in Latvia. The purpose of

the **Report** was to attract the attention of society, politicians, media, NGOs and entrepreneurs to the manifestations of globalisation in Latvia and their effect on human development. The **Report** analysed how globalisation expresses itself in Latvia, what risks and opportunities are associated with it and how to utilise the new opportunities for the achievement of human development goals.

The **Human Development Report 2000/2001** was dedicated to policy analysis, putting forth two basic questions and searching for answers to these questions: does policy-making in Latvia pay sufficient attention to human development and what policy improvements would be necessary in order to facilitate human development?

The **Human Development Report 2002/2003** studied human development from the perspective of human security. Human security is an important precondition for the development of society in a state where individuals, social groups and state institutions have recently suffered painful and radical changes.

The **Human Development Report 2004/2005**, in analysing opportunities for human activities and expansion of capability in regions, continues to study the human development process in Latvia. Following the tradition of previous **Reports**, the authors have gathered a wide variety of information – academic publications, applied research, statistics, press publications, etc. In addition, a broad **Survey** of the quality of life and human capability in the regions was conducted for the needs of the **Report**.

The works submitted for the student photo competition “Frame the human development!” were used in the design of the Report.

In the poll that was conducted during the process of preparing the **Report**, the inhabitants of Latvia were asked to evaluate, on a 10-point scale, their satisfaction with life. In summarising answers to the question “How satisfied or dissatisfied are you with your current life in general?”, the average evaluation given was “six”. According to the grading scale used in the education system, this corresponds to the mark “almost good.” Insufficient resources, unrealised opportunities, unachieved goals and abandoned hopes, as well as the opposite – the potential, strength and initiative to act may be hidden behind that “almost.”

Calling Card

Kurzeme Planning Region



The Kurzeme region lies in the western part of Latvia. The Liepāja, Ventspils and Talsi districts border with the Baltic Sea, and this border is the longest coastal zone in the territory of Latvia and stretches for 350 kilometres. The total area of the region is **13,600.8** sq. km, accounting for 21.1% of the country's territory. In the course of centuries, nature and climate conditions have facilitated the development of the traditional occupations such as coastal and open-sea fishing, trade and crafts, but the advantageous geographic location promoted the development of industry and transport.

People in the Region

On January 1, 2004, there were 313,334 inhabitants in the Kurzeme region (13.5% of the total population of Latvia). The republic cities Liepāja and Ventspils have a relatively large number of inhabitants; the proportion of urban and rural inhabitants is 62.1% and 37.9%, respectively. The average population density in the region is 23.0 persons per sq. km (2004), but the distribution of inhabitants is very uneven. For example, in the Zvārde parish of the Saldus district, in whose territory there used to be of which a Soviet military range, the population density in 2003 was only two persons per sq. km. Among districts, the lowest population density is in the Ventspils district (5.7 persons per sq. km), the highest – in the Talsi district (17.3). In Liepāja, the population density is 1428.2 persons per sq. km, but in Ventspils – 794.5 persons per sq. km.

From the beginning of 1994 to the beginning of 2004, the number of inhabitants in the Kurzeme planning region cities has decreased, on average, by 6.7% (in the country, the number of city inhabitants has decreased by an average of 6.2%), but in the district parishes, the population has decreased by 3.3% (an average of 1.8% in parishes nationally).

In the beginning of 2004, there were 73.5% Latvians, 15.9% Russians and 10.6% other nationalities living in the Kurzeme region.

Work and Life in the Region

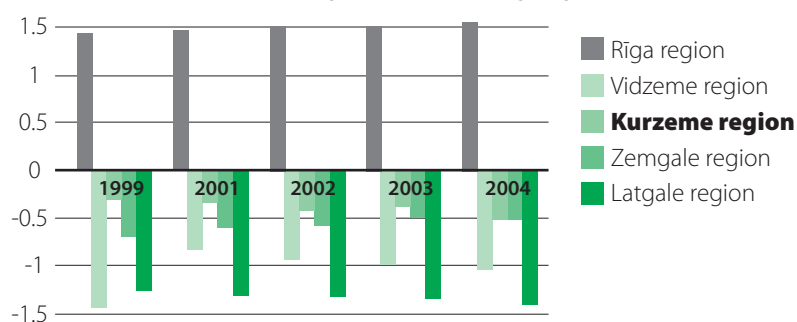
The big cities, Liepāja and Ventspils, have a significant impact on the economic development of the region. A different situation has formed in these port cities. Liepāja, located in the militarised zone during the Soviet time, had to adjust to civilian economic development upon the restoration of independence. The infrastructure of the Ventspils port, however, was already intended for international freight transit already during the Soviet time. Liepāja still maintains the profile of an industrialised city.

The Ventspils free port and the special economic zone of Liepāja create a favourable environment for investment in the region.

In 2002, the GDP per capita in the region was 82.8% of the average value of this indicator in Latvia.

Ample opportunities for education are provided in the Kurzeme region, from primary school and basic general and vocational education to opportunities in higher academic education and some doctoral study programmes at two higher educational institutions of the region. There are also branches of several private institutions of higher education in Ventspils and Liepāja.

The Development Index Weight of the Planning Regions in 1999–2003



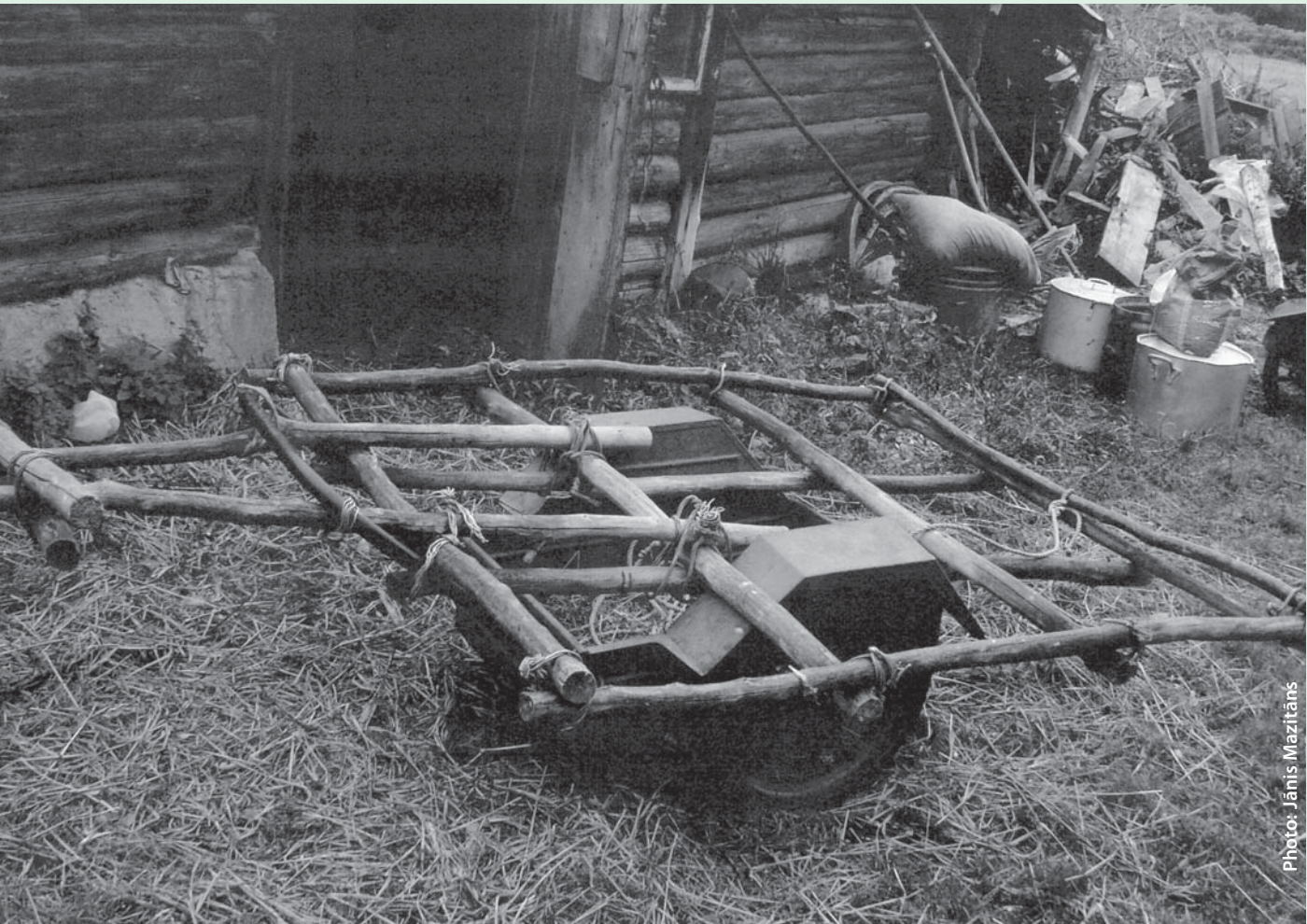


Photo: Jānis Mazītāns

1 Chapter

People and places

Introduction

The Geopolitical and Historical Space

Administrative-Territorial and Regional Divisions

Regions in Latvia

Regional Identity

People and Place Relations: Contemporary Factors

Demographic Situation

Value of Health and People's Strategies in Health Maintenance

Migration and Mobility of People

Conclusion

People and places

Introduction

In moving toward sustainable development in the entire territory of Latvia, it is very important to be aware of the resources and opportunities available to people in the different areas of Latvia. This chapter will deal with the relations between people and places because human development is the expansion of human possibilities and capability in specific places. The administrative division of territory, the demographic structure of inhabitants, the directions of domestic migration and the particularity of regional culture are, on the one hand, the result of the development of long-term political, socio-economic and cultural processes, but, on the other hand, a potential for future development.

Alongside natural resources and demographic and health resources, an important resource for development is also regional identity – the awareness of one's belonging to a certain place and people. Moreover, this changing, multi-dimensional and hard-to-track resource is an entry gate toward such specific, trackable and measurable human resources as lifespan, birth rate, mortality, health, population density, migration and mobility of people. A long and healthy life are not the only features of human resource quality and human development. A common national (state), regional and local identity and sense of belonging are important factors which unite separate individuals with specific life expectancies, health conditions and daily routines, forming a civil and responsible society.

The Geopolitical and Historical Space

Regions are usually considered parts of some larger geographical space, which are described by homogeneous natural conditions, but mostly by common cultural, economic and political processes.

The current territory of the Republic of Latvia has been captured and re-captured several times over the course of centuries. The rulers and laws have changed; it has been crossed by a number of armies; different administrative units have been created and their affiliation and names have changed. Until the downfall of the Livonian Order state in the 16th century, the official name of the Latvian, Liv and Estonian lands was Livonia, but after that the Swedes were calling their conquests in Estonia and Vidzeme by the names of these provinces. When these territories were

annexed to Russia, in order to designate them, the territorial formula *Liv-, Est- und Kurland* was used, which names these territories in the order of their annexation.

The Baltics have formed and developed as a complex **network** of territories, where each territory has its own history and cultural features. The most ancient known Viking trade network (9th-11th century) was succeeded by the Hanseatic League (12th-16th century) which laid the foundation for a long and productive German network in the region. From the 16th century the Netherlands played a significant role in the life of this region both economically and culturally (the diaspora of Dutch artists and craftsmen in Vidzeme and Kurzeme created many monuments of art and architecture there, shaped the tastes and introduced fashion), as did Poland, which engaged in the fight for domination in the Baltic Sea. The symbol of Swedish rule (1621–1721) was the Baltic sea as a “Swedish lake.” In the 17th century Sweden was a great European power, a centralised state with a developed administrative sector and a well-organised army, which involved the Baltic region in the formation of military networks. The education policy implemented during Swedish rule, especially the establishment of a higher education centre on this side of the Baltic Sea (*Academia Gustaviana* in Tartu), was of great significance. A violent struggle for domination on the Baltic Sea and in the territories adjacent to it took place, and in the early 18th century Swedish rule in the Baltics was replaced by subordination to Russia led by Peter I. The agrarian reform in Russia and societal modernisation processes during the second half of the 19th century facilitated the rapid economic and cultural development of the Baltic provinces, during which Riga became a metropolis of trade and industry.¹

The historical experience of the Baltics indicates the significance of the co-operation networks in the economic, social and cultural development of the region. The Baltic region is an outstanding phenomenon of a multi-ethnic society, which is characterized by a pronounced multi-cultural environment. Influences of the German, Polish, Swedish, Russian and other cultures have co-existed alongside the cultures of the local nations for centuries.

The large territorial units – **culture regions** or the so-called cultural and historical counties (Kurzeme, Zemgale, Vidzeme and Latgale) – differ by varied historical experience and cultural heritage, lifestyle and language peculiarities.

¹ See: *Baltija – jauns skatījums*. Rīga: Atēna, 2002.

Administrative-Territorial and Regional Division

The administrative-territorial division of Latvia is rooted in the historical differences, formed over the course of several centuries, of the culture regions – Kurzeme, Zemgale, Vidzeme and Latgale. Since the foundation of the Republic of Latvia in 1918, these regions have never been administrative units. However, their borders basically coincided with the county borders established mostly during the Russian Empire period and slightly changed during the 1920-1930s (there were 19 counties at the time). The *Satversme* (the Constitution of the Republic of Latvia) determined the political significance of Latvia's regions by defining the composition of Latvia's territory (see Box 1.1).

The division into 19 counties was also preserved after the Republic of Latvia lost its independence in 1940. It remained the same during the first post-war years as well. In 1950, 58 districts were established instead of the former counties. During the time period between April 1952 and April 1953, three provinces also existed in the Latvian SSR (Riga, Liepāja and Daugavpils). Beginning in 1955, the number of districts was gradually reduced (at the end of 1956, there were 45 districts in Latvia), and since 1967 it has been stable – 26 districts. In the administrative-territorial division of the Latvian SSR, districts had rather universal administrative

functions, yet the most important thing in the territorial development was the fact that districts were formed for a specific purpose – the territorial planning and management of the national economy. With frequent changes of economic policy, an optimum division of unified political and economic administrative territories was sought for until 1967. In 1974, the “The Economic Districting and District Development Scheme of the Latvian SSR” was approved, which included eight planning districts – Ventspils, Liepāja, Rīga, Valmiera, Jēkabpils, Daugavpils, Rēzekne and Gulbene districts. This scheme served as the basis for developing the “LSSR Economic Plan” for the period from 1976 to 1990.

After 1945, the administration of Latvia's territory was shaped in accordance with goals and principles that differed considerably from what was historically experienced previously and that quite rapidly changed the course of people's lives. From the regional perspective, a great influence on the life of society was left by the administrative-territorial division reforms, the district management of the national economy and regulation of population density. The tasks of the administration and borders of territories, the number of administrative centres, their mutual hierarchic relations and layout in the geographical space (regional dimension) changed several times over a few decades. Thereby, the changes in the structure of the administrative-territorial division greatly affected the

1.1
Box

Administrative Territories of Latvia, 1939 (regions and counties)



The territory of the Republic of Latvia within the borders recognised by international treaties consists of Vidzeme, Latgale, Kurzeme and Zemgale (The Constitution of the Republic of Latvia, Article 3).

distribution of Latvia's inhabitants and populated areas, the layout of economic centres and infrastructure and other phenomena. In a few places – the ones that were assigned the role of administrative centres – the construction of Socialist-type housing, resources for developing a specific economic and social infrastructure, as well as administrative and executive power, were concentrated. During these changes in the shape of Latvia's geographical space and the conditions of daily life to which we have become accustomed, our places of residence and housing, social relations and relationship to administrative governance emerged. During the Soviet time, they were purposefully shaped, promoting the movement of inhabitants to the larger cities and rural villages, creating a new social, economic and physical living environment.

After the restoration of Latvia's independence, small changes took place in the administrative division. Village councils were renamed to parishes. The model and functions of local governments changed significantly. Between 1991 and 1995, 19 populated areas acquired city rights. The electoral and judicial were divided into five units – Vidzeme, Latgale, Kurzeme, Zemgale and Rīga, which, however, did not coincide with the culture regions or the cultural and historical counties because the borders of these constituencies were formed by taking into account the district or parish borders.

Administrative-territorial division reform has been ongoing since 1992. This reform was supposed to commence in 1998. In 1992, there were 26 districts, 77 cities/towns, 487 parishes and 25 city rural territories (564 local governments in total) in Latvia. Currently, Latvia still has 26 district local governments, 60 cities/towns (including 7 republic cities and 53 district towns), 26 counties with territorial units included therein and 444 parishes (530 local governments, in total).

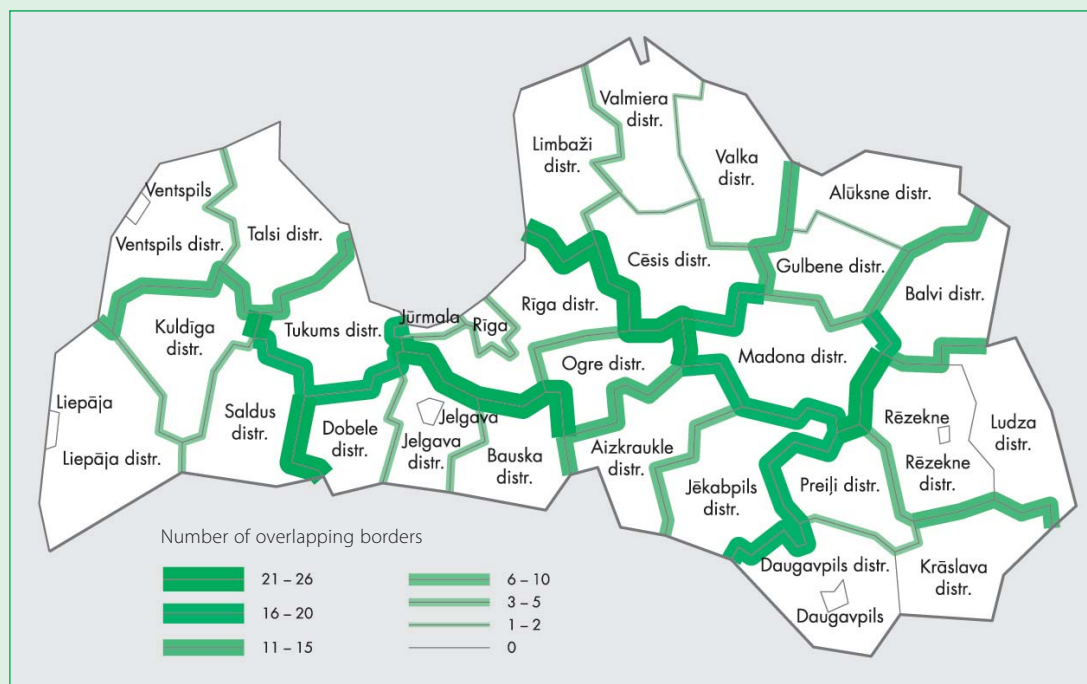
Regions in Latvia

In Latvia, the concept of region is understood differently, and in reality different regions exist. On an international scale, Latvia is usually seen as a separate region or a part of a united region of the three Baltic States and the Baltic Sea states. Today, any relatively homogeneous and sufficiently large part of Latvia's territory which is united by a certain feature, common problem, co-operation or by administrative functions, may be called a region.

Currently, a situation has emerged where many state administrative institutions have introduced their own regional divisions. There are tens of regional administrative territories, but their borders often do not coincide (see Box 1.2).

1.2
Box

Various Regional Divisions in Latvia



Borders of regional management and service territories

Source: Centre for Regional Studies.

Per the Regional Development Law of 2002, in order to ensure regional development planning, co-ordination and local government co-operation, five planning regions were created by a Cabinet decision in 2003. They include all 26 administrative districts of Latvia, the territorial borders of which have not changed much since 1967 (see Box 1.3).

Since April 28, 2004 (Cabinet Order No. 271), the territories of these planning regions conform with the borders of five NUTS¹ statistical regions. Rīga city is listed separately as a sub-region of the Rīga region.

Regional Identity

The publication "Latvia Human Development Report 2002/2003," which was dedicated to human security, addressed the sense of belonging and the ability to belong, which is important in any society. "A sense of

togetherness with one's people" and ethnic identity were seen as important factors in increasing the securitability of individuals. Besides ethnic identity, a factor of no less importance is the awareness of belonging to the place of residence – in an individual and regional and national (state) context – and a corresponding identity. It is important to start a discussion regarding national and regional identity as a relevant resource for the consolidation of civil society and the expansion of the unity and capability of the local communities. Public opinion polls indicate that Latvian society may not be deemed united and integrated. In the view of Latvia's population, the sense of belonging and identity have an important role in the integration process. However, the sense of belonging and regional identity are undervalued in motivating human capability and, therefore, are poorly utilised resources, which is why it is important to raise the issue of regional particularity and its role in the development of Latvia and its regions. We must especially emphasize the Regional Development

1.3
Box

Planning Regions and Statistical Regions

Planning Regions					
	Rīga region	Vidzeme region	Kurzeme region	Zemgale region	Latgale region
Districts and republic cities within regions	Rīga	Alūksne district	Liepāja	Jelgava	Daugavpils
	Jūrmala	Cēsis district	Ventspils	Aizkraukle district	Rēzekne
	Limbaži district	Gulbene district	Kuldīga district	Bauska district	Balvi district
	Ogre district	Madona district	Liepāja district	Dobele district	Daugavpils district
	Rīga district	Valka district	Saldus district	Jelgava district	Krāslava district
	Tukums district	Valmiera district	Talsi district	Jēkabpils district	Ludza district
			Ventspils district		Preiļi district
					Rēzekne district

Statistical Regions						
	Rīga	Pierīga	Vidzeme	Kurzeme	Zemgale	Latgale
Districts and republic cities within regions	Rīga	Jūrmala	Alūksne district	Liepāja	Jelgava	Daugavpils
		Limbaži district	Cēsis district	Ventspils	Aizkraukle district	Rēzekne
		Ogre district	Gulbene district	Liepāja district	Bauska district	Balvi district
		Rīga district	Madona district	Kuldīga district	Dobele district	Daugavpils district
		Tukums district	Valka district	Talsi district	Jelgava district	Krāslava district
			Valmiera district	Saldus district	Jēkabpils district	Ludza district
				Ventspils district		Preiļi district
						Rēzekne district

Avots: LR Centrālā Statistikas pārvalde

¹ NUTS – Nomenclature of Territorial Statistical Units, the hierarchic three-level nomenclature of which was developed in order to ensure a unified division of territorial units of the EU states for the purposes of regional statistics. The statistical regions of Latvia conform to the 3rd level of NUTS.

Law, the goals of which are to preserve and develop the development potential and the features characteristic to the nature and cultural environment of each territory.

So far, at the state level there have been no discussions of whether regionality is utilised to its full capacity and how it is utilised – as a brand, tourism offer, inspiration for action and ensurance of diversity. How great a role do the cultural and historical aspects of identity play? How do contemporary factors affect the sense of belonging? How does the sense of identity change, and how can changes in identity affect human development in the future?

A village, parish, county, city, district, region are various places and territories in Latvia to which a person forms specific and multi-faceted relations. What are these relations like now – symbolic, emotional, pragmatic, locally closed or open, ethnic or multiethnic?

Identity is like a story that people have created about their peers and their living space. It helps assign relevance to the territory which they occupy. Regional identity

describes human relations with the territory, social system and history of a specific region, with landscape, inhabitants, culture, traditions, etc. The borders of territories may be altered in a relatively short time as a result of political changes, administrative decisions and various reforms, while the formation of regional identity is long-term. Social processes affect and alter both the sense of regional identity and its manifestations (see Box 1.5 on p. 26).

Latvia has a strong tradition of marking and identifying people in relation to their place of residence (inhabitants of Rīga, Kurzeme, Vidzeme, etc.). People assume that those living in one region have similar language, traditions and even common character traits. However, do people themselves agree with the characteristics attributed to them? How do people of modern Latvia feel the connection or belonging to the specific place of residence, region, their country and Europe? What shapes contemporary people-place relations – cultural and historical factors or current social processes? Answers to these questions are neither simple nor unambiguous.

1.4
Box

Old-Believers in Latvia

One of the largest and most interesting ethno-religious minorities of Latvia is Old-Believers – religious refugees who emigrated from Russia approximately 350 years ago.

After the Russian Orthodox Church gained autonomy from Byzantium (Constantinople), the religious life therein was reformed. A large part of the faithful did not accept the new orthodoxy and wanted to preserve the old and, in their view, the true faith. In order to avoid persecution, the supporters of the old faith fled to more remote areas of Russia and foreign lands.

Beginning in the mid-17th century, refugees settled in the territory of Latvia as well, mostly in Latgale, which was under the rule of Poland at the time. Initially, they often settled in wild areas and created their villages almost in the woods. Only later, when the persecution diminished, the Old-Believers increasingly put down roots in the large cities of the Russian Empire like Riga, Daugavpils, Rēzekne, etc.

Latvia's Old-Believers are right to be proud of their large and historically rich congregations. The Rīga Grebenščikova congregation is considered to be the largest community of Old-Believers in the world; the gilded dome of its church is very visible when entering Rīga from the Zemgale direction. Daugavpils has six churches of Old-Believers. There is no other city in the world with this many Old-Believer temples.

In order to survive in the new conditions, Old-Believers developed a peculiar life-ethic: keep and maintain the faith within oneself, do not demonstrate it without due need. Over the course of centuries, Old-Believers have become a part of Latvia's society and culture, and they have been depicted in Latvian literature, for example, in the dilogy by Ādolfs Erss "The Voice of the Land", the novel "The Farmer and the Devil" by Jānis Jaunsudrabiņš, etc.

According to the data of the Board of Religious Affairs, Old-Believers are still the fourth largest religious community in the country. The 15th century church manuscripts, the 16th century icons, the 17th century church bells and the 10th century Byzantium church choir singing traditions, adhered to most closely by Latvia's Old-Believer choirs, are the treasures of not only the Old-Believer congregations, but of all of Latvia as well.

Source: 2005 Study of Human Capabilities in the Regions.

1.5
Box

Zemgale : Openness of Identity and a Place for New Myths

Before World War II Zemgale was a county that stood out among others for its high level of farming (the most fertile lands in Latvia), literature rooted in the culture and history of the county, education about the traditional culture (the Kaucminde School of Home Economics) and county mythology. During the years of Soviet rule, the inhabitants were severely affected by deportations which disrupted the foundation of the traditional culture. Nowadays, the restoration of the Rundale baroque castle relates to what is characteristic to Zemgale. The Castle embodies the cultural and historical heritage of all of Europe, and various cultural events take place therein. Also, in terms of religion, affiliation with Zemgale is more felt as a region-expanding, not a region-reducing, aspect. For several years in the Brukna Castle, a Catholic "Mountain Grall" Community (it includes people with social problems, former alcoholics, drug addicts, people who have lost employment or a provider) and the "Pūdnīku school" of Latgale hold their joint summer plenaries, which conclude with the baking of a ceramic oven, and an exhibit of craft works, where the members of the community demonstrate the skills acquired under the supervision of master craftsmen. The members of the "Mountain Grall" Community, under the leadership of their parish dean and with the help of art historians and landscape artists, are restoring the old estate park and the manor. It is intended to establish a cultural centre in Brukna to co-ordinate the work of the Community and also involve the people in the Brukna vicinity and people of Zemgale and other counties.

In Zemgale, along with local people lost during the war and post-war years, newly-created area myths are replacing the elements of lost regional identity. One such case was the declaration of Pokaiņi (near the town of Dobele) as an ancient holy site by local enthusiasts in 1990, attaching and composing adequate "myths" (stories) for such a geologically interesting site with many stone piles and separate stones, springs and rich flora. Functionally, this is similar to filling the void during the post-war period with new myths about the territory of Lithuania's Curonian Spit, the Varmia-Masuria voivodship in Poland, the Kaliningrad region of Russia, etc.

Source: 2005 Study of Human Capabilities in the Regions.

A significant and, indeed, the only manifestation of human and place identity that can be described quantitatively is the sense of belonging to one's living space. In Latvia, people assign importance to belonging to both local living spaces (place of residence, region, one's country) and much broader living spaces (the Baltics, European Union), and since Latvia joined the European Union, NATO and other international organisations, the latter are acquiring increasing importance.

The **Survey** indicated that in Latvia, with regard to people-place relations, a sense of belonging to the country and the immediate place of residence is felt most strongly; a sense of belonging to the region and the Baltics is felt as average, but belonging to the European Union as poor (see Box 1.6)

The **Survey** indicated that **belonging to Latvia** is most explicit – the majority of people surveyed feel an average, close or very close belonging. A very close belonging to Latvia was mostly indicated by Latvians of the Rīga region while the sense of belonging to the state is more moderate in other regions. In the **Survey**, Latvians describe their sense of belonging as more close, non-Latvians – as less close. The situation where Latvia's inhabitants of various nationalities feel their belonging to Latvia (some closer, others less close), confirms the already acknowledged necessity to create a new, open conception of state identity.

A **close belonging to one's immediate place of residence** – village, parish or city/town is equally important (90% of the people surveyed indicated an average, close or very close belonging). The situation is rather similar from both the regional and ethnic perspective (see. Box 1.6). Latvians of the Vidzeme and Kurzeme regions have expressed the closest belonging to their place of residence while from the ethnic perspective, inhabitants of Zemgale and Latgale have the least differences in their sense of belonging. Inhabitants of the Zemgale region feel a comparatively weaker sense of belonging to their place of residence (village, parish, city/town), yet this is the only region where the surveyed non-Latvians in general feel more affiliated with their place of residence than Latvians. The latter have evaluated their sense of belonging more moderately and negatively. Perhaps, this is because a considerable population migration has taken place in this region during both the inter-war period and after the Second World War. Only every third inhabitant of Zemgale lives in this region since birth. A strong and enduring connection with the place of residence does not form in a short period of time. It develops from generation to generation.

Other studies (the National Oral History Project studies of the University of Latvia Institute of Philosophy and Sociology in 2004-2005n as well as the project "Strategies of Latvian County Economic, Social and Culture Development in the Globalisation Context" implemented by the Latvian

1.6
Box

A Sense of Belonging of the Latvian Population to Different Living Spaces

Table 1. Territorial affiliation of the Latvian Population (%)

	1 – do not belong	2	3	4	5 – belong very closely	Difficult to say
Village / parish / town	3	7	18	24	45	3
County	13	13	20	20	19	15
District	10	13	20	23	24	10
Latvia	3	7	16	26	46	2
Baltic States	10	14	24	21	22	9
European Union	30	20	20	11	11	8

Table 2. Population's Sense of Belonging to Latvia in Each Ethnic Group by Region (%)

		1 – do not belong at all	2	3	4	5 – belong very closely
Rīga region	Latvians	1	4	8	19	68
	Non-Latvians	4	6	19	33	38
Vidzeme region	Latvians	1	8	14	28	49
	Non-Latvians	5	14	24	33	24
Kurzeme region	Latvians	2	10	12	30	46
	Non-Latvians	11	3	24	30	32
Zemgale region	Latvians	2	10	19	19	50
	Non-Latvians	2	17	26	24	31
Latgale region	Latvians	4	10	18	24	44
	Non-Latvians	6	9	19	32	34

Table 3. The Sense of Belonging of the Latvian Population to the Place of Residence (village, parish, city/town) in Each Ethnic Group by Regions (%)

		1 – do not belong at all	2	3	4	5 – belong very closely
Rīga region	Latvians	2	8	16	21	53
	Non-Latvians	4	6	25	29	36
Vidzeme region	Latvians	0	3	11	21	65
	Non-Latvians	4	9	35	22	30
Kurzeme region	Latvians	2	5	10	22	61
	Non-Latvians	5	8	21	24	42
Zemgale region	Latvians	8	15	19	20	38
	Non-Latvians	0	7	27	29	37
Latgale region	Latvians	1	8	17	32	42
	Non-Latvians	3	5	20	30	42

Source: 2005 Study of Human Capabilities in the Regions.

Studies Foundation in 2005) indicate that in Latvia the local identity is most explicit in Latgale. In the Survey, the inhabitants of Latgale, in assessing their affiliation with their place of residence, have chosen more moderate characteristics. Possibly, the sense of belonging in Latgale is considerably affected by the weak economic development of the region and the wide-spread unemployment.

The Survey indicated that in the relations between a person and a place, the **affiliation with one's county (region)**¹ is felt most inconsistently and comparatively weakly. Less than a quarter of the respondents feel closely affiliated with their county. Although nearly 2/3 of the population describe their belonging to a district as very close, rather close or average, more than 1/3 of the respondents describe their affiliation

¹ The **Survey** does not define the regions precisely; the introductory part of the questionnaire listed regions: Kurzeme, Latgale, Vidzeme, Zemgale and Rīga region.

with a district as weak, non-existent, or they refrain from a specific assessment at all. The few other studies on regional affiliation in Latvia (the National Oral History Project studies of the University of Latvia Institute of Philosophy and Sociology in 2000-2002 on identity in Kurzeme, the project "Strategies of Latvian County Economic, Social and Culture Development in the Globalisation Context" conducted by the Latvian Studies Foundation) have arrived at similar conclusions. Latgale is an exception, where the respondents have evaluated the affiliation with this region as closer than the belonging to their immediate place of residence (village, parish) (the National Oral History Project studies of the University of Latvia Institute of Philosophy and Sociology in 2004-2005, as well as the project "Strategies of Latvian County Economic, Social and Culture Development in the Globalisation Context" implemented by the Latvian Studies Foundation in 2005).

Perhaps a weaker sense of belonging on a district and regional level is related to the dominant, locally-understood and closely felt affiliation to the place of residence – one's village, parish or city/town. The sense of regional belonging promotes co-operation and the formation of networks in the regions. A study of the Rural Partnership Project experience recognises that successful rural development strategies cannot be implemented without active and joint participation of local inhabitants, NGOs, entrepreneurs and local governments (Tisenkopfs and Šūmane, 2001). The integration of government measures and local initiatives is also crucial for successful regional development. In 10-20 years, the situation may be positively affected by a purposeful state policy in the cultivation and strengthening of regional affiliation, which also facilitates the formation of partnerships within a region.

The geographical situation, history and cultural heritage of Latvia indicate that **affiliation with the Baltics** is a special resource for Latvia's development. However, the **Survey** shows that people evaluate their belonging to the Baltics, the Baltic States, and the Baltic Sea region similar to the regional affiliation in Latvia, as medium-close.

Affiliation with the EU has become important with Latvia's accession to the European Union on May 1, 2004. Even though the majority of the Latvian population supported such a move in the referendum, the **Survey** shows that people feel weak affiliation with the European Union. 30% of the respondents admit that they do not feel affiliated with the European Union and only 22% admit close affiliation.

There are no pronounced differences in these answers among regions. The greatest differences can be observed along ethnic lines. In all regions, non-Latvians more often than Latvians do not feel like they belong to the European Union. Possibly on a wider scale of human and place relations, non-Latvians (mostly Russians) feel a stronger affiliation with the East (Russia) rather than the West (European Union). The ancient historical ties of Latvia with Europe are a good

basis on which Latvians may "build" a European identity and affiliation faster. Non-Latvians do not have such a historical resource for developing a European Union identity.

People and Place Relations: Contemporary Factors

Besides the sense of belonging, regional identity is also shaped by a series of other interrelated factors: relations with the landscape (natural and man-made), history, traditions, values, other people, the social space of the region (institutional and infrastructural aspects) as well as a special regional confidence. The intensity of the sense of belonging can be evaluated (as close, average, weak, etc.); it is more difficult to list and evaluate the diverse factors that shape the sense of belonging and place identity of people in specific places. The sense of territorial affiliation is characterised by both emotional experiences and rational considerations. 88% of the **Survey** respondents have answered the question "Do you like to live in your place of residence (village, parish, city/town)?" positively; approximately the same portion had positively answered the question "Do you feel affiliated with your place of residence?" What is it that people like and what seems important in their place of residence? What is the most important thing in the sense of regional identity?

Both the daily necessities of life and the personal value-orientation determine the choice of the place of residence. In the **Survey**, the respondents were asked to evaluate 22 factors which, in their opinion, affect the choice of the place of residence. Of such factors, the five most important were: opportunities to find employment, opportunities to receive medical services, availability of shops, availability of public transportation and environment and natural landscape (see Table 1 in Box 1.7)

Less important factors in choosing the place of residence are: pleasant people, family roots, social and cultural life as well as the road network. When questioned about employment opportunities, a correlation was discovered – the fewer job opportunities nearby, the more important this factor seemed to people when choosing a place of residence. However, an opportunity to spend becomes especially important when the preoccupation with earning one's living no longer is the focus of daily life – Rīga is the only territory in Latvia where inhabitants have most often indicated that availability of shops is a relevant factor in selecting a place of residence (in the Rīga region, the availability of shops is the second most often mentioned factor; in Latgale – the fifth).

The State Cultural Policy Guidelines emphasise that cultural values are an important resource which consolidates the society of Latvia and shapes both the framework of national identity and the peculiarity of regional identity. How much are the inhabitants themselves aware of this?

The **Survey** indicates that people are most proud of the natural landscape; this is emphasised the most in Vidzeme and Latgale, the least in Zemgale and the Rīga region. Latvians and non-Latvians are equally proud of the landscape and natural objects in their places of residence (see Box 1.7).

Cultural and historical objects, historical events and historical persons related to the living space are the source of pride to only about half of the respondents. Answers to this question

show greater differences from both the regional and the ethnic perspective. In Latgale, most of the people are proud of the cultural and historical objects, historical events and historical persons. If we assume that regional pride has developed as a compensating counterweight to the economic backwardness of this region, we should try to utilise this situation as an active resource to increase human capability (see Box 1.8). More than half of the surveyed Latvians are proud of the cultural and historical objects, historical events and historical persons in

1.7
Box

Relations between an Individual and a Place

Table 1. Most Important Factors in the Choice of Place of Residence* (%)

Possibility to find employment	59
Possibility to receive medical services	51
Availability of shops	48
Availability of public transportation	44
Surroundings (nature, landscape, etc.)	31
Pleasant people	29
Local cultural and social life	24
Family roots	24
Road infrastructure	22
Availability of kindergarten	16
Possibility to acquire secondary education	16
Possibility to acquire primary education	15
Possibility to acquire higher education	13
Availability of Internet	13
Opportunities for adult education	9
Opportunities for re-training the unemployed	9
Library	9
Work of the local government	9
Opportunities to develop tourism	4
Opportunities to participate in the decision-making of the local government	4

*The total sum of responses may exceed 100 per cent, as the respondents could choose several answers.

Table 2. Pride for Objects at the Place of Residence (%)

	Very much	Rather yes	Rather not	Not at all	Difficult to say / no answer
Landscape	32	52	10	3	3
Notable nature objects	19	49	16	6	10
Notable cultural and historical objects	17	45	20	7	11
Significant historical events	12	38	22	9	19
Famous historical people	11	32	25	11	21
Famous present day people	8	25	27	17	23

Source: 2005 Study of Human Capabilities in the Regions.

Regional Identity Today: The Example of Vārkava County

"I like living here, I want to live here and want my children to remain here." *A resident of Vārkava, 36*

Every region in Latvia, even each small territory (town, parish, village) has its own characteristic features, which together form the particularity or identity of this place. Even the people living in the same region, town, parish or village will not have an absolutely identical notion of themselves and what is characteristic to their place of residence. By putting together the different notions, a specific pattern emerges which, maybe even in discord, still gives a very characteristic description of the complex structure of local identity of people. The identity of Vārkava county is analysed with the aim of showing at least one specific example of regional identity and revealing the very principle of how human and location relations are formed in modern Latvia and what is relevant in such relations.

The Vārkava county was formed by merging several parishes in the process of regional reform. Although the majority of Vārkava's people feel they belong to their parish, the sense of belonging to Latgale is expressed unanimously. The belonging to Latgale is felt both from within their cultural space and in situations which make them see their region as others see it – by encountering the different, by finding themselves outside of Latgale. To many, belonging to Latgale runs through their entire lives, it is felt in the daily rhythm and actions. Many are conscious of their region during the time of celebrations – importantly, family celebrations (the family rituals most rich with tradition are weddings and funerals) are as important a carrier of Latgalian identity as the festivities observed by a wider circle of people – Līgo, Christmas, various church celebrations and cemetery commemorations. Nearly all of the people interviewed note that they also feel a sense of belonging to Latgale through language and music. In describing the Latgalians, people talk about pride and give an explicitly positive self-image (which is a rare occurrence in other regions) – sincere, honest, simple, humane, have affection for their own, not arrogant, friendly, singing, helpful, generous, open, and cheerful. Poorer than elsewhere in Latvia. The famous Latgalian hospitality is was mentioned most often, language and traditional culture (singing and music, weddings, visits to see newborn babies, christenings, funerals, as well as community sowing of the fields, community work – especially the community manure clean-up, Līgo and mummery on Winter Solstice) are also listed as most characteristic of Latgale. The Catholic faith also shapes the identity of Latgale – celebrations in Aglona have become a symbol of Latgale. The roadside crucifixes and crucifixes near homes are noted as signs of landscape characteristic to Latgale and its religious identity. However, the strongest sense of religious belonging is most common among the older generation.

What is it that attracts and forms the sense of belonging to a specific place of residence? Vārkava county unites the Rožkalnu and Upmalas parishes, and it consists of several villages (Arendole, Rimicāni, Kalupe, Vanagi, etc.) each of them having their own peculiarities of language, traditions, even view of life. The people of the county admit that the merger of parishes was implemented "from above" and there has been an initial dislike toward the unification idea and the "forced" merger. Although three years have passed since the merger, people still feel a strong sense of belonging to their parish or village but less strong to the

newlyformed county. Employees of the culture sector invest great effort in order to unite the people and help establish a new identity. They think that it is working, albeit slowly.

When talking about what attracts people to their place of residence, the interviewees mention the beautiful natural landscape and human-friendly living environment (quiet, clean air, clean water, freedom) most often. It is important to people that the landscape they have created is getting more tidy and beautiful (more and more households are participating in competitions for the most orderly parish farmstead; also, lawn-mowers are now in almost every farm). Sometimes, the fortunate geographical location of Vārkava – proximity to Preiļi, Livāni and Daugavpils – is mentioned as significant. Often, family is mentioned as the main factor that determines the choice of the place of residence and attaches one to a place. The fact that a family has lived here for several generations or the fact that a person has come here after marriage is pointed out. Many admit that the sense of belonging forms over time – the longer one has lived in this place, the more it is loved and felt as one's own.

People mention various things as characteristic of Vārkava county, which may be grouped into several blocs:

- The traditional culture and religion (folklore groups, folklore festivals, wedding traditions, folk songs, folk music, cemetery commemorations, celebration of Anton's Day);
- Language (differences of dialects are emphasised even within the limits of the county);
- People (helpful neighbours, good parish government, the characteristic features of people of each village were sometimes listed);
- The social and culture life also shapes the identity of a place – Theatre Days, ladies' club, variety shows, parties, dog shows, senior nights, events at the castle (Vārkava manor), events at the secondary school (evenings for parents and children, graduations, reunions), children's festivals, coming-of-age parties, celebration of November 18th, the festival "Dubnas Waves" (which took place for the first time);
- Economic peculiarities (organic farming).

One can see a trend in this listing that the sense of local identity, alongside language and the factors of traditional culture, includes, and is even dominated by, current events (social and cultural events). Local identity is associated with the nature of the economic activity – several respondents name biological agriculture as a feature characteristic of the county (the neighbouring parishes do not have that many organic farms).

Local identity is like a colourful painting which includes everything within view. Local identity is shaped by factors which are not usually systematised in everyday reasoning and which are arranged into a unique cocktail where the peculiarities of the natural landscape, family roots and family traditions co-exist with a wide range of joint and institutionalised activities, from school events to job opportunities, from folk festivals to line dancing, from church processions to dog shows. The variety of events and activities are very important, as it allows each person who wants to participate to find the best activity and way to express himself or herself. In Vārkava, elsewhere in Latvia the capability of most active people shapes as identity and makes places attractive and recognisable to others as well.

Source: Unpublished data of the project "Strategies of Latvian County Economic, Social and Culture Development in the Globalisation Context" implemented by the Latvian Studies Foundation (2005).

their place of residence, while more than half of the surveyed non-Latvians do not have such feelings. Various ethnic groups living in Latvia have not, over time, discovered significant common values in the cultural space. In order to increase and strengthen common values and interests, it is important to search for harmony not social tension in diversity.

Pride felt towards famous countrymen in one's locale is a significant indicator of regional identity. Even though interest in publicly well-known people in Latvia is great, only one third of the respondents are proud of the fact that their place of residence has a link with famous persons of today. The majority of people are capable of appreciating nature, but they do not appreciate their most energetic and visible peers. Pride in their own countrymen who have achieved acclaimed success and notice in some field could be a valuable resource in the promotion of confidence and activity among a region's population, especially in the motivation of youth. From the ethnic perspective, important differences can be identified in the responses to this question – non-Latvians are proud of famous peers and countrymen even less so than Latvians. The living spaces of Latvians and non-Latvians do not overlap, and the participation of non-Latvians in social processes is weaker as well.

Demographic Situation

Demographic potential is an important human development resource. People who, from generation to generation, continue to develop the life-activity of society are the main target and means of human development. If there are no people who speak the national language, inherit and develop the traditions and customs of this nation, then the nation ceases to exist as a social community and turns into an exhibit at the cultural museum of mankind.

The indicators of population numbers, composition and reproduction, which are taken in context and in relation to the consequences they may create for the demographic development in the future, comprise the demographic resources or demographic potential of the state and its regions. Demographic potential has a significant role in the sustainable development of the regions.

In the inquiries of world governments regarding issues of demographic development conducted regularly by the UN, the Government of Latvia noted in 1998 that the indicators of population growth, fertility and life expectancy are too low, and significant changes are required in the territorial distribution of the population (United Nations, 2001).

The interaction of the four main demographic factors – fertility, mortality, net migration balance and population age structure – facilitates population growth. Population growth is determined by the interplay of four effects:

- 1) fertility is above replacement level;
- 2) mortality is declining;

- 3) net migration is positive;
- 4) population age structure favours growth.

Demographic processes follow a stable pattern. Various cataclysms (wars, natural disasters, epidemics, etc.) and socio-political transformations are an exception. The demographic and socio-economic potential of Latvia was significantly affected by the two World Wars and the socio-political changes after the regaining of national independence. In the beginning of the 21st century, the number of Latvia's population was about the same as in the beginning of the 20th century. On the eve of the First World War, there were 2.5 million people living in Latvia, but on the eve of the Second World War 1.9 million. Currently, 2.3 million inhabitants live in Latvia.

In the 20th century, the demographic development of Latvia was characterized by considerable direct and indirect (caused by emigration and fertility decline) losses of people during the First and the Second World Wars, repression against civilians during the post-war period, poor health of the people, mass immigration from Russia and other Soviet republics, growth of urbanisation as well as the consolidation of the dominant role of the capital Riga and its agglomeration.

The rapid fall of the fertility rate since 1989 and the prevalence of emigration over immigration since 1990 have considerably changed the demographic situation in Latvia and its regions. Similar processes occurred in other transition countries as well, causing a demographic crisis (see Box 1.9 on p. 32)

The intensity of demographic processes differs between urban and rural areas. The population decrease has affected more urban than rural inhabitants and thus regions with a higher degree of urbanisation – the Rīga region and Kurzeme (see Box 1.9). Since 1999, the population has decreased most rapidly in the Latgale region (Bauere, 2004, 25).

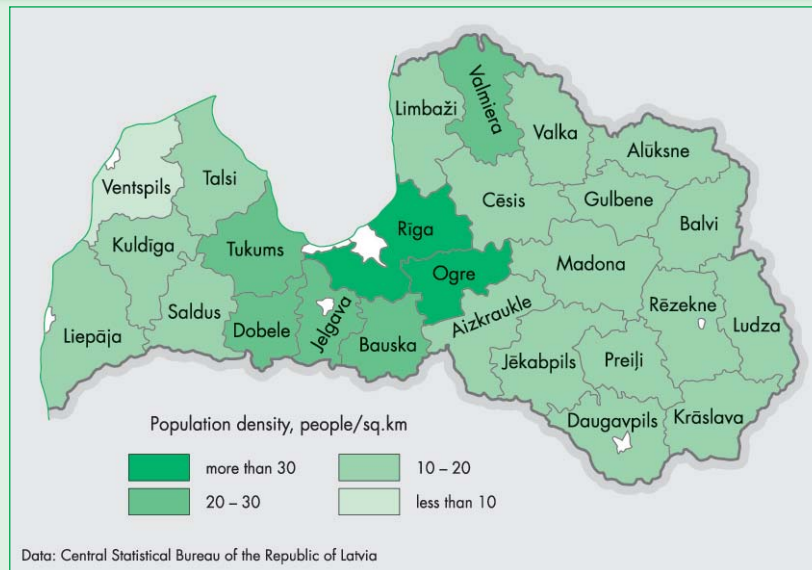
In Latvia, as in many other European countries, the main changes have occurred in the youngest and oldest population groups. With declining fertility, the number and proportion of children and youth has fallen while the number and proportion of elderly people has increased. Currently, a large group of people who were born during the first post-war years, as well as immigrants of the Soviet period, are reaching the retirement age. The increase in life expectancy over the past ten years also accelerates the aging of the population.

The **demographic** burden is growing in Latvia. The general level of demographic burden is expressed by a ratio between the number of population under and over working age (mainly, consumers) and the number of population of working age (mainly, resource producers). The greater the general demographic burden, the more resources society in general and local governments have to transfer to social needs (see Box 1.10 on p. 32).

Only in the Rīga planning region is the total demographic burden lower than the average in the country. This region

1.9
Box

Population Change and Population Density



Population Change and Population Density in Latvia's Regions*, 1991–2004

Planning regions	Total population (thousands)		Population density 2004 (persons per sq. km)	Population change 1991–2004 (%)	Change of urban population 1991–2004 (%)	Change of rural population 1991–2004 (%)	Urban population (%)	
	1991	2004					1991	2004
Rīgas	1278.0	1098.5	105.2	-14	-15	-8	85.1	84.0
Vidzemes	272.6	248.2	16.3	-9	-14	-5	44.6	42.1
Kurzemes	365.5	313.3	23.0	-14	-21	-2	67.0	62.1
Zemgales	319.9	290.0	27.0	-	-22	+6	55.4	47.8
Latgales	422.2	369.2	25.4	-13	-15	-8	59.5	57.6
Latvia total	2658.2	2319.2	35.9	-13	-16	-4	70.8	67.8

*Minor changes in the number of inhabitants in the planning regions have also occurred during the administrative-territorial reform due to alterations of region borders.

Source: Calculated on the basis of: Central Statistics Bureau of Latvia, 1992, 38–42; Central Statistics Bureau of Latvia, 2005, 40–41, 48–58.

1.10
Box

Population by Level of Demographic Burden in Planning Regions at the Beginning of 2004

Planning regions	Population under working age	Population of working age	Population over working age	Demographic burden*
Rīgas	14.1	63.9	22.0	565
Vidzemes	17.4	60.8	21.8	644
Kurzemes	17.1	61.8	21.1	618
Zemgales	17.0	62.6	20.4	599
Latgales	15.1	62.3	22.6	604
Latvia total	15.4	62.8	21.8	591

* The ratio of persons under and over working age to working age population per 1000 persons of working age (on January 1, 2004, the working age for men was 15–61 years, for women 15–58 years).

Source: Central Statistics Bureau of Latvia, 2004 b, 19.

has a large proportion of people in retirement age, and, due to the low fertility rate, the proportion of children and youth is the lowest. Currently, the Rīga region has the greatest demographic potential, but only a considerable increase of fertility (which is unlikely) or immigrants from other regions or abroad could maintain it in the future.

The lowest indicators of demographic burden in all regions of Latvia are in cities (in Ventspils, Jelgava, Rēzekne) and in districts with a high degree of urbanisation (in Rīga and Valmiera districts). In urbanised regions with low fertility rates, it is migration that ensures a sufficiently high proportion of population of working age. Vidzeme region, where the degree of urbanisation is the lowest, has the greatest demographic burden.

From the ethnic perspective, the differences between the fertility and mortality indicators are not so great to have a

substantial effect on the changes in the ethnic composition of population. It was still affected mainly by migration, especially from neighbouring countries. Latvia has a rather large proportion of non-Latvians (see Box 1.11).

Language plays an important role in the integration of society and communication among various ethnic groups. According to the 2000 Population Census data, 1.83 million or 4/5 of Latvia's inhabitants know Latvian as their native language or the language of communication. 1,720,000 inhabitants know Russian as their native language or language of communication, 340,000 English, 179,000 German. The number of people who know Latvian and foreign languages is increasing annually.

A serious obstacle to social inclusion is the fact that a part of the population does not know the official language (see Box 1.12).

1.11
Box

Ethnic Composition of Population in Latvia by Region at the Beginning of 2004, %

	Total	Including: in planning regions				
		Rīga	Vidzeme	Kurzeme	Zemgale	Latgale
All inhabitants	100	100	100	100	100	100
Latvians	58.6	51.3	84.4	73.3	67.7	43.6
Russians	28.8	35.4	10.6	15.9	19.2	40.1
Belarussians	3.9	4.1	1.5	2.3	4.4	5.8
Ukrainians	2.6	3.4	1.0	2.8	2.1	1.5
Poles	2.5	2.0	0.9	0.8	1.7	7.2
Lithuanians	1.4	0.9	0.5	3.0	3.0	0.6
Others	2.2	3.3	1.3	1.8	1.7	1.4

Source: Central Statistics Bureau of Latvia, 2004, 17–18.

1.12
Box

Latvian Language Knowledge Among Non-Latvians (highest and lowest levels from a territorial perspective), %

Balvi district	68	Valka district	49
Gulbene district	65	Rīga	49
Alūksne district	60	Jūrmala	49
Jēkabpils district	59	Aizkraukle district	49
Valmiera district	59	Rēzekne district	48
Rēzekne	58	Liepāja	45
Limbaži district	58	Daugavpils district	42
Ogre district	58	Daugavpils	35

Source: Central Statistics Bureau of Latvia, 2002, 152–165.

1.13
Box

Population Change in Planning Regions and its Components*, 1999–2004

Planning regions	Population change (thousands) and distribution (%), 1999–2004					
	Total population change		Of which			
			Due to natural movement		Due to migration	
Rīga	-33.3	(100%)	-28.3	(85%)	-5.0	(15%)
Vidzeme	-9.4	(100%)	-6.2	(66%)	-3.2	(34%)
Kurzeme	-10.8	(100%)	-6.4	(59%)	-4.4	(41%)
Zemgale	-4.4	(100%)	-6.0	(136%)	+1.6	(-36%)
Latgale	-20.0	(100%)	-15.8	(79%)	-4.2	(21%)
Latvia total	-77.9	(100%)	-62.7	(80%)	-15.2	(20%)

* Minor changes in the number of population in the planning regions have also occurred during the administrative-territorial reform due to alterations of region borders.

Source: Calculations made on the basis of the data from the Latvia Yearbooks of Demographics for the relevant years.

1.14
Box

Length of Time Living in One's Place of Residence (city/town, parish), %

Planning regions	For how long have you been living in your current place of residence (city/town, parish)?		
	Since birth	More than 10 years	Less than 10 years
Rīga	28	48	24
Vidzeme	40	45	15
Kurzeme	32	51	17
Zemgale	33	40	27
Latgale	45	42	13
Latvia total	33	46	21

Source: 2005 Study of Human Capabilities in the Regions.

Why have nearly two thirds of non-Latvians in some districts mastered the Latvian language, while in other districts only one third have done so? Apparently, differences are determined not by differing opportunities to learn the language, but by the attitude of the inhabitants themselves. The improvement of Latvian language and foreign language skills still remains an important task in both cities/towns and parishes.

Changes in the number of inhabitants resulting from administrative-territorial transformations notwithstanding, the population density in regions is influenced by the natural movement and migration of people. In the past few years, the negative natural increase (number of deaths exceeds that of births) has played an increasing role in the population changes. At the same time, the influence of migration is diminishing. In Latgale and Rīga region,

4/5 of the population decrease is formed by negative natural increase. The population has increased as a result of migration only in the Zemgale region.

The **Survey** has determined that only one third of Latvia's inhabitants have lived in their current place of residence (city/town, parish) since birth, nearly half have lived there for more than ten years, but every fifth person for less than ten years. These proportions differ in different regions.

Approximately every fourth inhabitant of the Rīga region and every third inhabitant of Kurzeme and Zemgale have lived there since birth. Inhabitants of Vidzeme are most loyal to their historical region, but even more so the inhabitants of Latgale. In the past ten years, the Rīga region and Zemgale had the most immigrants; nearly every fourth inhabitant has lived there for less than ten years.

1.15
Box

Fertility and Family

Table 1. Births per 1000 women of reproductive age (15-49 years) in 1939 and 2003

	Rīga	Vidzeme	Kurzeme	Zemgale	Latgale	Latvia total
1939	49.7	75.9	66.1	72.7	81.0	67.7
2003*	35.34	37.48	39.48	38.60	32.86	35.46

* 2003 Data in planning regions.

Source: Central Statistics Bureau of Latvia, 2004 c, 111; Economic Statistics Bureau of Latvia SSR, 1940.

Table 2. Marriages, Divorces and Extra-marital Births in Planning Regions in 2003

Planning regions	Divorces, as a percentage of registered marriages*	Extra-marital births, as percentage of total births**
Rīgas	46.2	39.0
Vidzemes	53.3	54.6
Kurzemes	50.2	51.1
Zemgales	47.5	48.0
Latgales	52.8	40.4
Latvia total	48.3	44.2

* Source: Central Statistics Bureau of Latvia, 2004 b, 25.

** Source: Central Statistics Bureau of Latvia, 2004 c, 108–109.

Currently, the drop in the birth-rate has had an equally profound effect on all regions of Latvia. Roughly two generations ago, quite notable differences in fertility rate indicators were observed in Latvia's regions, the reason being the different degree of socio-economic development and urbanisation as well as the fact that the demographic transition in various regions commenced at different times.

In 1987–1988, after a prolonged period of decline, the total fertility rate reached a maximum – the number of births per 1000 women of reproductive age was only slightly lower than in 1939 (see Table 1 of Box 1.15). With such a fertility level, the total fertility rate of 2.1–2.2 ensures only a simple generation change, when the next generation is equal in numbers to the previous generation. The current fertility rate in Latvia is only slightly more than half of what is necessary for a normal generation change and is one of the lowest in Europe. The highest total fertility rate in Latvia in 2003 was in the Liepāja district, and it only slightly exceeded the lowest fertility rate in the country in Riga city during the late 60s.

The decline of fertility experienced during the 1990s has already affected the number of students in primary and secondary schools. Hence a decrease in the number of students in institutions of higher education can be anticipated soon as well. In those regions where the proportion of youth among inhabitants is low, such a decrease may seriously

threaten the supply of qualified specialists and create a labour force shortage. In the future, with such a situation persisting, a need may arise in the regions for the re-migration of inhabitants who had previously left returning or for foreign labour. Even a moderate increase of the fertility rate, which can be currently observed in the Scandinavian countries, cannot change the situation radically. The effect of a fertility rate increase on the number of employed people would be felt only after 18-25 years.

During the first half of the 1990s, when a rapid transition to a market economy took place, the marriage rate indicators decreased two times. The decrease in the divorce rate has been slightly less. In the past years, co-habitation in an unregistered marriage is becoming more common, and the number of children born out of wedlock is growing: in 1990, 17% of all children born, but in 2003 – already 44% of all births. In Latgale and Vidzeme, the ratio of divorces and marriages is lower than the average in the country in general. The proportion of children born out of wedlock which is lower than the country average registered, is in the Rīga region and Latgale (see Table 2 Box 1.15).

The overall demographic situation could be improved by a greater belief by the people in their ability to shape their family life and higher overall confidence. In the **Survey**, when asked "How much can you personally influence

1.16
Box

Distribution of Responses to the Question “How much can you personally influence your material well-being and family life?”, %

	More than somewhat	Somewhat	Less than somewhat	Not at all	Difficult to say/ no answer
My own, family material well-being	4	26	44	20	6
My family life	17	50	19	6	8

Source: 2005 Study of Human Capabilities in the Regions.

your family life?”, a majority of the respondents indicated the answer “very much or quite much,” and much fewer believed they could “affect the material well-being of their family” (see Box 1.16).

The description of territorial differences in mortality is influenced by the differences in the population age structure, which affect the general crude mortality and health assessment. These indicators are dependent on the degree of population aging, because the elderly are the people whose health worsens the most, and, naturally, this age group has the highest mortality.

The transition period to a market economy in the 1990s had a profound impact on the mortality of the population. The inability of inhabitants to adapt fast enough to the rapid changes in society (increase in unemployment, crime and general instability, rise in health care costs, etc.) caused deterioration of health conditions and an increase in mortality. However, the situation stabilised gradually, and the life expectancy of women has been increasing systematically since 1996, having reached the highest indicator in the post-war period; the life expectancy of men, in turn, has reached the level of the early 1960s. The fact that in 2004 the life expectancy was still lower than, for example, the respective indicator in Jelgava 15 years ago, is indicative of the potential reserve in further improvements in this area. Also, the year and a half difference between the life expectancy of Latvia’s urban and rural inhabitants has not yet vanished (see Statistical Appendix).

Value of Health and People’s Strategies in Health Maintenance

The quality of health is a significant human development indicator. It is influenced both by the State’s attitude toward the health care sector and public health quality and by the health maintenance habits of the population. The value of health as a resource experienced a radical change in the post-Soviet period. In market conditions, health has turned

into a scarce and valuable resource – to the individual as well as the country in general.

During the Soviet years, health was a resource of national importance. On the one hand, the existing health care system offered all-encompassing services; on the other hand, entrusting the health care costs to the State created an illusion of the “free” nature of health care, placing the individual in the role of a passive patient who consumes the benefits of the system. If health care is cheap, people allocate a rather moderate place to its maintenance in the structure of their expenses and time planning.

Also, the time period has not been kind to human health. The previous **Report** as well as various public health surveys note the poor health of Latvia’s inhabitants. The retired people of today have grown up in conditions of post-war poverty. The hard physical labour, especially in agriculture during the Soviet period, and high alcohol consumption have ruined people’s health. Also, after the restoration of independence, as the survey of employment conducted in 2005 indicates, people work more and harder in Latvia than elsewhere in Europe, thereby continuing to damage their health, an important human and social resource.

From the Soviet system, Latvia inherited an expensive and inefficient health care system which had to be reformed. Unsatisfactory infrastructure of the health care system, insufficient human resources and lack of stable public health care habits have hindered reforms.

Among other Baltic States, Latvia still stands out with the lowest health care expenditures from State resources and the greatest participation in these expenditures by inhabitants. According to the data of the World Health Organisation (WHO), in 2000, 40% of direct health care expenses were covered by patients themselves (this is the highest indicator in Europe), thereby violating the principles of socially fair health care organisation. Moreover, the WHO calculations do not take into account unofficial payments. Even though the principle that money follows the patient operates in health care, due to limited resources, this principle is not always implemented, generating scandals of hospital quotas,

1.17
Box

Population Health Self-Assessment, %

	Do not suffer from illnesses	Have had only occasional light illnesses	Have had some serious illnesses, but have recovered	Have had serious illnesses and injuries, from which I still suffer	Have chronic illnesses	Have disability
Total population of Latvia	17	38	17	13	12	3
Males	22	37	17	13	9	2
Females	13	39	17	13	15	3
Average monthly income per family member						
Up to Ls 50	13	43	14	14	10	6
Ls 51–75	12	30	17	23	15	3
Ls 76–100	13	34	23	11	16	3
Ls 101–150	26	38	17	10	8	1
Ls 151 and more	24	45	16	5	9	1
Regions						
Rīga	21	33	19	10	14	3
Vidzeme	13	42	19	11	11	4
Kurzeme	10	49	14	19	6	2
Zemgale	17	39	16	15	11	2
Latgale	15	41	11	18	12	3
Age groups						
18–29 years	27	53	9	6	4	1
30–39 years	21	46	19	7	5	2
40–49 years	16	47	19	9	6	3
50–59 years	14	27	22	19	14	4
60 and above	7	14	19	24	31	5

Source: 2005 Study of Human Capabilities in the Regions.

restrictions on receiving compensated medicines and State-guaranteed services and priorities of the hospitals.

The optimisation of the hospital network that commenced at the end of 2004 creates concerns about the future territorial availability of health care. Today, in comparison to the situation during the Soviet years, medical care services are moving away from rural areas because the number of hospitals is decreasing and the availability of public transportation is worsening. The technologies and doctors are concentrated in Rīga and other large cities where the socio-economic conditions are more favourable.

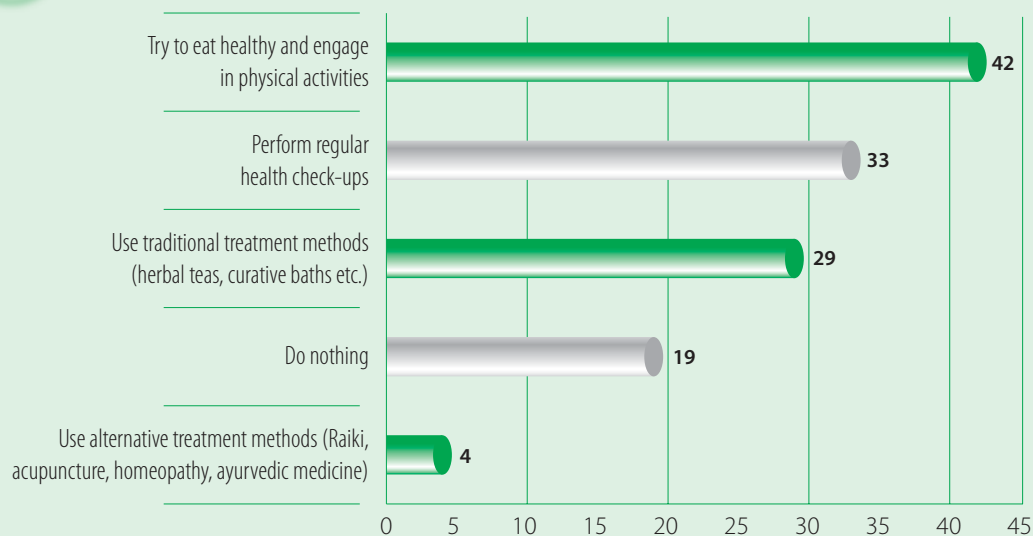
The inhabitants of the Rīga region have given the highest evaluation of their health of all the inhabitants polled in the **Survey**, and this evaluation has mostly been affected

by the good health of Rīga's inhabitants (see Box 1.17). Younger respondents as well as those respondents whose incomes exceed 101 LVL per family member have a better opinion of their health. Also, men mostly evaluate their health as good.

The **Survey** shows that the majority of respondents has faced emotional problems during the past year – worries, depression, anxiety created by difficulties at work and in everyday life. These problems are closely related with the material welfare of the people. Nearly three quarters of the respondents whose income per family member did not exceed 50 lats admitted that they have faced emotional problems. With increasing income, the frequency of emotional problems diminishes, even though wealthy inhabitants are also subject to worry, depression and

1.18
Box

Health Maintenance Habits of Latvian Population*, %



* The total of responses may exceed 100 per cent, as the respondents could select several responses.

Regional distinctions are manifested in health maintenance habits. Of all inhabitants, the inhabitants of Latgale conduct regular preventive check-ups most often (43%). Inhabitants of Vidzeme indicate most often (50%) that they try to eat healthy and engage in physical activities. Inhabitants of Kurzeme, for their part, turn to folk medicine (39%) more often than others. This method in Kurzeme exceeds even the regular preventive medical check-ups of 33% of the respondents. Statistical data indicate that the Kurzeme planning region has the lowest number of hospital beds, doctors and medical personnel. At the same time, Kurzeme has the lowest hospital bed occupancy rate in Latvia, which is indicative of the fact that inhabitants of Kurzeme find themselves in the hospitals of their region less often.

Source: 2005 Study of Human Capabilities in the Regions.

anxiety. Women more than men admit that they are weighed down by emotional problems. The emotional condition is also affected by age – younger people have fewer worries.

Health care availability is affected not only by distance to the nearest medical institution, but also by the resource distribution in a household budget, where the priority of health (or lack thereof) has its own place on the list of necessities. The fact that health resources have a low priority in budget distribution is also confirmed by the situation in health insurance. The survey of reproductive health indicates that 23% of male and 21% of female respondents of reproductive age had insured their health in 2003. Health is more often insured by more well-off, better educated and older people. Nevertheless, in the group of well-off respondents (where income per family member exceeds 141 lats) only 38% of women and 33% of men had insured their health.

People's health maintenance habits do not indicate that if inhabitants took greater initiative in taking care of their health, public health would improve soon. The Survey shows

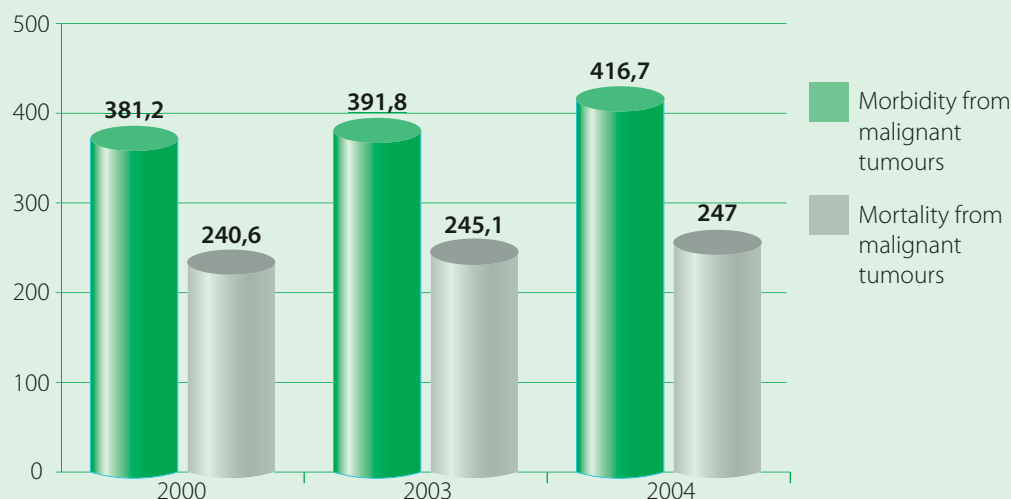
that only one third of Latvian inhabitants regularly check their health, but rely more on healthy food and physical activities (42%) and popular treatment methods such as herbal teas, curative baths, etc. (29%).

Traditional treatment methods have a relevant place in the health care strategies of inhabitants, and such methods are mostly used by inhabitants of rural areas and small towns. The material condition of the respondents does not have an effect on having prophylactic care. It indicates that such care is of no importance from the people's point of view. Less well-off respondents note more often that they try to eat healthily and occupy themselves physically, while more well-off respondents use traditional treatment methods of folk medicine more often. Gender also significantly influences health care habits. Women more often than men have prophylactic care (39% and 26%, respectively) and use traditional treatment methods (29% and 22%). Men more often than women do not do anything for their health (29% and 11%, respectively). The **Survey** indicates that the health maintenance habits of younger respondents are not developed and that their attitude toward their health is more carefree than that of older people.

1.19
Box

Public Health Inventory: Short Life-span, Unsatisfactory Health Maintenance Habits and Poor Preventive Care

Figure 1. Morbidity and Mortality from Malignant Tumours per 100,000 Inhabitants



From the territorial perspective, in 2003, the highest morbidity with malignant tumours in Latvia was in Ventspils (an average of 483.3 cases per 100,000 inhabitants), Krāslava district (472.8), Liepāja (467) and Rīga (458.7), but the largest number of patients are in Rīga (3067.8 patients per 100,000 inhabitants), Liepāja (2434) and in Ventspils (2300). Nearly one fourth of cancer patients turned to doctors belatedly. In 2004, 23.6% of diagnosed malignant tumours were in the IV stage. The indicators of malignant tumour diagnostics differ in various places of Latvia. A belated diagnostics of visually localised tumours in 2003 was observed in the Gulbene district (54.5% cases), the Ludza district (46.3%) and the Ventspils district (46.2). In 2003, the proportion of people registered with a malignant tumour in the IV stage was the highest in the Preiļi (37.7%), the Krāslava district (36.9%), the Tukums (36.5%), the Ludza (30.5%) and the Rēzekne districts (32.4%).

Morbidity with tuberculosis is declining. The highest morbidity with tuberculosis in 2003 was in the Liepāja district (87.8 cases per 100,000 inhabitants); in the Rēzekne district, it has been high, but with a tendency to decline (80), while the lowest morbidity was found in the Talsi district (24.8) and in Ventspils (25).

In 2004, morbidity with alcoholism has increased. The number of drug addicts registered for the first time has grown. In 2004, it increased by 40.6% in comparison to 2003 (this indicator was quite stable during the previous years). The surveys of inhabitants of reproductive age conducted in 1997 and 2003 for the Reproductive Health Survey show an increase in both the consumption of alcohol and the consumption of narcotic and psychotropic substances. In comparison to 1997 data, the consumption of strong spirits among women increased. In the Reproductive Health Survey, 25% of the surveyed men and 13% of women admitted to using of narcotic and psychotropic substances. This is a considerable increase – in 1997, only 15% of the surveyed men and 3% of women admitted that they have tried narcotic substances. In rural areas narcotic and psychotropic substance use occurs two times less than in urban areas.

According to reproductive survey data, 41% of the surveyed men and 22% of women smoke daily, but 10% of men and 13% of women do so irregularly. The amount of passive smoking is alarming. 52% of women and 46% of men admit that they or someone else in the family smokes at home in the presence of other family members. The adopted restrictions on smoking in public areas will change passive smoking habits.

Even though the number of HIV cases registered in 2004 declined, this is not a reason for optimism. The **Latvia Human Development Report 2002/2003: Human Security** indicates that the spread of HIV/AIDS causes concern for 88% of Latvia's population (p. 32). At the same time, the Report on Reproductive Health points out that public knowledge regarding HIV/AIDS has not improved since 1997.

Source: VSMTA. 2005, 35, 37; VSMTA, 2004a, 54, 80, 82–83.

1.20
Box

Accessibility of Health Care Services, %

	Resources have been insufficient lately to visit a doctor	Resources have been sufficient	Difficult to say
All inhabitants of Latvia			
	35	59	6
Males	29	65	6
Females	41	54	5
Type of populated area			
Rīga	31	62	7
Daugavpils, Liepāja, Jelgava, Ventspils, Jūrmala, Rēzekne	39	55	6
District centre	38	60	2
Other town	27	68	5
Small village, village, countryside	39	55	6
Regions			
Rīga	31	64	5
Vidzeme	36	59	5
Kurzeme	45	49	6
Zemgale	36	57	7
Latgale	39	54	7
Age groups			
18–29 years	29	65	6
30–39 years	26	70	4
40–49 years	31	61	8
50–59 years	42	54	4
60 and above	50	43	7

Source: 2005 Study of Human Capabilities in the Regions.

During the past year, approximately one third of Latvian inhabitants have cut back on health care services for themselves or their families due to a lack of resources. The greatest proportion of such answers is in the Kurzeme region, the least in Rīga (see Box 1.20). Accessibility of health care services is affected by people's wealth and their daily priorities. Rural inhabitants, less often than urbanites, note that they had run short of resources to undergo treatment. Also, the high cost of health care services has been mentioned as a reason for dissatisfaction, most often by inhabitants of district centres and large cities (62% and 73%, respectively), less frequently by rural and small town inhabitants (43% and 42%). A person's age influences the perception of high service costs. The greater the age, the more often high costs are mentioned as the reason for dissatisfaction. This is related to the deterioration of health and more frequent need for the relevant services as well as more careful health care habits once a person becomes older. Women more often than men have listed lack of resources, which can be explained by a lower level of well-being as well as more careful health care habits.

State services do not always offer quality care. The survey of reproductive health proves that when serious health problems must be solved, people do not rely on State-

sponsored services but choose paid services instead. The data of the Latvian population health survey conducted in 2003 indicate that a major part of health care services are covered from private resources. In a situation like this, many forego medical assistance.

Migration and Mobility of People

Even though the annual migration balance in Latvia has been negative since 1991, migration to reside permanently in other countries is decreasing. Since 2004, a major flow of Latvia's inhabitants was related to labour migration by relocating abroad for an indefinite period. The statistically unregistered migration over these years could change these figures, but the general trend is unlikely to change in the long term.

As a result of **inter-state migration**, Latvia is losing mainly those inhabitants who have a high level of education, i. e., people with secondary vocational education and higher education. Indirectly, this is indicated by the fact that the inhabitants of the capital are participating in inter-state migration most intensively. The proportion of Rīga in the

total inter-state migration balance of Latvia in 2003 was 61%. Riga was followed by Liepāja city and the Rīga region with indicators of inter-state migration balance which were more than six times lower.

Since 2002, the population migration processes have not had any significant effects on the changes in the number of inhabitants in Latvia, because the speed of external migration has slowed down; however, the flow of internal migration creates gross regional disparities.

The proportion of national **internal migration** in the total volume of migration is very large, and it is essentially important in shaping the economic life of each region. The migration balance is one of the most important indicators of a territory's "attractiveness" because people relocate to places with better living conditions, where it is easier to find a well-paid job and where they can express their abilities and improve themselves.

The Law On Declaration of Place of Residence has essentially influenced the statistics of national internal migration. Since this Law came into force on July 1, 2003, the number of

inhabitants registered with local governments increased rapidly. For example, in the Rīga region, the migration balance of which has been negative for a long time, the number of immigrants topping emigrants was the highest. Rīga district has had the most immigrants and the number of inhabitants has increased in the past years precisely due to migration. Both in 2003 and 2004, more than 30,000 people have changed their permanent place of residence from one administrative territory to another.

Since 1991, on average each year, the population movement within the country included 30,000–40,000 people. The flow of internal migration reflects the socio-economic processes within the country and the unevenness of regional development. From 1991 to 2004, 1.5–3% of the country's population was involved in internal migration (in 2003 and 2004 approximately 2.5%).

Cities/towns have a vital role in the regional population movement. Both the large cities of regions and district centres attract the regions' and districts' internal flow of people. The migration flows among rural populated areas are the smallest.

1.21
Box

Hello, Ireland!

Raņķi Parish

530 residents, of which:

- 115 are retired people;
- 95 are school-age children and youth;
- 280 are of working age;
- 22 have left for work abroad.

Nearly every tenth inhabitant of the small Raņķi parish who is capable of working has left to work abroad. The chairman of the Raņķi parish council Andris Sadovskis says that 21 inhabitants of the parish are currently employed in Germany, Spain, England and Ireland, but one inhabitant does seasonal work in Finland. It is estimated that, just like in the small parish, every tenth inhabitant of the country is currently employed abroad. In November 2005, the World Federation of Free Latvians and the public opinion research centre SKDS, commissioned by the Secretariat for the Special Assignments Minister for Social Integration, will begin a large study of the Latvian diaspora, which will gather information about Latvian nationals who have left to work abroad.

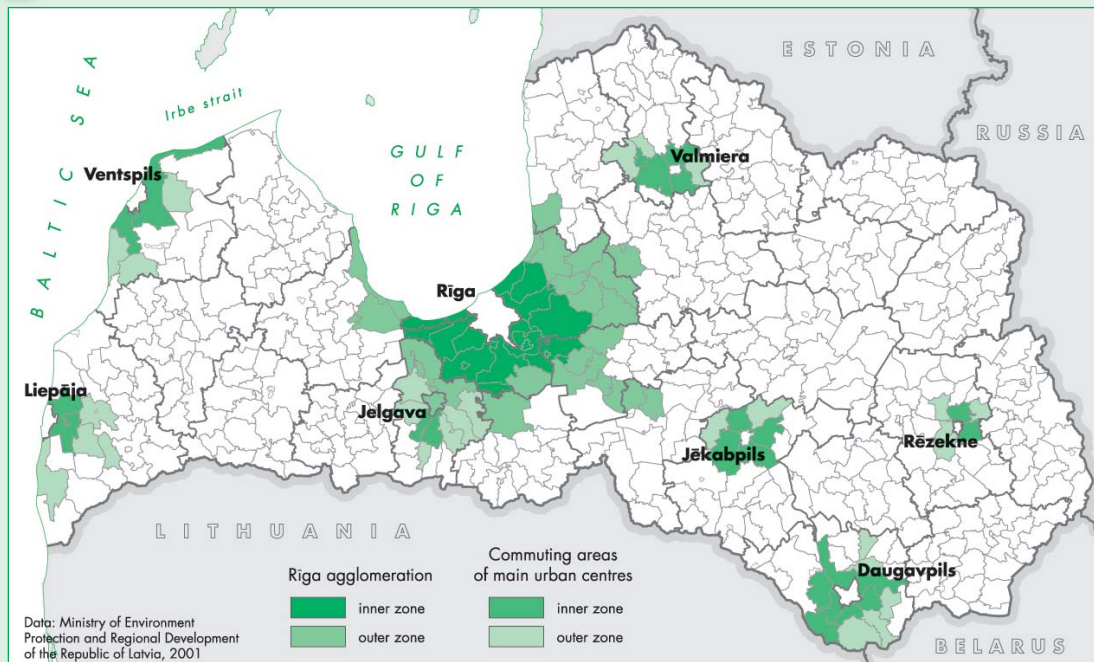
The largest employer in the Raņķi parish is the local government, admits the chairman of the parish Sadovskis. The German-owned limited liability company Chors Group Kurzeme, which has purchased nearly one third of the parish's arable lands from private individuals and manages it, employs slightly less people. Ten to twelve more people are employed in lumber-mills. Someone has found a job in Kuldīga, someone else in Skrunda. Others are trying to make ends meet at their own farms. Sadovskis doubts whether there would be enough labour to open a real production unit, even if someone would want to open one. "The best and most energetic have left for work," the chairman admits. Yet he sees a benefit in this fact because families and relatives are provided for and do not ask for local government assistance. "I hope that the majority will return not only with money but with foreign languages, management experience and the initiative to start something themselves," the chairman says.

"We are attached to our homes, and they would never leave if they could earn decent money here," says Sarmīte, and she explains that her desire to go to Ireland is because she needs to earn money for home repairs.

Source: Trops and Upleja, 2005.

1.22
Box

Areas of Commuting, 2001–2004



In Latvia, three quarters of the dominating migration flow and two thirds of the dominating inter-city migration flow are directly or indirectly connected with Rīga.

The majority of population movement flows cross Rīga. Each year roughly 3000 inhabitants from Latgale, Vidzeme and Kurzeme relocate to the capital while 75% of people leaving Rīga move to the territories adjacent to Rīga, territories of the Rīga district as well as to cities/towns of Rīga agglomeration within a radius of 50 km. These directions, which form a star-shaped structure of population, correspond to the transport network to Jūrmala, Jelgava, Tukums, Ogre and Sigulda. In total, in the central part of Latvia, the number of inhabitants is increasing as a result of migration by 5,000–6,000 annually. The annual population growth of the Rīga district ensures the Rīga region with a positive migration balance in relation to other regions. These processes point to trends of population concentration in the central part of the country, and the manifestation of suburbanisation in the vicinity of the capital.

The territories within the Rīga zone of influence are able to attract inhabitants with an appealing environment, lower housing prices, and the possibility for people to travel to work in Rīga from these territories. In this area, the migration processes and the intensity thereof is influenced by **commuting**, even though it is no longer as explicitly related directly to Rīga itself.

In the **Survey**, when asked the question “Do you intend to change your place of residence during the next three years?”, three quarters of the respondents answered

negatively, but 15% answered that they do not know or have not decided yet. Among those who clearly knew their plans for the next three years, every tenth person intended to relocate to another place in Latvia, but nearly 4% intended to leave for abroad. Depending on the place of residence, such plans differ quite considerably. This confirms that some places of residence are more attractive in comparison to others. The majority of those who do not intend to change their place of residence live in the republic cities (except Rīga) and district centres. The inhabitants of Rīga, as well as inhabitants of small villages and rural areas, are thinking of relocating to another place of residence in Latvia the most. The inhabitants of Rīga and small towns are thinking of moving to another country the most.

The **daily migration** of inhabitants from home to work and back characterises the layout of the economic space, ties to a place and activity dynamism, human mobility, psychological abilities as well as the provision of traffic infrastructure for daily trips. The commuting of the population or labour migration reflects and affects not only individual peculiarities of the economic structure of territories and the local government revenue structure but the economic links among the territories. This is significant because often a favourable movement of commuting creates additional potential for economic development in clusters of functionally linked territories.

Daily migration in Latvia is closely related to the eight largest cities. The daily migration ties form the so-called functional

1.23
Box

Daily Routine

The daily commute of the population is prompted by movement needs that are based on a mobility vision generated by individual and external circumstances and screened with regard to the circumstances of the environment and individual opportunities. The mobility vision includes the imagined possible mobility of a person, and it sums up his or her wishes and dreams. This vision may be more or less realistic. Mobility needs – job, social duties, maintenance of social ties, etc. – are the immediate stimuli for population movement. However, not all dreams can be made to come true, and not all needs can be fulfilled. It is affected by mutually related individual (health, interests, etc.) and environmental circumstances (road infrastructure, ticket prices, transport routes, etc.). The story of one Salaspils resident's daily routine is a good illustration of the development of such daily mobility.

A resident of Salaspils: "...I would like to go somewhere together, to attend cultural events. This year we had a plan, precisely because of our daughters, to go to a theatre. How many times did we go? One, and even that was from my workplace. My boss offered two tickets to the opera for my good work. Well, we do go to the cinema a bit more often. But any plans regarding the theatre fall apart because my timetable is such that I can't consider a specific date and have my own plans. My whole life is subjected to my work. The priority is to be at work. If the need arises, I'll be called in, and my plans will be postponed. I would like to go to the sea in the summer, but again... first of all, work; second, the weather, third – money. I must think whether or not I can afford it, whether or not the money is needed for something else. I've got some grand plans. I'd like to go somewhere with my husband. He travels by car to Germany, France – all of us in it and we're off. But not me, again. I cannot take a vacation as such. Who would let me? Well, the girls will have holidays, and they will be able to travel alone."

Source: 2005 Study of Human Capabilities in the Regions.

city-regions (see Box 1.22 on p. 42). The formation of such regions is determined by city size and accessibility with public or private transportation (accessibility is described by the time it takes to reach it). Cities, in comparison to smaller populated areas, ensure a greater supply of jobs in terms of both number and variety. The proportion of inhabitants involved in the commuting process determines the borders of the area of city influence. 10% to 70% of employed people go to work in cities from territories adjacent to them, 5-10% – from more distant territories.

The distribution of commuting flows and the territorial structure has changed slowly during the past five years. The areas of influence of the large cities (especially Riga, Valmiera and Daugavpils) have expanded slightly because, with increased use of road transport, the population's mobility has grown. The change of city influence areas may be traced by transfers of personal income tax, which demonstrates the ties of the varying level of closeness in the ties between Riga and other territories in Latvia (see Box 1.22 on p. 42).

During the past 10 years, the accessibility of cities by public transportation has diminished. Several passenger railroad lines have been closed (see Box 1.24) and the region-level bus route density has decreased, which has deepened the sense of remoteness in the regions. For example, more than half of the territories of local governments in the Riga region are situated 50–100km from the metropolis or

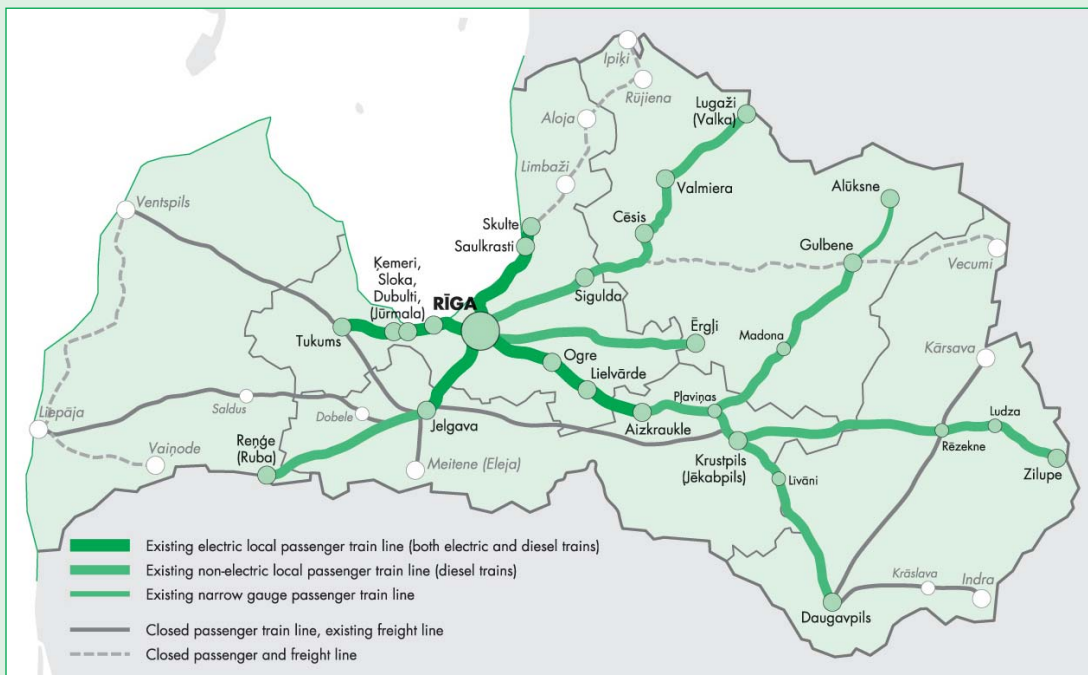
within the distance of a 2–3 hour drive (by bus). This does not comply with the notion of modern commuting of the population to the centre and back. However, the number of such daily commuters, who, spending up to an hour and a half on the road, reach the centre from more remote areas by car, increases slightly every year.

The direction and volume of daily population commuting is connected with the centres of employment. In Latvia's case, there are the eight largest cities. Their layout and role in the region affects the closeness or nature of regional affiliation. A sense of belonging to a region is comparatively stronger if the proportion of inhabitants involved in labour migration is greater (this can be observed in the Riga region, for example). However, if the labour migration intensity is lower, the affiliation with local areas will be stronger (the situation in the Vidzeme region). Also, within individual regions, the proximity to the large cities and the intensity of commuting increases the sense of regional affiliation. In the situation of a remote area, in turn, the sense of local affiliation is more pronounced.

Conclusion

People and place relations are substantially affected by the necessities of daily life, and, therefore, the sense of belonging is one of the more important indicators of

Railroad Network

1.24
Box

Source: Latvian Railway.

identity. The **Survey** results show that people in Latvia feel close affiliation on both a local and national (state) scale, but on the regional scale the sense of belonging is weaker. A weak sense of regional identity may be a hindrance for the development of co-operation within the borders of a region.

National identity and a sense of belonging that turns separate individuals into a civic and responsible society are high, yet conflicting. On the one hand, 92.5% of Latvia's population feel an average, quite close or very close affiliation with Latvia. Not only Latvians, but non-Latvians as well have admitted that they feel affiliated with Latvia. This means that the prior framework of the ethno-centric national identity has to be reviewed, and a more open conceptual setting of national identity has to be sought, encompassing the inhabitants of the indigenous nation and integrating non-Latvians as people belonging to Latvia. On the other hand, the sense of belonging among non-Latvian respondents is less strong. It is apparent that non-Latvian ethnic groups in Latvia are well integrated in the modern economic processes; however, they have not discovered over time substantial common values in the cultural space, which is demonstrated by the considerable proportion of people who do not know the official language, lack knowledge about Latvian history and cultural values, lack understanding of cultural peculiarity and lack knowledge in cultural codes. In order for the

diversity to promote harmony, it is important to strengthen common values and interests and increase knowledge and mutual understanding.

Factors important in daily life – opportunities to find a job, ensure health care, shop, the availability of public transport, environment and natural landscape – are relevant in people's relations with a place. People in Latvia have a high regard for the rather pristine nature and emphasise landscape as a special value while only a part of the population is aware of the significance of the cultural and historical legacy and are able to include it in the processes of their lives. Currently, **a comparatively narrow circle of specialists and interested persons are aware of the cultural and historical legacy as a special national, regional and local wealth** (for example, the employees of culture and museums, the scientists involved in the State research programme "Letonika," persons interested in the study of local history, people involved in various interest groups and movements, etc.) and the contemporary utilisation thereof rarely goes beyond research and preservation. However, it is a relevant resource to be activated more broadly in several aspects: 1) it plays an important role in the formation of a richer and more open identity on the individual, local community, regional and national levels; 2) it is the basis for developing a multi-cultural identity for Latvia; 3) it has invaluable significance in the national economy as the basis for the cultural environment of each territory and in

the formation of regional brands, and it is a development potential for expanding the tasks of cultural institutions on various levels and a resource in tourism development.

The sustainable development of a territory also includes the component of demographic development. In the 20th century, the demographic development of Latvia was characterised by sizeable direct and indirect (caused by emigration and a falling fertility) losses of people during the First and the Second World Wars, the repression against civilians during the post-war period, stagnation of the population's health assessment indicators, mass immigration from Russia and other Soviet republics, growth of urbanisation as well as the strengthening of the dominant role of the capital Rīga and its agglomeration.

In the past years, negative natural growth has played an increasingly significant role in the population changes; the influence of migration has been decreasing at the same time. Territorial differences in fertility indicators have diminished, yet they have not disappeared completely. Currently, the fertility rate in Latvia is one of the lowest in Europe, and it is substantially insufficient for a normal change of generations. In the 20th century, the territorial differences of population mortality and life expectancy have diminished, yet the average life expectancy at birth in Latvia is still the lowest among European countries.

In evaluating the demographic potential of the Latvian population, it may be concluded that the increase of the population, and fertility and life expectancy indicators which are comparatively low, and the territorial distribution of the population requires substantial changes. **Both on the national and regional levels the demographic potential is insufficient for sustainable human development.**

Health quality as well is an important human development indicator. It is influenced by the State's attitude toward

the health care sector, the health potential of society and health maintenance habits.

The attitude of both the State and the inhabitants toward health is, in general, insufficient. In market economy conditions **health has become a valuable resource** and the attitude toward it should be at least the same as toward other resources i. e., careful, economical and rational, in order to leave it for future generations in the form of an unspoiled genetic legacy. At the moment, this resource is insufficient. Despite the high financial involvement of the population in their health care, the health of inhabitants is characterised by low lifespan indicators, bad habits, alcoholism, poor prevention, increasing morbidity with malignant tumours, high levels of stress and unsatisfactory health care habits (which are partially inherited by the following generations). The health maintenance habits of the inhabitants do not indicate that public health could improve soon. Therefore, the people could show more responsibility for their own health.

Population **migration** – both external and domestic travel and commuting – is a very important factor in regional development. As a result of migration processes, some regions gain while others lose. Commuting often has a trans-regional nature.

Since 2003, similar to the situation in early 1990s, cities/towns which are a traditional destination of migrants are beginning to dominate migration processes again. The late 1990s marked a new trend – population growth in the Rīga agglomeration, especially in the vicinity of Rīga, and it is indicative of suburbanisation processes. **The structure of migration flows indicates that the concentration of inhabitants in the central part of the country is increasing, which points to an acute need in the country for special regional development measures which would facilitate a more balanced development of the entire territory of the country.**

Calling Card

Latgale Planning Region



Latgale is a region with significant development potential. If it is implemented with skill, in the foreseeable future the region could overcome the gap in the development indicators separating it from Latvia's other regions. Latgale has an advantageous strategic location and historically developed good transit connections with large centres in the neighbouring countries – the Russian Federation, Belarus and Lithuania. Both of the referred to factors provide opportunities to commence new and sustainable economic activities. The transport corridors in Latgale ensure possibilities to develop West-East and North-South links. The second largest city in Latvia – Daugavpils – is in Latgale, which has great potential for developing industrial production. The second economic centre of the region is Rēzekne, which is located at the junction of two international transport routes (St.Petersburg – Warsaw and Riga – Moscow). In order to facilitate the capability of the region and promote a more thorough utilisation of its development potential, the development of human resources, promotion of the business environment, creation of new jobs and infrastructure improvements are important future tasks. The traditions of industrial production and crafts, three institutions of higher education, geographical location, an ecologically clean environment and attractive natural landscapes are important resources that facilitate the capability of the region.

People in the Region

Latgale is seeing a manifest trend of decreasing population, which affects both rural areas and cities, and the basis of which is a net negative natural population growth and the long-term migration of its inhabitants. The population has fallen from 382,159 persons in 2001 to 369,151 persons in 2004. The region has the lowest natural population growth rate – in 2003, it was –8.8 per 1,000 persons, and the highest long-term net migration in the country (-2395).

Latgale is the second largest region in Latvia in terms of area, taking up **14,547.2 sq. km** or 22.5% of Latvia's territory. 16% of Latvia's population lives in Latgale. 57.6% live in cities and 42.4% – in rural areas. The most populated in the region are both republic cities – Rēzekne, with an average of 2127.0 persons per sq. km, and Daugavpils (1534.2 persons per sq. km). Among districts, the lowest population density is in the Balvi district (12.1 persons per sq. km), the highest – in the Preiļi district (19.6 persons) (in 2004).

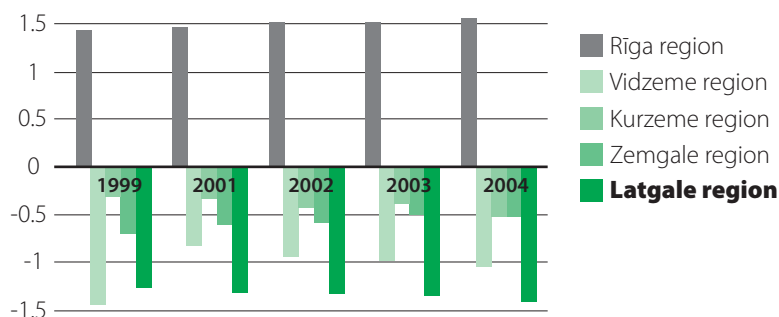
In the beginning of 2004, there were 43.6% Latvians, 40.1% Russians and 16.3% other nationalities living in the Latgale region. The proportion of Latvians in Daugavpils is 17%.

Life and Work in the Region

In 2002, the GDP per capita in Latgale was 48.4% of the average value in Latvia. This is the lowest indicator in the country. In 2003, the region had the lowest level of economic activity of persons – 54.6%, the highest proportion of job-seekers of the total economically active population – 15.5%, as well as the lowest gross average wage – 139.70 LVL. The level of registered unemployment in the region in 2003 (as a percentage of the economically active population) was 17.8% - twice as high as the total in the country (8.6%). 44.0% of the total unemployed are registered as long-term unemployed.

The region has a low level of entrepreneurship, the economic structure is dominated by sectors with low added value and the lack of developed infrastructure hinders the flow of investment toward the region, which, in turn, has a negative impact on the overall development of the region.

The Development Index Weight of the Planning Regions in 1999–2003





2 Latvia's Regions: Uneven Progress

Chapter

Introduction

Regional Policy in Latvia: History and Developmental Trends

Local Governments: Community Power and Management

Administrative-Territorial Reform: Opportunities or Losses?

European Union Structural Funds in the Regions

Education: Development and Accessibility

Vocational Education and the Future of the Regions

Higher Education Institutions as the Intellectual Potential of a Region

Education: Opportunity for Stability and Change in Life

Information Technologies: New Distances and Opportunities

Community Information Environment, Support and Development Resources

Partnership Principle for Community Development

Conclusion

Latvia's Regions: Uneven Progress

Introduction

The diverse nature of Latvia, the history of its populated areas and its cultural and economic traditions make the country attractive and interesting. However, this diversity is also supplemented by socio-economic differences which have a tendency to grow and thereby lead to increasingly pronounced gaps between some territories.

Do people in Latvia's regions have equal life-activity opportunities? Do regional development policy, the education system and information resources in the regions compensate effectively for the inequality of life-activity opportunities created by socio-economic differences? How much can the people themselves achieve by using community resources and forming partnerships for the implementation of their goals?

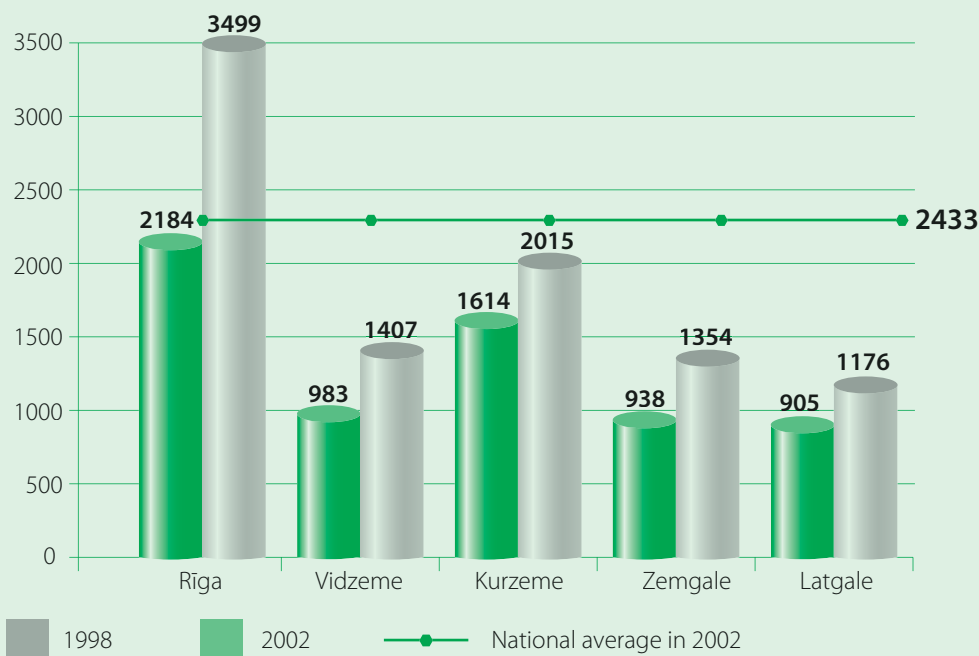
Regional Policy in Latvia: History and Developmental Trends

In Latvia, inequalities can be observed in the economic and social development of the regions, which feature a mutual alienation of regions and different conditions for human capability.

The Rīga region dominates the formation of Latvia's Gross Domestic Product (GDP), and this disproportion has a tendency to keep increasing (see Box 2.1). The GDP indicators should be evaluated even more critically if they are looked at in the context of EU state regions. Comparing 1214 regions in EU countries by GDP per capita in terms of purchasing power parity standards, in 2002, four regions in Latvia and one region in Lithuania took the last five places in the following order: Latgale

2.1
Box

Gross Domestic Product per Capita in 1999 and 2002 in the Planning Regions of Latvia* (actual prices, LVL)



* Prior to the Cabinet Order of April 28, 2004 regarding planning regions.

Source: The Central Statistical Bureau of Latvia, 2004 a, 66.

region – 18.9 per cent of the average indicator in the EU Member States (EU – 25), Zemgale region – 21.7%, Vidzeme region – 22.6%, Tauraģe region (Lithuania) – 24.5%, the region surrounding Rīga (Jūrmala city, Rīga, Ogre, Limbaži and Tukums district) – 25.6%. Kurzeme region with 32.3% was in 21st place from the bottom (“Eurostat” homepage). Only in the Rīga statistical region (Rīga city) the GDP per capita in 2002 by purchasing power parity standards (13,289 PPS) was slightly higher than the average value of this indicator in the new EU Member States (Central Statistics Bureau of Latvia 2004a, 89; Vaidere, Vanags, Vanags and Vilka 2005).

Only the Rīga region has a positive trend in the territory development index; all other regions have a progressively negative trend (see Box 2.2). Clearly, without “outside” help, the free market economy in the regions is not only unable to reduce regional disproportions but is even increasing them.

Latvia, with its socio-economic disparities between some territories is, not unique. Almost all countries have a similar situation. The differences in the development level and uneven development trends require targeted state action in order to ensure the development of territories and the reduction of territorial disparities. Moreover, the territorial peculiarities, diverging values and needs also require a manifold utilisation of national and international development support resources that are most appropriate for each territory.

A targeted long-term regional policy should reduce the inequality of opportunities among people who live in various areas of Latvia and facilitate their capability.

After the regaining of Latvia’s independence, issues of regional policy were not on the agenda of the first

governments. They began to be topical in 1995, when the government led by Andris Šķēle asserted in its declaration: “An optimum distribution of production factors and social infrastructure throughout the entire territory of Latvia and a decentralised and balanced development of the country’s territory shall be considered the main goal of regional development.” After that, nearly every government declaration has included separate sections or sub-sections (for example, on local government or environmental protection issues) on regional development issues.

Gradually, the legislative basis for regional development policy was established and that of territorial planning was significantly improved (see Box 2.3).

Together with the development of the legal basis, the institutional framework for regional development has also changed. The ability of local governments and regional and state institutions to participate in the planning and implementation of regional policy has gradually increased.

At first, several ministries were in charge of matters of regional policy planning and co-ordination, but since 2003, the co-ordination of regional development matters has been centralised, and the leading institution is the Ministry of Regional Development and Local Government (MRDLG). But the main competence in the regional development field at the national administrative level is split among the Cabinet, the National Regional Development Council (NRDC), the MRDLG and its subordinate, the State Regional Development Agency (SRDA). Alongside the national institutions, the development councils and development agencies of the planning regions play a significant role in regional development matters, and the role of local governments is ever increasing.

2.2
Box

Weighted Development Index of the Planning Regions in 2000–2003

	2000	2001	2002	2003
Rīga region	1.443	1.477	1.475	1.540
Kurzeme region	–0.333	–0.416	–0.385	–0.535
Zemgale region	–0.624	–0.580	–0.511	–0.541
Vidzeme region	–0.821	–0.936	–0.986	–1.046
Latgale region	–1.327	–1.317	–1.358	–1.396

Eight indicators are used in the calculation of the weighted development index of regional territories: the GDP per capita (LVL); the unemployment level (% of population of working age); the amount of personal income tax per capita (LVL); non-financial investment per capita (LVL); the level of demographic burden; the number of economically active enterprises per 1,000 inhabitants; population density per 1 sq. km; and the changes in the number of permanent residents over the past five years (%).

Source: Bauere, 2004, 37.

The initially prevalent view that regional policy means only supporting some regions or less developed territories has changed as well. Now, regional policy, with good reason, is interpreted more broadly, encompassing all regions of the state and searching for the most effective development support instruments for each of them (see Box 2.4). The Regional Policy Guidelines promote the inclusion of regional development policy in national development policy, the inclusion of the territorial dimension in sectoral development planning and co-ordination of sectoral development plans with development priorities of the regions. However, changes are rather slow, which is why regional policy in Latvia is often perceived more as a declaration of principles and not a real policy with an appropriate mechanism for implementation.

In the Regional Development Law, sectoral development programmes have been specified as regional development planning documents because it is important that regional development also be planned in the context of sectors and fields. A sectoral development programme is a mid-term (seven years) policy-planning document that concerns a specific field and prescribes goals, main tasks and results to be achieved in the development of this field. The Law prescribes that a sectoral development programme is developed and implemented in accordance with the Basic Principles of Regional Policy, national planning and the National Development Plan. For the time being, the analysis of development documents of various sectors and fields still indicates that, in most cases, the regional aspect is either being ignored, or it is comparatively general and formal. Admittedly, mutual co-ordination of planning in

2.3
Box

The Most Important Legislation on the Legislative Basis of Regional Development

- The Latvian Regional Development Policy Guidelines (prepared by the Ministry of Environmental Protection and Regional Development, approved by the Cabinet on September 26, 1995), through which Regional Development Policy became a part of the National Development Policy.
- The Regional Development Policy Concept (prepared by the Ministry of Environmental Protection and Regional Development, approved by the Cabinet on December 3, 1996) which prescribes programme principles for the development of regions requiring special assistance and the State subsidies for the local government development planning.
- Regional Development Law (adopted March 21, 2002).
- Basic Provisions of Regional Policy (approved April 2, 2004 by Cabinet Order No. 198), which replaced the Concept adopted in 1996.

Source: 2005 Study of Human Capabilities in the Regions.

2.4
Box

Regional Development Support Instruments

Regional development support instruments are the national policy programmes approved by the National Council of Regional Development (NCRD). However, until 2005, the NCRD did not approve a single such programme. Yet regional development support instruments do exist in Latvia. One of the first and main regional policy mechanisms in Latvia was the Programme for Regions Requiring Special Assistance, the practical implementation of which began in 1998. Today, the programmes and measures that have some regional involvement under the management of the Ministry of Regional Development and Local Governments (MRDLG) and other ministries and funding from the EU Structural Funds also have to be considered the targeted action of the central administration. The most notable programmes and measures managed by the MRDLG are the Programme for Territories Requiring Special Support, the State earmarked subsidies for territorial planning, support to the development agencies of the planning regions for the promotion of their capacity, the Single Programming Document activity "Development of the Public Internet Access Points," the EU *Phare* programme and the *INTERREG* programme.

Source: 2005 Study of Human Capabilities in the Regions.

various sectors of the territories is not being done. Possibly, in implementing the National Development Plan 2007-2013, the regional dimension will be increasingly emphasised. In this regard, the MRDLG should be aware that more attention should be given to communication and co-operation with other ministries and state institutions, and it should promote co-operation with the institutions of the planning regions. The amendments made in summer 2005 to the Cabinet Rules of Order, which provide that sectoral programmes, have to be co-ordinated with the planning documents of regions, and the fact that references to such documents have to be included therein, is a step forward.

Currently, the largest state investments are related to the acquisition of EU Structural Funds. In the activities provided for in the Latvian Development Plan 2004-2006, regional policy and regional development are not highlighted sufficiently. Therefore, it is especially important that the National Development Plan 2007-2013 is developed as a planning document that integrates regional policy, the development policy of each region and the sectoral/field development policy (see Box 2.5).

Local Governments: Community Power and Management

The role of local governments in regional development and policy is expanding. The competence of Latvian local governments includes the solution of issues important to the inhabitants of the territory: the organisation of public services, improvement of the territory, pre-school and general education, support for culture, social assistance and public transport, facilitation of entrepreneurial activities as well as the organisation of land use and construction. A local government may also voluntarily solve other issues important to its inhabitants.

Fragmentation (on average, a comparatively small population) and low financial autonomy reduce the capacity of Latvian local governments. The level of socio-economic development is lower in smaller local governments than in larger ones (see Box 2.6 on p. 53) because the budget resources of the former are insufficient for investments, credits or attracting resources that require local government co-financing. The proportion of government expenditures

2.5
Box

National Development Plan: Concentration of Capability and Resources

The Regional Development Law prescribes that the National Development Plan (NDP) conforms to the goals and priorities specified in the Basic Provisions of Regional Policy and the National Plan, taking into account priorities specified by the development programmes of the planning regions and the territorial plans.

The National Development Plan for 2004–2006 was prepared before Latvia's accession to the European Union as the basis for the Latvian Development Plan upon which allocation of EU Structural Funds depends on. However, as the regional dimension has not practically been taken into consideration in this planning document, it cannot be considered a regional development document of national scale.

In 2004, the drafting of the National Development Plan 2007–2013 (the next EU planning period) commenced under the leadership of the Ministry of Regional Development and Local Governments. While, the Plan is necessary in order to prepare for the management of EU resources allocated during the next EU planning period, its purpose is broader. It should reflect the priorities of the State, determine mid-term goals and tasks as well as action for achieving them and provide for financing not only from the EU but from various other sources. Therefore, it should be noted that the development of such a document is not simply a formal EU requirement but rather an important means for promoting the development of the State. This is reiterated by the tasks set forth in the National Development Plan:

- 1) on the basis of analysis of social, economic and environmental development in the State, determine the goals of strategic development that are oriented toward a sustainable and balanced social and economic development of the entire country and its territories; and,
- 2) in determining the strategy and priorities of development promotion, establish a single framework for planning the attraction of public investment, including EU financing and private financing.

The methodological regulations for development of the document prescribe that compliance with the regional component is mandatory in every sector and field which has been included in the National Development Plan, and priorities of the planning region must be integrated. It is significant that most ministries and other State institutions, representatives of planning regions and local governments, researchers and representatives of various non-governmental organisations are involved in the development of the Plan under the leadership of the MRDLG.

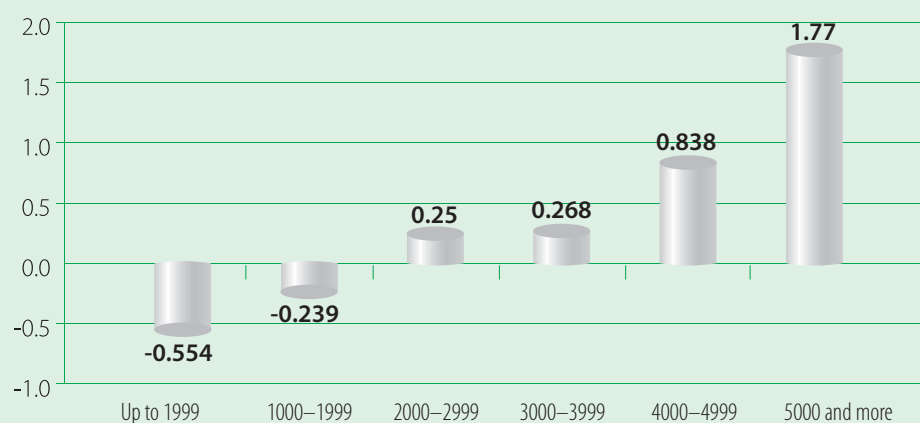
Source: 2005 Study of Human Capabilities in the Regions.

is comparatively high, but administrative capacity is low because there is a shortage of lawyers, economists, finance specialists, personnel experts, territory and development planners, project managers as well as social workers. Positions are merged in local governments, and specialisation opportunities for employees are diminishing. Small local governments are insufficiently equipped with technology. Opportunities to develop and submit projects are limited. Many local governments are hardly able to cope with their daily tasks. Therefore, it is logical that resources and opportunities to focus on development matters are scarce. In the **Survey**, the inhabitants of Latvia evaluated on a 10-point scale the ability of local governments to influence development at the local level, and the result was not high – 5.77.

In accordance with the Law on Local Governments, each local government has a duty to develop a territory development programme and territorial plan. These local government plans, which specify the principles of development, intended directions of action and priorities, are an important precondition for attracting public and private investment. If the utilisation of a territory is planned, the inhabitants of the local government and entrepreneurs learn the rules of the game, and the uncertainty and risks in business diminish. In this document, local government has to skillfully combine different and often conflicting interests, taking into account the common needs and values of society. Therefore, the legislative requirement regarding a mandatory public debate during the course of planning development is positive.

2.6
Box

Correlation between the Territory Development Index and Local Government (Parish) Population in 2003



Source: Vanags and Vilka, 2005.

2.7
Box

Territorial Plans in Local-level and District-level Local Governments

Territory	Developed (current) territorial plans of local governments		Developed (current) territorial plans of district local governments	
	quantity	% of number of local governments	quantity	% of number of local governments
Rīga region	30	40.0	2	50.0
Kurzeme region	28	28.3	2	40.0
Zemgale region	30	31.6	4	80.0
Vidzeme region	50	39.4	4	66.7
Latgale region	35	26.1	2	33.3
Latvia in total	173	32.6	14	53.8

Source: Data of the Ministry of Regional Development and Local Governments of the Republic of Latvia, August 2005.

According to the data available to the MRDLG, in the summer of 2005, roughly one third of local governments (173 of 530 including the republic cities) had developed and implemented a territorial plan. In the remaining local governments, the development of a territorial plan had been started, but three local governments in the Latgale region had not yet taken a decision to begin working on it. Such a situation generates chaos in territorial development. This is demonstrated in places of active construction, for example, in the vicinity of Rīga. Local governments often tend to quickly approve territorial plans, insufficiently involving the public in its discussion. The most active territorial planners are the local governments of the Riga region and the Vidzeme region (see Box 2.7 on p. 53). In local governments where there is no approved programme, subjective factors and biased interests influence decision-making. Also, the plans are not always of sufficient quality, because in Latvia no supervision of development programmes (no information is gathered regarding the status and content thereof) and analysis (quality and impact assessment) is done either at the national level (MRDLG) or the regional level.

The Administrative-Territorial Reform: Opportunities or Losses?

The purpose of administrative-territorial reform is to establish local governments capable of economic development and able to provide quality services to inhabitants. The next step could be the improvement of the local government financial system. The reform and economic strengthening of local governments can be considered an influential instrument for regional development.

The implementation of territorial reform in Latvia has been slow. It was provided for in the Local Government Reform Concept, approved by the Cabinet in 1993. For several years, the reform was hindered by the fact that the development of versions of administrative-territorial division took place in too centralized a manner, local governments and inhabitants were not involved and the prepared drafts of territorial division called for compulsory unification. The Administrative-Territorial Reform Law, adopted on October 21, 1998, eliminated the mistakes made during prior attempts to implement the reform and prescribed that a survey of administrative territories must be made within the framework of the reform and projects of parish and city/town mergers (co-operation) be prepared and implemented. The process of reform has been affected by government changes and, often, by a lack of political will and inconsistent action by the government.

Elsewhere, a state's decision regarding a certain model of territorial development is often related to the values predominating in society. In Latvia's case, the extent to which local governments are merged should be balanced with the preservation and expansion of local democracy because administrative-territorial reform is not to be separated

from the process of promoting democracy. The concerns of Latvia's inhabitants are understandable: many fear that an expansion of the territory of a local government will diminish the relevance of the seat of power closest to the people and lead to a decrease in opportunities to receive support and assistance and to influence the development process and daily life. This is why, in the merger process, the economic gains provided by the increase in population should be balanced with a commensurate area and the unity of the local government's territory so that the integrity of the territory does not diminish, and its identity is not lost.

Currently, the activities of district and republic city local governments have a greater territorial scope than that of smaller local governments. Since 1997, district local government councils are no longer elected in direct elections, and their competence has been reduced considerably, but the predominant source of income (approximately 90% of revenue) is subsidies from the local government financial cohesion fund. Such administrative-territorial divisions are no longer effective, neither for the implementation of specific functions nor for planning and co-ordination of development.

The initial wording of the Administrative-Territorial Reform Law provided for the establishment of regional self-governments, which would have to be specified in other laws. However, for a long time no legislative action followed. The potential establishment of regional self-governments only took shape in 2005 – the Draft Regional Self-Government Law by the MRDLG (prepared for submission to Saeima) provides that five regional self-governments would start to operate in Latvia in 2007.

Topical issues in the establishment of regional self-governments include the performance of some specific functions, development planning, the synchronisation of the territories of public administration agencies and co-ordination of their activities as well as the co-ordination of the activities of smaller local governments. Currently, a situation has emerged in which many administrative institutions of the State have each introduced their own, often conflicting, regional divisions. This, of course, is a considerable hindrance to a more co-ordinated and rapid development of the regions.

As the experience of various countries indicates, the operation of a regional-level (at the European level – *NUTS III*) administration ensures effective implementation of regional policy. However, the principles of decentralisation and democratisation determine the necessity of local governments in the regions.

Discussions about these issues are quite active in Latvia, and opinions vary. In answering the question "Are regional self-governments necessary in Latvia?", 48.7% of local government leaders answer positively, but 45.2% believe that there is no such need¹. In fact, such opinions from local governments – the main pillar of decentralisation –

¹ A survey by the Latvian Institute of Statistics in which the leaders of all local governments provided responses.

are surprising. Opinions differ among regions. The establishment and operation of regional self-governments is most supported by local government leaders from the Riga planning region, but in other regions the votes of supporters and opponents are split equally.

The planning regions in Latvia began to take shape “from the bottom” in 1996 based on local government co-operation. Following that, Cabinet regulations outlined the procedures for the operation of planning regions and specified their territories. A Planning Region Development Council which is elected by a general meeting of the chairpersons of the local governments comprising that region (from among the deputies of the relevant local governments) has been established in each planning region. Thereby, regions can successfully defend their interests at the national level, but it is rather difficult for them to solve issues within the region.

The Planning Region Development Council establishes a Planning Region Development Agency. Since the Public Agency Law does not provide for an opportunity for local governments to create a joint agency, the Planning Region Development Agencies have chosen various legal forms – the development agencies of the Riga region and Vidzeme region are foundations, the development agencies of the Kurzeme region and Latgale region are associations, but the development agency of the Zemgale region is a joint institution of several local governments.

One of the main tasks of the planning regions is planning regional development. Planning regions do not have their own competence (entrusted functions), and, therefore, the planning documents of the regions are different both in terms of content and scope. In several planning regions, the documents have been developed with the assistance of foreign consultants. In order for the documents to be

comparable and integrated into national documents, local governments of a region should agree on a common regional policy. In the current situation – taking into account the status of the planning regions – this is a complicated task and is not being fully implemented.

In 2005, the territorial plans of all planning regions are in the development stage even though several regions started working on them from their establishment. For a long time there was no common understanding of the content and degree of detail as well as the status of these documents. Only in 2005 did the Cabinet adopt the Regulations for the Planning of the Planning Region Territory.

The establishment of five planning regions, with district local governments operating at the same time, could be considered a transitional stage toward an effective administration at the regional level, yet it is not an optimal solution to the problem. Due to their uncertain status, planning regions do not facilitate co-operation among the local governments of the relevant region, they do not participate in making serious decisions of regional scope, and they do not ensure the link between local governments and state administrative institutions. The planning regions have exhausted their options, and, therefore, the implementation of the regional reform today is particularly important.

European Union Structural Funds in the Regions

The movement of Latvia toward the European Union brought regional development matters to the top of the policy agenda because balanced development of the regions is

2.8
Box

Planned Financing for Projects Co-financed by EU Structural Funds

Priorities of the Single Programming Document	Total planned allotment, EUR ¹	Planned allotment for activities with direct territorial impact, EUR ²	Allotment for activities with direct territorial impact to the total planned allotment, %
Priority #1	269 199 046	243 878 941	90.6
Priority #2	208 522 670	160 602 525	77.0
Priority #3	174 891 542	92 205 207	52.7
Priority #4	180 851 128	173 219 389	95.8
Total	833 464 386	669 906 062	80.4

¹According to the Ministry of Finance status table position on April 15, 2005.

²Calculated by updating some data in the Ministry of Finance status table position on April 15, 2005.

Source: Data of the Ministry of Finance of the Republic of Latvia on April 15, 2005.

one of the goals of the Union. However, the implementation of EU regional policy does not mean that national regional policy is also automatically implemented because on the European scale, all of Latvia corresponds to a region the size of which is targeted by the major part of European assistance (NUTS II). In order for regional policy to facilitate European support for regional development at the national level, the efforts of each individual state are required.

In the Latvian Development Plan 2004-2006, four development priorities are outlined:

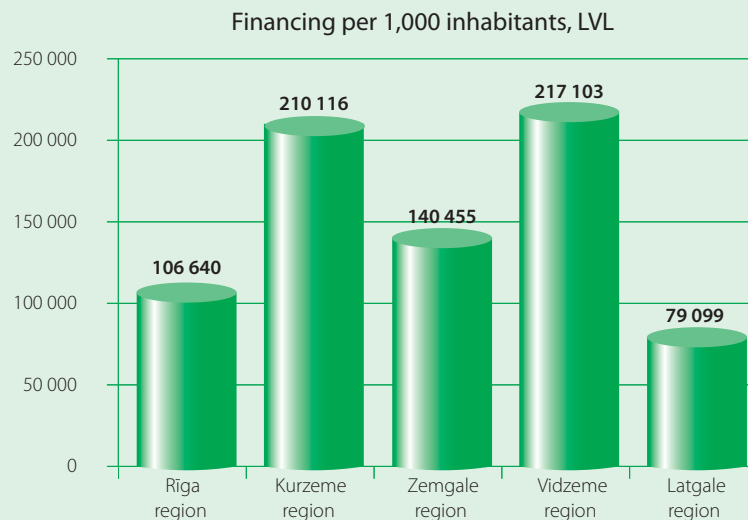
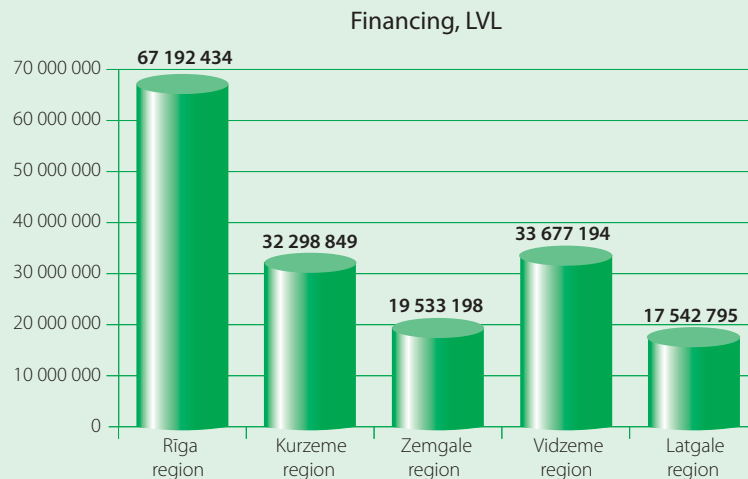
- 1) promotion of sustainable development;
- 2) promotion of business and innovation;
- 3) development of human resources and furthering employment;
- 4) promotion of farming and fisheries.

Financing, including co-financing from EU Structural Funds, has been specified in the Programme supplement for the implementation of these development priorities as well as technical assistance. Resources of the Structural Funds are allocated in the form of open project competitions, aid schemes and national programmes of Structural Funds. The Programme supplement plans for 833.5 million EUR (585.8 million LVL), of which 608.6 million EUR (427.7 million LVL) is the financing of EU Structural Funds for the implementation of the four priorities. The majority of the financing (approximately 80%) is intended for activities in specific territories while the other activities have a national scope (see Box 2.8 on p. 55).

However, it should be noted that in determining the projects co-financed by the EU, Latvian regional development is not taken into account very much. The regional component has

2.9
Box

Distribution of EU Structural Funds Financing by Region



Source: PKC, 2005.

been rather formally included in the project assessment criteria. There is hardly any area of activity in which a project is co-ordinated with the development goals of the relevant region. However, the regional development aspect is, in a way, included in local government projects. In determining the state budget subsidy portion of the local government projects co-financed by EU Structural Funds, greater support is provided for weaker local governments. In accordance with Cabinet Regulation No. 124, Regulations regarding Criteria for Allocating State Budget Subsidies to Local Governments for the Implementation of Projects Co-financed by European Union Structural Funds (March 2, 2004), a local government, in implementing projects co-financed by EU Structural Funds, can receive a state budget subsidy of up to 60% of the necessary national financing. Local governments with a lower territory development index have a larger state subsidy available to them, but local governments with a higher index have a smaller subsidy.

In August 2005, an analysis was done of the distribution of funding of Single Programme Document projects co-financed by EU Structural Funds by region. The amount of information available by region varied. A comparatively all-encompassing analysis was performed with regard to Priorities No. 1 and 4, but with regard to Priority No. 3, only limited information was gained.

Box 2.9 describes the distribution of total financing by region analysed in August 2005. As can be seen, Rīga region – economically the strongest region and the largest by population – has received the largest portion of the total financing (39%). Latgale region – economically the weakest region, but not necessarily the smallest by population – has received the smallest portion of financing (9%). Zemgale region has received slightly more financing (13%), which is followed by Vidzeme region (17%) and Kurzeme region (22%). Thus, in analysing the absolute amount of financing, it can be judged by the highest and lowest indicator that an economically stronger region attracts greater financing. However, this would be an overly simplified conclusion. The location of the regions should be taken into account, as well as the number of inhabitants in each region. Besides, the distribution of the attracted funding of the other three regions weakens this connection.

The situation in each region can be described differently if one looks at funding per 1,000 inhabitants rather than absolute numbers. The average amount of financing in Latvia is 73,800 lats per 1,000 inhabitants. The most funding has been attracted in the Vidzeme region; the Kurzeme region has also attracted funding that is larger than the average in Latvia, but in the other three regions it is smaller (see Box 2.9). The only connection with the level of socio-economic development that can be discerned here is that the weakest region attracts the smallest financing both in absolute and relative terms.

In analysing the open project competitions and aid schemes broken down into 33 territorial units, overall, one cannot observe a strong correlation among the fields of project activities, the funding attracted and the socio-economic indicators of the various territorial units. Apparently, the number of project applications and their quality depend on the activity and abilities of experts in the relevant field in each region.

Education – Development and Accessibility

The greatest national asset of Latvia, as a state with limited natural resources, is its people. Education is one of the means to increase human capital. The availability of education and information expands the opportunities of a person to acquire and use vital life-activity resources – financial, technological, etc. Lack of knowledge and experience often is the main obstacle to taking advantage of accessible life-activity opportunities. Increasingly, resources are distributed through project competitions and aid schemes. The inability to use electronic resources, prepare a project application etc., significantly narrows the range of potential applicants. Does the supply of education in Latvia, with its varied educational content and forms of organisation addressed to all sections of society, reach the most remote corners of the country?

The Rīga and Latgale regions have the most educational institutions, and this ensures greater choice for the inhabitants of these territories (see Table 1 of Box 2.10 on p. 58).

There are pre-school institutions (kindergartens) in all districts of Latvia, but their distribution by district is not equal (for example, there are 4 kindergartens in the Preiļi district, 5 in the Daugavpils, Krāslava and Ventspils districts, 10 in Rēzekne city, but a considerably greater number in the Talsi district – 19, Daugavpils city – 26, Rīga – 155). Pre-school institutions are overwhelmed; the number of children by far exceeds the number of places provided. Moreover, in the academic year 2004/2005, only 75% of children were attending pre-school institutions (Ministry of Education and Science annual report for 2004). Therefore, the fertility increase expected after 2005 could in the future exacerbate the problem of the inability to ensure the education of children of pre-school age. This may also impact labour force resources and migration within regions because the interests of many new families will be affected. Clearly, not all local governments of Latvia will be able to provide support to the families of their communities by providing their children with places in kindergartens.

The **Survey** data indicates that the majority of the respondents whose families have some contact with kindergartens, on the whole, are satisfied with their work (93%). Parents aged 25 to 34 years, more often fathers, are most frequently dissatisfied

The Number of Educational Institutions and Students in Latvia in 2004

The number of educational institutions in the planning regions of Latvia in 2004

	Pre-school institutions*	Comprehensive day schools**	Comprehensive evening (shift) schools**	Vocational education institutions**	Higher educational institutions**
Rīga	234	309	11	43	44
Vidzeme	78	175	5	16	1
Kurzeme	85	157	5	13	3
Zemgale	63	151	5	11	2
Latgale	91	201	7	20	3
Total	551	993	33	103	49

* On September 1, 2004.

** At the beginning of the Academic Year 2004/2005.

As of the Academic Year 2003/2004, the vocational education institutions that provide the first-level higher education are counted as higher education institutions and colleges (the personnel, as working in vocational education institutions).

The number of students in educational institutions in the planning regions of Latvia in 2004

	Pre-school institutions*	Comprehensive day schools**	Comprehensive evening (shift) schools**	Vocational education institutions**	Higher education institutions**
Rīga	34 301	131 822	7049	21 092	103 223
Vidzeme	8305	37 396	1659	4357	1165
Kurzeme	10 463	43 775	2255	6945	5615
Zemgale	9376	40 274	2200	4182	10 176
Latgale	10 559	47 400	1803	8075	10 527
Total	73 004	300 667	14 966	44 651	130 706

* On September 1, 2004.

** At the beginning of the Academic Year 2004/2005.

Source: Central Statistical Bureau of Latvia, 2005.

with pre-schools. Such a phenomenon hides a potential risk – fathers may wish that their children be raised at home, and this could restrict the opportunities for women to join the labour market.

A series of indicators characterise the quality of education. Overall, comparative studies¹ show that the schoolchildren's achievement levels are highly differentiated. Latvia may be proud of the achievements of its brightest students, those who win school competitions, but, at the same time, a large part of Latvian students have poor results. Students at rural schools often lose out in the competition for state scholarships in institutions of higher education because they are poorly prepared.

The 14 state gymnasiums and 31 gymnasiums of Latvia are distributed across the regions as follows: the majority of state gymnasiums and gymnasiums are in the Riga region, which has three state gymnasiums and 14 gymnasiums; in the Vidzeme region – four and six, respectively; in the Latgale region – three and five; in the Zemgale region – three and two, but in the Kurzeme region – one and four (data of the Ministry of Education and Science of the Republic of Latvia).

No school comparisons are being made in Latvia because the position of the Latvian Ministry of Education and Science is that such information may be interpreted subjectively. However, public interest about school comparisons is

¹ **Civic Education Study (CES)** 1997–2001, director – assoc. prof. Andris Kangro; **The Third International Mathematics and Sciences Study (TIMSS)** 1993–2002 and **TIMSS-Repeat (TIMSS-Repeat)** 1993–2000, director – Andrejs Geske; **The Second Information Technology in Education Study (SITES)** 1998–2005, director – assoc. prof. Andris Grīnfelds; **Progress in International Reading Literacy Study (PIRLS)** 2000–2003, director – Ieva Johansone; **OECD Programme for International Student Assessment (PISA)** – began in 1998 and is conducted every three years, director – assoc. prof. Andris Kangro.

great, and such comparisons are occasionally done on the basis of various criteria. In assessing schools by the number of students who have obtained the grade of "A" in the centralised exams, the schools of Rīga occupy the top places (see Box 2.13 on p. 61).

Even if this data cannot be considered sufficiently objective to compare the quality of schools and the work of teachers, they still reveal that the educational opportunities and levels are not balanced in all regions. This is also indicated by the Rating of Latvian Schools developed by the Friendly Appeal Fund, which is determined by taking into account student achievements in competitions and student research paper conferences (the number of student achievements is compared with the total student population). By this

assessment, in 2005, a convincing victory among schools of republic cities was taken by the Daugavpils Russian Secondary School-Lyceum and the subsequent four places by various schools in Rīga, of which only one is a gymnasium (see Box 2.13 on p. 61).

The division of educational institutions and the number of learners by region is rather heterogeneous (see Box 2.12). The largest number of learners is in the Rīga region; it exceeds the number of learners in any other region of Latvia by several times. Yet, this is not the only indicator that describes the ratio between the network of educational institutions and the population. In 2004, in the Rīga region, there were 2 general and specialised educational institutions per 10,000 inhabitants; in Vidzeme region – 9.3; in Zemgale

2.11
Box

Latvian School Ratings Developed by the "Neatkarīgā Rīta Avīze" and the Friendly Appeal Fund

Top 100 Schools by "Neatkarīgā Rīta Avīze"

The *Neatkarīgā* daily created a list of the best general secondary education schools taking into account evaluations of the centralised exams that are the result of academic work by each student as well as their teacher. [...]

At the end of the academic year 2004/2005, more than 50,000 12th grade students from comprehensive schools, vocational education schools and graduates from previous years took centralised exams in 15 subjects. A commission granted 2,734 exams the highest grade A. [...] There are 413 secondary schools and gymnasiums, including 43 evening (shift) schools in Latvia. Based on the ratio between the number of students who earned the grade A and the total number of students in the school the *Neatkarīgā* daily compiled a list of Top 100 best schools in Latvia. This is the Top 10 according to the *Neatkarīgā* rating:

1. Rīga State Gymnasium No. 1
2. Rīga French Lyceum
3. Rēzekne State Gymnasium
4. Draudzīgā aicinājuma Cēsis State Gymnasium
5. Rīga Classic Gymnasium
6. Rīga Secondary School No. 40
7. Rīga Centre Language School
8. Daugavpils Russian Secondary School-Lyceum
9. Rīga Purvciems Secondary School
10. Sigulda State Gymnasium
- ...

The Rating of the Friendly Appeal Fund

The Friendly Appeal Award is awarded to schools based on the students' achievements in subject competitions and research paper conferences since 1998. Schools are awarded points for places their students earn in these competitions. Even a single student's victory is, therefore, significant. Based on these points, a rating is put together evaluating the best schools:

Rating

State Schools

Daugavpils Russian Secondary School
Rīga State Gymnasium No.1
Jelgava Spīdola Gymnasium
Rīga Secondary School No.40
Rīga French Lyceum
Rīga Valdis Zālītis Primary School

City Schools

Draudzīgā aicinājuma Cēsis State Gymnasium
Preiļi State Gymnasium
Cēsis City Gymnasium
Dobele State Gymnasium
Sigulda State Gymnasium
Madona State Gymnasium

Rural Schools

Vecpiebalga Secondary School
Baldone Music Primary School
Ilzene Primary School (Alūksne district)
Ķegums Commercial Secondary School (Ogre district)
Māteru Jura Kazdanga Primary School (Liepāja district)
Jaunsilava Primary School (Preiļi district)

Source: Nestere, 2005; Grīnuma, 2005.

2.12
Box

The Number of Students in Vocational Education Schools (VES) of Latvia

	2001	2002	2003	2004
State VES	44 576	43 481	43 556	43 804
Local government VES	1422	1468	1546	1312
Private VES	1629	1584	1687	1745
Total	47 627	46 533	46 789	46 861

Source: Aggregate data of the Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005.

region – 6.5; in Latgale region – 5.6 and in Kurzeme region – 5.1 (Education and Science Ministry of the Republic of Latvia annual report for 2004).

The number of educational institutions may slightly decrease in the future in local governments (parishes) which have several educational institutions by merging them and concentrating resources. Reorganisation of primary schools into elementary schools and the reduction of the number of secondary schools are also to be expected. In both cases, the classrooms will be used more and become more crowded, which will, in turn, concentrate resources and ensure the acquisition of a quality education.

Vocational Education and the Future of the Regions

The quality, availability and conformity of vocational education to the needs of a region are a vital resource for regional development. The policy of vocational education and employment is an integral part of national economic and social policy, and such a policy is closely linked to changes in the labour market.

The goals and tasks of the State in the area of vocational education and employment have been determined in accordance with the goals and tasks that the EU has set forth for the period up to 2010. These conform to the so-called Lisbon employment scenario "from fighting unemployment to activation of economically inactive resources," which has been developed for the time period up to 2015.

In the area of vocational education, the goals of the European Union and of Latvia, as its Member State, are the following:

- increase the quality of vocational education;
- help in adaptation to changes in the national economy by using initial vocational education and retraining;

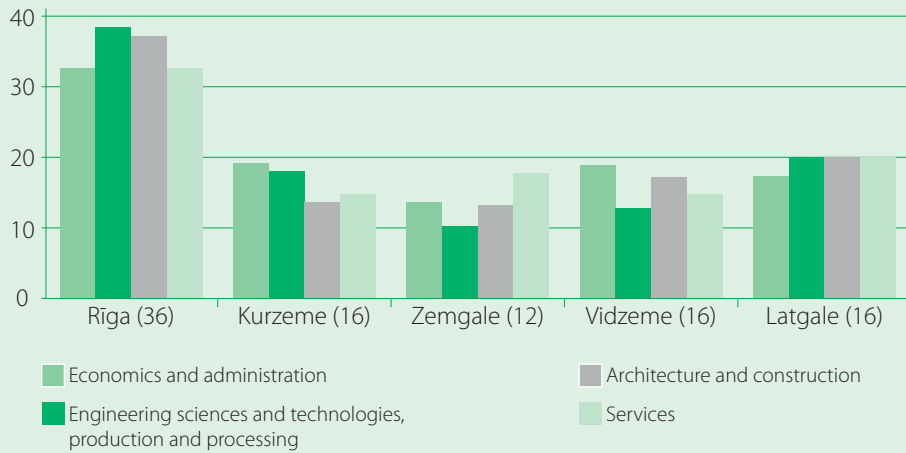
- improve the basics of vocational training and deepen vocational training in order to promote integration and re-integration in the labour market;
- make vocational education more accessible and facilitate free movement of the teaching staff and students, especially young people;
- promote the co-operation of educational and vocational training institutions with enterprises; and
- develop exchanges of information and experience on matters which are common to the education systems of the Member States.

Each larger town and district in Latvia (except Balvi district) has at least one institution of vocational education, and since 2000, the number of students has increased (see Box 2.14). The alumni of primary schools of the Rīga, Vidzeme and Latgale regions, who have decided to study in one of the vocational education institutions, most often choose educational institutions in their own region, but the alumni of schools of Kurzeme and Zemgale continue their education in other regions. The vocational schools of Rīga offer the broadest selection of vocational education, and these schools enroll nearly 10% more students than have graduated from Grade 9 in the Rīga region. The choice of fields of study (also of educational institutions) varies greatly in the different regions of Latvia. Rīga region has the widest choice and Zemgale the most limited choice (see Box 2.15). However, in general, the distribution of vocational institutions in regions ensures balanced opportunities for all young adults (see Box 2.12).

The most important investment in the modernisation of instructional equipment involves international projects, for example, *Phare*, the programmes of the European Regional Development Fund, etc. One of the priorities of these projects is the reduction of socio-economic disparities among regions. In improving the infrastructure and the technological equipment of instruction, the migration of economically active inhabitants and rural youth also diminishes in conformity with the development trends of the priority sectors.

2.13
Box

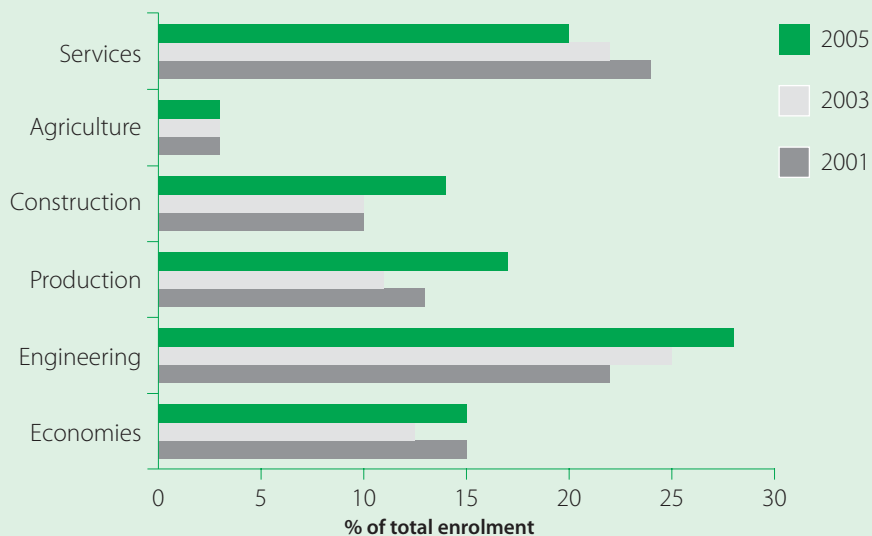
Distribution of Vocational Education Programmes by Region



Source: Aggregate data of the Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005.

2.14
Box

Student Enrolment in Vocational Education Programmes, %



Source: Aggregate data of the Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005.

From 2000 to 2005, the orientation of young adults has gradually shifted from programmes in the field of services to programmes in engineering sciences, production-related professions and construction. The number of students in the field of agriculture has remained unchanged (see Box 2.16 on p. 62).

The most common programmes in the Latvian system of vocational education are the ones that provide secondary education as well, i.e., the vocational secondary education programmes. Since 2000, the proportion of students in

these programmes has grown, and currently it has stabilised at approximately 62% (see Box 2.17 on p. 63).

In recent years, the opportunities for acquiring a vocational education have been considerably expanded for adults and young adults and children with special needs. Education programmes have been developed for children with special needs, graduates of primary school grades 7 and 8 as well as for students who have graduated from grade 9 with a report card. Vocational guidance events are organised on a regular basis for potential applicants as well as adaptation

events for first-year students. Local enterprises and local governments provide financial support to educational institutions in the implementation of such programmes. Financial support is supplemented by also involving the resources of the European Regional Development Fund in order to customise the vocational education institutions for the needs of persons with mobility impediments as well as by channeling the resources of the European Social Fund for the implementation of vocational guidance events and the involvement of young adults from risk groups in vocational education programmes (see Box 2.18 on p. 63).

A portion of students have poor grades upon entering vocational education institutions (see Box 2.19 on p. 64). In accordance with the goals of the Lisbon strategy and the Copenhagen process, the proportion of dropouts in vocational education programmes in 2010 should not exceed 10%. The number of dropouts in Latvia is considerably higher (for the past five years it remains between 14–15%); moreover, the majority drops out during the first two years (in 2001, 76.4% of the total number of

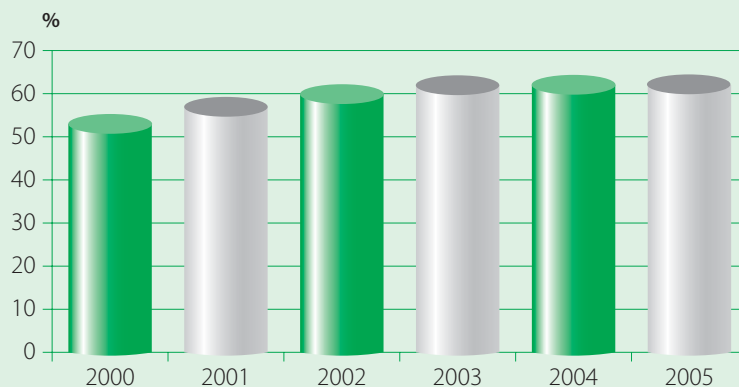
dropouts; in 2004, 71.8%). However, despite the difficulties that teachers of vocational education institutions face, approximately 92% of graduates successfully pass the qualification exam, and this is indicative of the quality of teachers' work.

The quality and accessibility of education mainly characterises the conformity of vocational education to the needs of the labour market. Only a small number of graduates from vocational education institutions are unable to find their place in the labour market upon graduation and register as unemployed (see Box 2.20 on p. 65).

Poor school infrastructure and an educational system which does not address the needs of the labour market are critical problems for both general and vocational education institutions (especially in areas distant from the centre). Therefore, in local governments where the average wear-and-tear of educational institution buildings is roughly 40%, the average crowdedness of premises exceeds 100% and, at the same time, a growing number of students is expected.

2.15
Box

Proportion of Students in Vocational Secondary Education Programmes, %



Source: The aggregate data of the Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005.

2.16
Box

Resources Allocated for Improvement of Vocational Education Accessibility

382,633 LVL have been allocated for the development and implementation of educational correction programmes
 580,194 LVL have been allocated for the integration of young people with special needs into the education system
 1,064,000 LVL have been allocated for career guidance and consulting activities in educational institutions
 354,200 LVL have been allocated within the projects of the European Regional Development Fund to customise the infrastructure of educational institutions for persons with mobility impediments

Source: Aggregate data of the Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005.

Construction of new educational institutions, for example, construction of a new Cēsis Primary School for 500 students, is recommended.

The survey of vocational education institutions, conducted within the framework of a World Bank loan project, indicated that the average wear-and-tear of all of vocational education buildings is 56%.

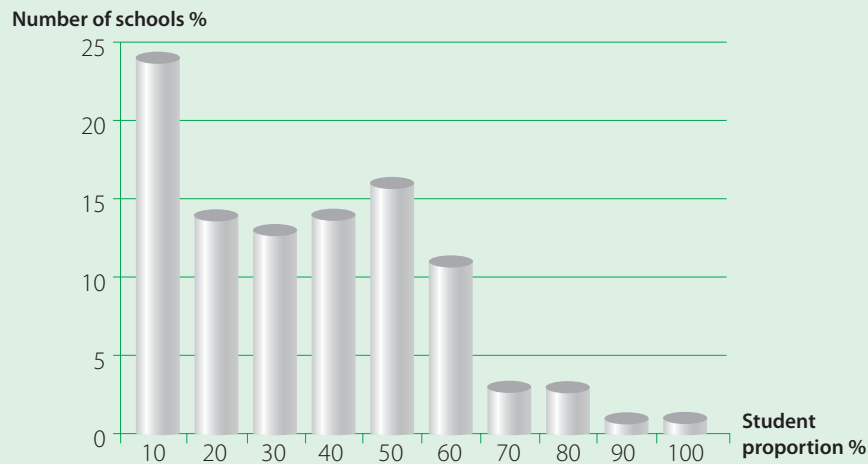
3 million LVL a year are required in order to maintain the facilities of vocational education institutions. Such resources are not available to the educational institutions, and annual State budget funding (1.9 million lats) is used to cover the operating expenses of the educational institutions.

The ministry plans for roughly 100,000 lats annually for capital expenses (procurement and modernisation of equipment and instructional resources). Improvements in equipment are usually made possible through participation in international projects.

With Latvia joining the European Union, a national programme has been launched which aims at integrating groups at risk of social exclusion into the education system. Currently, 8-9% of 9th-graders finish primary school with only a report card. The Population Census results show that almost 14% of young people aged 15 to 19 in Latvia have unfinished basic education. This is a very serious problem for society because these young adults will not have real opportunities to get

2.17
Box

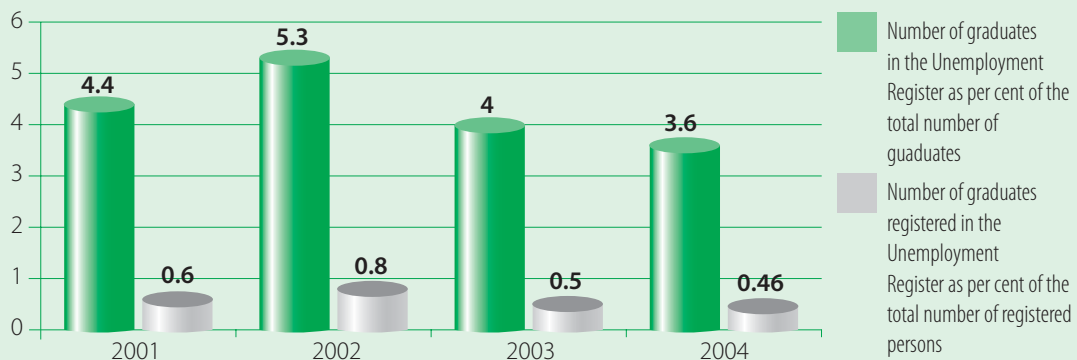
Proportion of Students Who Enrolled in the 1st Year of University in 2004 with grades of 1-3 (on a scale of 1-10), %



Source: Aggregate data of the Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005.

2.18
Box

Proportion of Vocational Education Graduates among the Unemployed



Source: Aggregate data of the Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005.

a well-paid, stable job in the future, and there is a high risk of losing employment quickly. Therefore, they will not only experience material insecurity but will be gradually socially excluded and lose their ability to participate effectively in the economic, political and cultural life of society. However, any type of social alienation hinders the development of society; threatens the stability of the economic, political and social sphere; contributes to poverty, unemployment, criminality and addiction; and fosters the continuation of social exclusion in subsequent generations.

Vocational education programmes have begun to address these problems. They provide opportunities to these young adults to acquire a profession, using correction groups as well as catch-up educational programmes. The number of students enrolled in such programmes has increased 2.34 times in comparison to 2001 (see Box 2.19).

Higher Education Institutions as the Intellectual Potential of a Region

The presence of institutions of higher education ensures regional development with substantial intellectual potential and opportunities to create expertise. Such institutions also increase the intellectual potential of the community. The participation of the local governments of Valmiera and Ventspils in the establishment and development of higher education institutions is a good example that demonstrates concentration on the preservation of labour force resources and the improvement of quality in the respective communities.

Judging by the distribution of higher education institutions and their branches in the territory of Latvia, it appears that opportunities to acquire higher education in Latvia are quite balanced, extensive and well developed.

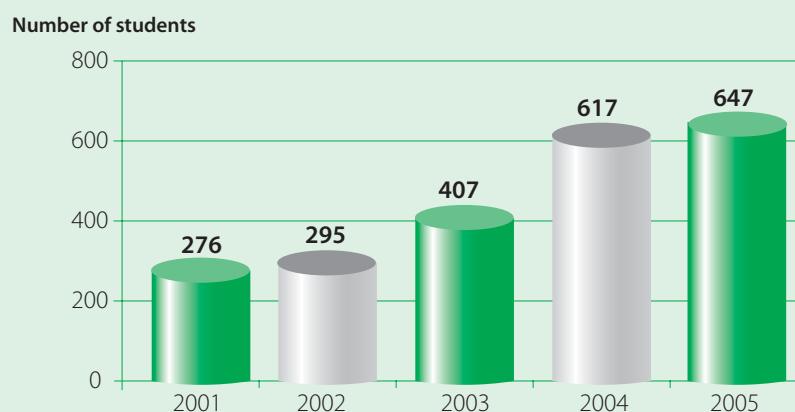
In the academic year 2004/2005, 56 institutions of higher education (including colleges) operated in Latvia with an enrolment of 130,706 students. Rīga has the most higher education institutions and the most number of students (see Box 2.10). Three out of five Latvian universities are located in Rīga, and, roughly 80% of all teaching staff of higher education institutions is employed in the Rīga region (Central Statistics Bureau of Latvia, 2004 a). Thus, in addition to attracting a young and educated labour force, the already strong region gains the additional benefit of selecting the best among this group.

The large higher education institutions in Rīga received the most State scholarships in the academic year 2004/2005 – 27,570 (not including colleges), the regional institutions of higher education in Zemgale – 3,269, Latgale – 2,865, Kurzeme – 1,170, Vidzeme – 389 State scholarships (Education and Science Ministry of Latvia Higher Education and Science Department, 2005, 53–66). 3,004 college students studied with State scholarships.

The majority of State scholarships are intended for students who study at the undergraduate level. In masters and doctoral study programmes, there were 3902 and 823 scholarships, respectively. The largest number of master's and doctoral scholarships (and thereby greater opportunities to acquire a master's or doctoral degree) is in the higher education institutions of Rīga, which have both the largest number of advanced-level study places and the largest number of State scholarships. For example, 657 of the total 823 State scholarships for doctoral study were concentrated in the higher education institutions of Rīga. It is important to emphasise that the Vidzeme region has neither master's nor doctoral study programmes. Overall, the number of doctoral graduates in the country is insufficient (see Box 2.20).

2.19
Box

The Number of Students with Unfinished Basic Education Enrolled in Correctional Groups and Remedial Education Programmes



Source: Aggregate data of the Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005.

Outside Rīga, only the Latvian University of Agriculture in Jelgava and Daugavpils University offer a broad selection of study opportunities while other institutions of higher education offer mostly programmes of teacher education, economics, law, management and other social sciences or humanities, which are not linked with the needs of a specific region. Only Rīga has institutions of higher education where a degree can be obtained in medicine and pharmacy as well as culture, art and music. The majority of programmes in natural and engineering sciences are concentrated in Rīga. Regional institutions of higher education do not have a sufficient number of faculty with doctorates, which are required to qualify to work at an institution of higher education and do research in the fields of science (in which students are being taught).

The third largest institution of higher education in Latvia – the Latvian University of Agriculture (LUA), in which nearly 8% of Latvia's students (10,176) are acquiring higher education, is located in the Zemgale region. The LUA offers a wide selection of study programmes in natural and engineering sciences as well as in social sciences. Branches of several institutions of higher education also operate in the region.

The Kurzeme region has two institutions of higher education, Liepāja Academy of Pedagogy and Ventspils University College, in which approximately 4% (5,615) of Latvia's students are studying. Several institutions of higher education have opened their branches in the region, yet the availability of education programmes does not fully ensure the preparation of experts necessary for the region. The limited selection of study programmes may be the reason for the comparatively low number of inhabitants with a higher education in the region because, wishing to study in other education programmes, people leave for studies in other regions and remain there after graduation.

Vidzeme is the only region that has only one independent institution of higher education – Vidzeme University College. The majority of its students are from the region, yet roughly 30% of the students are from Rīga and 3% from abroad. The establishment of the University College was an important step in order to prevent the drain of educated people from the region. The branches of other institutions of higher education that operate in the region offer programmes of pedagogy and social sciences, but it is not possible to study natural and engineering sciences in Vidzeme.

The existence of regional institutions of higher education, namely, Daugavpils University and Rēzekne Higher Education Institution, is one of the most important factors for economic growth in Latgale. 8% of the total student population of Latvia is studying in the institutions of higher education in Latgale and, according to this indicator, Latgale together with Zemgale takes second place after Rīga. It should be noted that the number of students tends to increase annually. Unlike in Kurzeme and Vidzeme, it is also possible to study engineering and natural sciences in Latgale.

As the data submitted by higher education institutions to the Higher Education Evaluation Centre indicate, there are 63 institutions of higher education and college branches in Latvia. Characteristically, they operate (or are planning to operate, as some branches have not started any activities yet) in the largest cities of Latvia that already have higher education institutions, i.e. in Daugavpils (9 branches), Liepāja (6), Ventspils (6), Rēzekne (5) and Jelgava (4). 3 branches are located in Limbaži, 2 branches operate (or will soon operate) in Smiltene, Madona, Kuldīga, Valka, Bauska and Cēsis and one branch in 11 more locations (one of which is Rīga). The establishment of branches of higher education institutions should be considered a positive phenomenon in regional development if they are able to provide quality education, i.e., ensure sufficient study resources, opportunities for e-study and adequate technologies, faculty who reside or at least

2.20
Box

The Number of Graduates with a Doctoral Degree is Insufficient

	Total persons with degree or professional qualification	Of total those who self-finance	Women, of total persons with degree, qualification	Of total			
				Undergraduate studies	Graduate studies		
					Master degree	5th level of professional qualification	Doctoral degree
Total	18 400	11 397	12 724	12 004	3535	2776	85
%	100	62	69	65	19	15	0.5

Source: Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005, Section 4.6.3.

partially reside in these locations and who would be available to the students for consultations and research. The fields of study in the following branches are very limited: business administration, organisation of business activities, psychology, law and various teacher training programmes. It can be concluded that it is mainly the commercial interest of the higher education institutions instead of quality of studies and their adequacy for the direction of a region's development, that determines the activities of the branches.

One way to overcome these trends would be regional planning, which would indicate more clearly the region's needs to institutions of higher education and facilitate a rational utilisation of their resources.

The higher education institutions of Latvia are rather slow to reorient toward new public and individual goals in higher education such as acquisition of conceptual knowledge and its practical application, learning as an ongoing process throughout one's life, opportunities for everyone to improve their knowledge and skills on the basis of their previous education and opportunities for Latvian students to take separate study modules or even semesters in not only foreign institutions of higher education but in various Latvian institutions of higher education as well. This would allow a rational utilisation of the resources of Latvian institutions of higher education, a significant diversification of the study process and an orientation toward the career interests of young adults, the Latvian labour market and the needs of regional development.

The analysis of the economic status of students (SKDS, *Hansabanka*) indicates that many students (especially young people who arrive for studies in Rīga from the regions) are employed but the quality of studies suffers as a result. Therefore, in order to promote the education of the Latvian nation, it is important to also address the social security of students such as the infrastructure of higher education institutions, dormitories, stipends and the procedures for repayment of study loans.

Education – an Opportunity for Stability and Change in Life

In December 2004, the Concept of Lifelong Learning was adopted. It conforms to the Lifelong Learning Memorandum developed by the European Commission, with its six main goals (Trapenciere 2004, 9). The National Programme "Development and Implementation of the Lifelong Learning Strategy" (2004) intends to take into account the special situation and needs of each region in national-level strategies for lifelong learning.

The Latvian Adult Education Association, which unites 79 different institutions, has implemented regional projects (the consolidation of civil society; the promotion of social integration; the improvement of adult education quality; the social, economic, ethnic and civic integration of families;

2.21
Box

Adult Education

The Distance Studies Centre of the Riga Technical University (RTU DSC) is working on the preparation, development and implementation of new e-study courses. Within the framework of the regional development programme "Measures of Economic and Social Cohesion in Latgale Region" and in "IT Support for the Creation of New Art and Craft Works in Latgale," the Centre, together with the Līvāni County Council, established an e-study centre in Līvāni and organised courses for more than 800 participants.

The Centre has prepared e-study development projects within the framework of the Phare programme and programmes of the European Social Fund together with regional institutions of higher education.

The innovative CD-ROM courses created by the Centre have been distributed in 1,247 schools in Latvia with the support of "Latvian Mobile Telephone" (LMT).

The RTU DSC has participated in regional development projects since 1999 both in Latvia and, together with partners from France, in India (2004), where RTU's experience of the in Latvia was utilised.

The RTU DSC has participated in two European projects regarding the utilisation of e-study solutions for the integration into society of persons with special needs. New e-courses have been developed and utilised in other projects such as the joint project with the College RRC (now, the State Agency "Social Integration Centre"). The strategy of the College RRC was developed within the framework of this joint project, and various e-study solutions were tested and implemented. The project demonstrated that multimedia study materials provide people with special needs additional motivation for studies. Together with full-time classes, the use of these multimedia materials gives the students an opportunity to study at their own pace and reuse their work as many times as necessary. Such opportunities are very important to students with special needs because they have had differing prior educational experiences and are highly diverse in age.

Source: 2005 Study of Human Capabilities in the Regions.

and the development of a network of local adult educators). Several adult education centres offer training models for the unemployed developed by the State Employment Agency.

Diverse opinions exist in Latvia regarding the necessity and accessibility of adult education to various social groups. It is often believed that lifelong learning is accessible only to limited groups of the population (for example, the unemployed) or for a charge only. Such opinions are being radically changed by adult education centres, which have engaged in various education projects and programmes including international projects, which organise visits beyond cities to rural areas (see Box 2.21 on p. 66). The leaders of adult education centres mention women from rural areas, young people without a basic education or without a secondary education, retired people, the disabled, women of pre-retirement age, single mothers and low-income inhabitants as risk groups in relation to the accessibility of education.

People aged 35–45 and inhabitants of rural territories also have fewer opportunities to participate in lifelong learning (because resources are invested in the education of their children). Inhabitants of the Rīga and Vidzeme regions have had the most participation in lifelong learning activities (see Box 2.22).

Information Technologies: New Distances and Opportunities

Today a vital condition for human capability is the accessibility of information technologies and information literacy.

Internet access points are and will be very important for the promotion of human capability in Latvia's regions because only an average of 25% of Latvian inhabitants have a personal computer at home (in Rīga 36%, Vidzeme 23% but in Latgale 16%; Information Society Survey). Approximately half of Latvian inhabitants do not use a computer because

they lack skills. Roughly 2/5 of the respondents are using the internet. The following were listed as the main reasons for not using the internet: "no opportunities to access the internet" – 63%, "no need" – 58%, "lack skills for working with the internet" – 28% (Information Society Survey).

The majority of public internet access points are in libraries (68%), followed by local governments (11%), schools (5%), but the remaining access points (16%) are distributed across various locations such as parish councils, recreation centres, information and interest centres as well as private enterprises (LITTA, 2005 c). During the past year, major positive changes have occurred in the libraries of Latvian regions. 86% of all local government public libraries are computerised and 77% have an internet connection. The highest proportion of computerised libraries is in the Rīga region (96%) while the lowest is in the Latgale region (78%). Libraries of the Kurzeme region have the highest percentage of internet connections (92%) while libraries of Latgale have the lowest (76%).

Surprisingly few public internet access points are in schools, which could provide community members with both the availability of computers and the internet and the premises (Information Society Survey).

While the public internet access points (IAPs) also ensure the availability of several other modern technologies such as CD/DVD recording, reading, printing and scanning opportunities, the supply of such technologies differs from one IAP to another. The survey done by the Latvian Information Technology and Telecommunications Association (LITTA)¹ indicates that in more than half (54%) of IAP's internet access is free of charge while the charge for other services differs. In some local governments, all services are free of charge to their inhabitants. The highest charge levied was 2 lats per hour for the use of foreign internet resources (LITTA, 2005 c).

Since most inhabitants (especially elderly people and people with a lower level of education) have poor information literacy and computer skills or none at all, the acquisition

2.22
Box

Public Participation in Lifelong Learning

	Participated in formal education (% of total population in the region)	Participated in informal education (% of total population in the region)	Participated in self-education (% of total population in the region)
Rīga region	17.4	15.3	43.8
Vidzeme region	17.9	13.3	44.5
Kurzeme region	16.6	7.8	48.6
Zemgale region	17.3	8.8	41.4
Latgale region	14.6	9.0	40.8

Source: Central Statistics Bureau of Latvia, 2004, 37.

¹ The survey was conducted in Preiļi, Valmiera, Ventspils and Krāslava districts.

of the necessary knowledge, skills and support is vital to promote human capability. Unfortunately, circumstances are not always favourable because an instructor or a consultant works in only 49 per cent of internet access points that were surveyed within the framework of the European Community initiative EQUAL project. The situation differs by district. For example, in the Ventspils district, none of the internet access points has an instructor or a consultant while in the Valmiera district every access point has one.

One of the available ways for adults to acquire the necessary information literacy and computer skills is to utilise of opportunities offered by libraries. The majority of parish librarians (57%) perform user instruction "as part of their daily work." However, only 1% state that the process is organised while 10% of libraries (mostly those which do not have computers) do not deal with such matters.

Such instruction is highly important, because often it is the lack of computer skills that has been an obstacle in the search for employment. Only 35% of the unemployed in Latvia's regions have basic skills in working with a computer (LITTA, 2005 a). As the survey¹ indicates, the most popular method of acquiring computer skills is self-instruction (*ibid.*). The interest of people in acquiring computer skills independently is commendable, but, at the same time, the knowledge and skills may be insufficient in order to use a computer and the internet successfully to obtain a job.

More than half of all employers require that a potential employee have a certificate or diploma for the completion of a computer course or the passing of special exams, but

they believe that the employees themselves are responsible for obtaining such certificates or diplomas (LITTA, 2005 b). Such an attitude toward the education of employees (even though explained by lack of employer resources) may in the future increase both unemployment and the lack of a labour force skilled in production technologies in regions.

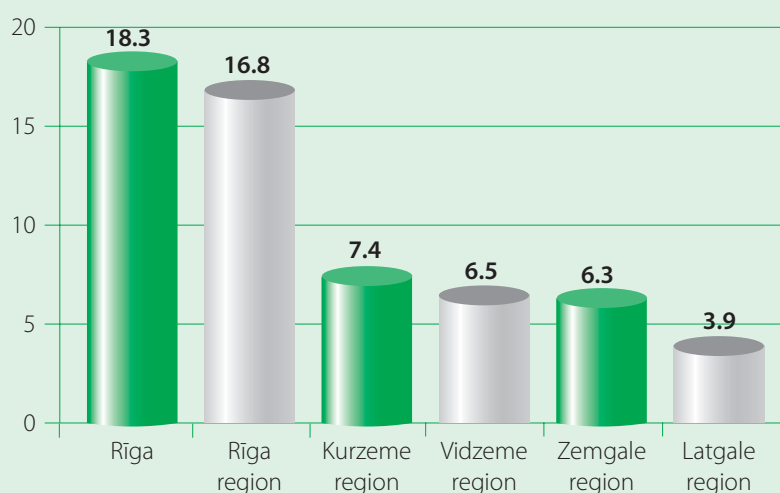
In order not to widen the gap which exists in the area of information literacy and computer skills between some regions (e.g., Rīga and Latgale regions) as well as between cities and rural areas, the development of instructional programmes and methodology for computer users and measures to promote the instruction of potential users in all regions of Latvia (especially, in rural territories) is very topical. Various surveys indicate that young people have the best computer and internet skills and as a result of the Latvian Education Informatisation System project (LIIS) that was begun eight years ago. The LIIS project is characterised by the varied approach of provision of computers and programmes to educational institutions, teacher training, internet connections, and the development and utilisation of electronic instructional materials.

The financing of LIIS from the State budget was 0.3 million LVL in 1997, 1.06 million in 1998, 2.46 million in 1999, 2.43 million in 2000 and in 2001 and 3.43 million LVL in 2002. In 2003-2004, 3 million LVL were required, but the allotment was only 0.34 million.

In the LIIS project, by 2002 80% of the project resources were spent on infrastructure (computers and installation of internet connections), 6% on teacher training, 6% on

2.23
Box

Computerisation of Enterprises in Latvia at the Beginning of 2003, %



Source: The Central Statistics Bureau of Latvia, 2004 a, 130.

¹ The survey was conducted in Preiļi, Valmiera, Ventspils and Krāslava districts; 1,264 unemployed were surveyed.

the development of instructional materials and 8% on the automation of education system administration and school management.

Unfortunately, due to hasty political decisions, the LIIIS project in Latvia has been "frozen," and these processes may result in negative consequences in the regions and especially in small local governments that do not have sufficient resources to provide for their schools. 39 schools in Latvia still do not have internet access. The primary schools of small parishes are especially deficient in this regard (Krāslava district has the most schools without internet access) (Blūmfelds, 2005).

Additionally, disproportions can be observed in computer usage in Latvia's regions. More than half of the enterprises in Rīga and the Rīga region use computers while in the Latgale region only slightly more than one-third do so (Central Statistics Bureau of Latvia, 2004 a, 129). The size of an enterprise also affects computer usage. In enterprises with fewer than ten employees, computers are used 2–3 times less than in enterprises with more than ten employees (LITTA, 2005 c).

At the beginning of 2003, 18.3% of enterprise employees in Rīga city used a computer at work on a regular basis. This indicator is lower or even considerably lower in other regions (see Box 2.23 on p. 68).

On average, 2–10 people work on one computer. Moreover, computers are used mainly in administrative and accountancy work. Thus, it can be concluded that the number of computers in the enterprises of regions is already

insufficient, and in the future it may considerably hinder the development of enterprises. Particular concerns exist regarding small and micro-enterprises because large and medium-sized enterprises have adapted comparatively well to the new conditions of communication and management. For example, 100% of the large enterprises and 97% of the medium-sized enterprises are already using the internet.

Opportunities for e-training are rarely used in Latvia's regions, and the lack of appropriate materials can be cited as the main obstacle. E-courses at the University of Latvia, which give students (especially part-time students) a chance to use teaching materials more often and more qualitatively, are a significant step forward in this area. However, there has been no significant and systemic groundwork done in continuous education and lifelong learning and thereby, the opportunities for inhabitants of Latvia's regions to improve their knowledge and skills diminish. In the enterprises of Latvia's regions, 87% do not use e-learning, 44% do not know what e-learning is (LITTA, 2005 c) while only 3% of enterprises indicate that they have had a negative experience with e-learning. Moreover, the utilisation of e-learning is explicitly dependent on the size of an enterprise as e-learning is used more often in larger enterprises.

The LITTA project *Latvija@Pasaule* (Latvia@World) could have a significant effect on the e-training of inhabitants in regions. The project will involve employees of small and medium-sized enterprises, individual entrepreneurs and inhabitants of rural areas. Particular attention shall be given to the training of the unemployed using European Union's EQUAL funds (see Box 2.24).

2.24
Box

EQUAL Project "Computer and Internet Use Training for the Unemployed of Latvia"

Project Period

January 2005 – December 2006

Budget of the Project

579 362 LVL

Target Audience

The unemployed who have no knowledge and skills in using computers and services available on the internet and those who have experience in using a computer but have not used internet services or performed transactions on the internet (EQUAL project).

The target audience also includes the inhabitants who wish to retrain who are under the risk of digital alienation; individual entrepreneurs of rural regions and employees of small and medium-sized enterprises (initiative of the LITTA project *Latvija@World*).

Partners

The Latvian Information Technology and Telecommunications Association (LITTA, the leading partner)
Krāslava District Council
Preiļi District Council
Valmiera City Council
Ventspils City Council
The State Employment Agency (the strategic partner)

Project Implementation

Development of training programmes
Development of training materials
Development of e-courses
Development of specification and testing procedures
Pilot-training

Source: 2005 Study of Human Capabilities in the Regions.

2.25
Box

From the Cēsis City Development Plan

Provide the city of Cēsis with quality high-speed data transmission networks.

- Promote and implement the education of city inhabitants in the field of information and communication technologies.
- Implement an e-government system in Cēsis in accordance with the Latvian national e-government model.
- Develop the webpage of the city of Cēsis as a website of local and regional importance, where it is possible to carry out various transactions and obtain necessary information.
- Establish a data transmission network for the local government and its institutions.
- Create and develop webpages for the local government institutions.
- Establish a centre of information and communication technologies of regional and national importance, which would serve both private and public organisations.
- Participate in the implementation of the unified information system project of Vidzeme local governments.
- Facilitate the establishment of public internet access points in Cēsis.
- Provide information and communication technologies for the creation of workplaces for people with special needs.
- Provide information and communication technologies to improve and further develop training and studies (e.g., video-conferencing equipment).

Source: 2005 Study of Human Capabilities in the Regions.

2.26
Box

Libraries in Latvia

2,065 libraries operate in Latvia:

- The Latvian National Library
- The Latvian Academic Library
- 878 public libraries (including 863 local government public libraries, the Latvian Library for the Blind with seven branches in Balvi, Cēsis, Daugavpils, Liepāja, Rēzekne and Ventspils and seven other public libraries)
- 52 special libraries
- 30 libraries of higher education institutions
- 984 comprehensive school libraries and 119 libraries of vocational education institutions.

Source: Library statistical data of 2004 aggregated by the Latvian National Library.

The attitude of regional enterprises toward the introduction of information technologies is most likely determined not only by a lack of resources but by the outdated views of managers regarding personnel development and an orientation toward local rather than new markets and opportunities. This is a rather significant risk because it can inhibit the future development of enterprises. As the different attitudes in large and small enterprises indicate, this creates a great threat to the future existence of small and micro enterprises and their development in the regions of Latvia.

These problems may be successfully solved by local governments' actions based on their visions and appropriate decisions. The local governments of Ventspils and Valmiera are active and determined, but many others are also ably facilitating these processes (see Box 2.25). Several local governments (Rīga, Cēsis, Ventspils and Jelgava) have

begun to introduce electronic information services; this could both improve the quality and accessibility of public services and increase public participation in the work of local government and administration.

Libraries are the most important providers of information resource accessibility in the regions. They serve not only as repositories of information but also as internet access points. There are 2,065 libraries in Latvia (see Box 2.26) distributed quite evenly across regions. However, inhabitants of Rīga and its vicinity benefit from the greatest number and highest quality library resources that are concentrated in the city. This includes collections of books and other publications, electronic databases that can be used in libraries and bibliography and information experts who can provide qualified consultations. This existing inequality in resource accessibility is partly minimised by the inter-library loan system, which provides the opportunity for library users

2.27
Box

The Project of the National Unified Library Information System (NULIS)

Expected total expenditure – 12,743,500 LVL

Expected period of implementation – by December 31, 2007

It is intended to procure more than 8,000 computer technology units

It is intended to install internet connections in approximately 500 libraries

The implementation of the NULIS project shall ensure the following:

- 1) **information search** by using not only traditional but also electronic search systems;
- 2) **ordering**, which offers alternative ways of document delivery for a price that is affordable to all inhabitants;
- 3) **delivery**, by not only the use of traditionally-printed information sources, but also by copy and electronic form for which the inter-library loan subscription system must be effectively utilised;
- 4) **information services**;
- 5) **creation of resources** – the local information resources of national cultural heritage (for example, databases of local history and culture) in electronic form;
- 6) **training of librarians**;
- 7) **user instruction** – preparation of users who are able to operate independently and can locate and use information resources by themselves.

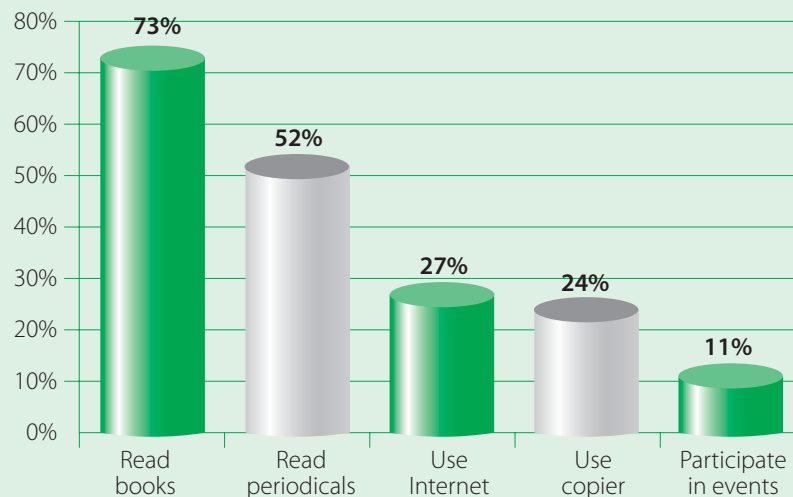
Source: 2005 Study of Human Capabilities in the Regions.

2.28
Box

Survey Results on Library Use

In the **Survey**, 39% of the population between 18–74 years of age declared that they use libraries. The majority of those users are aged 18–30 and are primarily those who are studying. People go to libraries in order to read books (73%) and periodicals (52%), use the internet (27%), use a copier (24%) and participate in events organised by the library (11%).

Library Services Used Most Often by Inhabitants of Latvia, %



Source: 2005 Study of Human Capabilities in the Regions.

in Latvia to receive information resources from any of the libraries across Latvia and also from abroad. The opportunities offered by libraries are expanding. For example, in 2003, the Library Information Network Consortium approved the Concept and the plan of implementation of the National Unified Library Information System (NULIS) (see Box 2.27).

The **Survey** indicates that people go to libraries for a wide variety of purposes (see Box 2.28). Libraries offer people opportunities to expand and facilitate their capability. However, people do not use these opportunities sufficiently. For example, they rarely visit libraries to use the internet (Information Society Survey). The possible reasons for this

include the lack of information about new opportunities and the lack of skills required to find education and information resources through the internet.

Community Information Environment, Support and Development Resources

Substantial opportunities for promoting human activity in the regions are related to the identification and utilisation of local community resources. The information environment of local communities, where the local media, educational and cultural institutions play an important role besides its immediate functions, maintains also the confidence of people and stimulates activity. In the past several years, partnerships have entered community life, consolidating common interests, contributing to the promotion of material well-being in the community and facilitating the participation, confidence and initiative of people.

In the regions, local media are notable competitors of national media and they are often used not only to obtain local information, but also national information. From the very beginning, local media in Latvia have been related to people's living spaces, i.e. their city or parish. All attempts during the past decades to create regional media that would cover a county or territories with common economic interests have been unsuccessful. Even though several television stations in Latvia are called regional, their content reflects mostly the city/town in which they operate and the surrounding territories. Thus, media strongly affect the perception of Latvian inhabitants regarding their living space and sense of belonging. It may be that territorial identity is one of the reasons hindering any administrative-territorial reforms in Latvia that are offered to people "from above."

Local media are markedly oriented toward the cultural life of the community and the daily life of individuals. Content analyses of regional newspapers show that this trend is characteristic of all counties. The newspapers of Kurzeme and Zemgale place information about Latvian State politics in a prominent second place position while Latgale and Vidzeme newspapers place such information in fifth and sixth places place, respectively. Local media also position their city/town and district (and its parishes) in the national context quite similarly. The State is removed, and local and State interests usually do not coincide or are so conflicting that newspaper texts more or less openly declare that State policy is unfriendly toward the local community. The State is framed only through the prism of power.

Local newspapers frequently differentiate between "our people" ("we" is used often in the texts) and "outsiders." People are usually referred to by name and by place of residence (an inhabitant of Cēsis, Rūjiena, etc.). Local newspapers are manifestly patriotic toward the territory they cover and write

very little about other territories of Latvia unless it has some bearing to local life, and these reports do not have clear positioning. Rīga is the only outside place described with its own identity – large, rich and distant. In mentioning Rīga, there is a slight taint of envy and jealousy discernable.

Prior to the 2005 local government elections, local media began reporting on the power of their local governments to influence the central administration. "Representatives of the remotest parish are able to articulate the needs and lobby for the interests of their local government in the Saeima and Government where party members are in charge of the distribution of State money. When meeting with party leaders, discussing at congresses and during unofficial visits, our local representatives are able to address the commonly held view that, "they, up there, do not understand us" by going up there to explain and prove our case." (Kurzemnieks, January 27, 2005).

Local media are an important factor in shaping community confidence, yet, possibly, they may not provide enough information to help people more critically evaluate the factors that reduce their capability and hold back community development.

Local government websites and homepages have evolved into an important information resource over the past years. In autumn 2005, the e-government website of Latvia, www.e-parvalde.lv, offered links to 30 local governments. The amount of resources committed to local government websites and homepages varies both by content and quality. The rapid development of websites is a characteristic trend in the past few years. Local governments are increasingly using the opportunity to provide people with a large amount of information available on the internet (territory development plans, local government development plans and their implementation, information regarding services provided by local governments, information about EU Structural Funds, announcements and news on area life, etc.). Links are also available to other organisations of a territory, local government and State institutions and enterprises. Discussions about various issues regarding territory development may be found on many websites, thereby giving opportunities for inhabitants to both express their views and to learn the opinions of other community members.

A risk exists that with the development of more local government websites, local governments may use such websites as instruments to increase their popularity; a trend which can already be observed in the public images fashioned by some local Latvian government leaders.

The school is the cultural and educational centre of rural local government and the source of its intellectual potential. In accordance with the Education Law, basic education has to be provided near the place of residence. A school is a local government institution, and local government is responsible for education within its territory and for

school maintenance. Since school financing and the State's earmarked subsidy depend on the number of students, small rural schools have insufficient financing as they have high maintenance costs when calculated per student (as much as twice as much in comparison to large schools). When classes are merged in small schools, the quality of education can, and often does, suffer.

A school also provides social services in rural districts. It is a place where a child eats a warm lunch and is safe for some period of time; often, especially in boarding schools, a child is also clothed and taken care of.

In eliminating small schools, the State presumably gains, but the local government does not as it has to settle school maintenance expenditures with other local governments, provide transport for children to get to school, cover boarding school expenses and allocate greater expenses for student catering, etc.

In general, by closing a school, a parish loses human resources, a cultural and education centre and a part of its local intellectual potential while the number of unemployed is increased as both teachers and technical employees lose their jobs. As a result local governments incur additional problems and strains on their budget. Tax deductions change, social benefits have to be paid and a way must be found to usefully manage the school building to prevent it from deteriorating.

The library has a similar role and fate in the life of a local community. The number of local libraries is decreasing as people leave rural areas for towns.

Even though during the past two years positive changes have indeed affected parish libraries, many premises are in poor condition – “the roof is leaking, the building needs

renovation, the layout of the premises is inconvenient, they are cold,” “the premises are small, located on the north side of the building, hence the sun never shines in,” “no water-supply, has an outhouse, library has 30 sq. metres of space at its disposal,” “no repairs have been done, the furniture is 30–40 years old, no equipment nor technology, nothing...” (from a survey of parish librarians in Jēkabpils, Jelgava, Liepāja, Limbaži, Madona, Ogre, Preiļi, Rēzekne, Talsi and Valmiera districts). The accessibility of a library is also an important factor, especially in rural areas and for elderly people and people with special needs. Many parish libraries deliver books to such people at home.

The draft of the Basic Provisions of Cultural Policy of Latvia for the period to 2015 outlines the road from library self-preservation to development (Ministry of Culture of the Republic of Latvia, 2005). One of the main positive changes is greater State and local government support to libraries. The initiative of library managers and active co-operation with local governments is of great importance (see Box 2.29).

The Valmiera integrated library project, begun in 2000, is an example of how, through the co-operation of various institutions, it is possible to optimally plan and utilise the financial and infrastructure resources of cultural and educational institutions. During the course of its implementation, a multi-functional education and cultural centre will be established in Valmiera, which will include the Administration of Vidzeme University College, some of its auditoriums, the Valmiera integrated library and a conference hall for joint use (Justa, 2005).

Many libraries have been moved to more appropriate premises or the existing buildings and premises have been reconstructed and modernised. In Ventspils, the most modern library in Latvia has been established.

2.29
Box

Changes in the Public Attitude towards Libraries and the Library's Attitude toward Its Own Development

“A change has taken place in public understanding in the sense that a very positive attitude has developed among local governments, the media and the public in general toward the library as a building, a place, a centre. In my opinion, this could be the greatest achievement of this year.” – *from an interview with Andris Vilks, the director of the Latvian National Library.*

The director of Ogre district's Laubere Library, Maiga Livčāne, has received support for more than 20 projects. She admits that there were many opportunities for projects, yet writing a good project is difficult and daunting. Maiga Livčāne attended several training courses. Her attitude was sceptical at the first training course: “This is not my style – to ask somebody for money, I won't do it.”

The projects prepared by Maiga Livčāne established an internet access point in the Laubere Library in 2000, set up a room to conduct activities for pre-school children and their parents and purchased technical equipment such as a home cinema, a digital camera and a video camera.

Source: 2005 Study of Human Capabilities in the Regions.

Parish libraries also operate as cultural centres, information centres, interest clubs, museums, social centres, adult education centres, family centres and women's clubs. Local (parish) newspapers are prepared in libraries. In a parish, the library is one of the main institutions able to influence the social environment.

One of the trends in library activity that has been particularly current in recent years is study of local history and cultural heritage. This activity has expanded greatly and its quality has improved owing to the activities of the Latvian Society of Librarians, training classes, seminars and the target programme "Support of Co-operation of Libraries, Archives and Museums in a Digital Environment" administered by the State Agency "Cultural Information Systems." In this way, communities facilitate participation, gain self-respect and create resources for education and development and promotion of tourism. Many libraries (for example, the Central Library of Balvi district, Cēsis Central Library, Gulbene Library and Jelgava Scientific Library) have established high quality electronic local history databases, which are accessible on the internet and increase the total information resources about Latvia on the Internet.

Partnership Principle for Community Development

Partnership is a significant human development and human capability resource because it unites various actors (state

institutions, local governments, enterprises and individuals etc. from various fields and with differing interests) and creates an opportunity for them to put their experience, resources and ideas into practice and turn them into results. In addition to material values, partnership also generates social contacts, mutual learning and the aggregation of experience and, as a result, facilitates human motivation, belief in one's own ability, initiative and understanding of development issues.

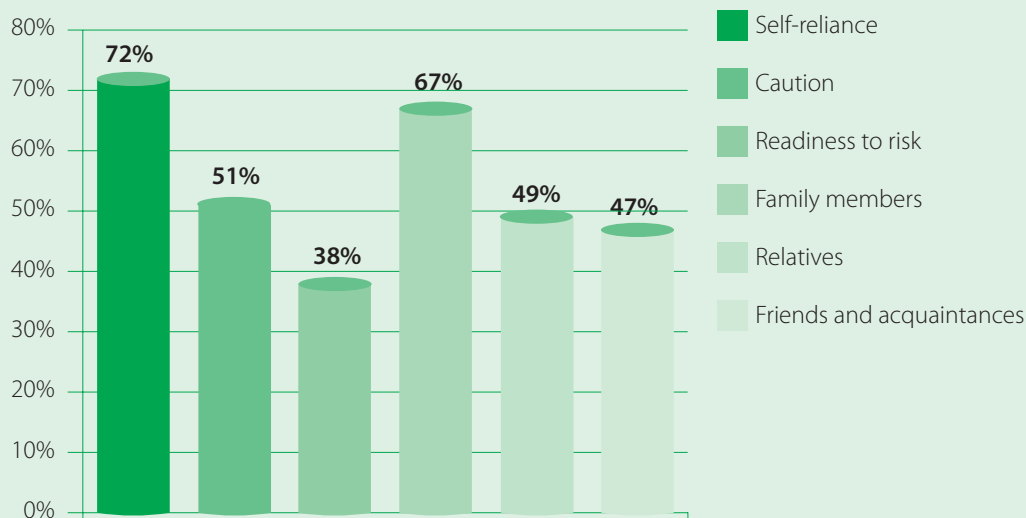
According to the **Survey**, people link factors that promote the ability to act and achieve their goals and intentions to individual characteristics such as self-reliance, caution, readiness to risk and social ties with family members, relatives, friends and acquaintances (see Box 2.30).

This assessment relates to the study of human security undertaken in the **Latvia Human Development Report 2002/2003**. People acknowledged that they have greater belief in and look for support in the social networks they themselves have established and place less hope on State institutions, local governments or non-governmental organisations. In the **Survey**, only 6.8% of the respondents cited State institutions as a capability-increasing agent while 11.8% cited local governments and 9.4% cited public or non-governmental organisations.

People in Latvia's regions do not feel sufficiently confident in their own abilities to influence development and decision-making processes in the local communities, local governments or those on a larger scale. The areas in which

2.30
Box

Factors That Facilitate Individual Capability, %



Source: 2005 Study of Human Capabilities in the Regions.

2.31
Box

A Study of Latgale's Rural Partnerships

Three communities which developed and implemented their projects with full or partial partnership financing were selected for the study.

- The aim of the partnership community "Aicinājums" in the Šķilbēnu parish of the Balvi district is related to the acquisition of knowledge and the search for new activities and employment opportunities for the parish. The community organised training courses and excursions in order to obtain experience in non-traditional agriculture.
- The partnership community based in the Lendži parish of the Rēzekne district unites farmers and other interested persons from many parishes in the Rēzekne, Preiļi, Ludza, Madona and Krāslava districts and deals with the organisation of training in organic farming (especially beekeeping), the promotion of organic farming and the exchange of experience and education. This community also organised training courses.
- The youth community in the Liksnas parish of the Daugavpils district is characterised by the initiative of young people in the parish who have united in order to organise their own leisure time and that of parish inhabitants. For young people, uniting in a community within the partnership framework was alternative to establishing a non-governmental organisation, which they perceived as too bureaucratic and associated with a series of formalities and annual reports.

Interviews with community leaders and participants and a survey of community members indicated that the initiative of local people is very significant in rural development and the operation of partnerships. Whether or not many ideas will be implemented depends on the activity of local leaders. People are ready to participate in the improvement of their quality of life only if they see real results. In cases when these results cannot be achieved quickly, the activity of a leader and, in many cases, their untiring urging, rallying and belief in success are key to mobilising and involving other people.

Community members admitted that they have joined the partnership activities to gain new knowledge and experience and to jointly implement that which they are unable to achieve alone. The fact that community members motivate other inhabitants of the parish to participate, and in doing so expand their capability, is positive.

People assign importance to the positive assessment of their activities both within the community and in the eyes of their neighbours. The surveyed people admitted that their family members and the inhabitants of the parish mostly see their involvement in the partnership as positive. However, people do admit that "when we meet, we almost always exchange a word or two, but there simply is not enough time for greater trust and for getting to know the other person because unfinished tasks await everyone at home," "here in Latgale, neighbours are envious if you have involved yourself in something," "contacts within the group are weak, we meet only with the people of our own parish."

When asked how to improve the operation of the community, people mentioned that greater interest and activity on the part of group members, greater financial support from the outside, frequent group meetings and greater activity by the group leader are all necessary.

* * *

"It was interesting to observe how people opened up, became more active and generated ideas in the implementation of new projects during the training process even though they were strangers to each other not long ago (it is common that people do not know their own neighbours) and became friends. During the training process, we devised the plan to establish a Rēzekne Division of the Association of Latvian Organic Farming Organisations. [...] During this year's training, there were comparatively many farmers from Bērzgales parish. I think that this is due to the fact that the first graduates of the training were from Bērzgale. Four people from Bērzgale participated in the first training while in the second there are already 11 inhabitants from Bērzgale."

Sandra Sprūga

Lendži community leader

Source: 2005 Study of Human Capabilities in the Regions.

they feel more responsible and influential are their own professional career, education, family and leisure time. While people in regions recognise that their own actions can, to a great extent, affect their quality of life and the development of the local territory, they do not do enough to achieve these ends due to a lack of necessary skills or initiative. The people surveyed admit that the most significant obstacle to starting up their own business is the lack of knowledge and initiative. Often people expect initiative from others, they would gladly get involved in some activities, provided that someone else takes charge of organisation, attracting funding and writing projects, etc. This "someone else" is usually associated with some parish inhabitant or local government employee who is ready to sacrifice much of his or her free time and energy to look for like-minded people and urge parish inhabitants and institutions to co-operate.

This can also be observed in the operation of rural partnerships in Latgale, especially during their initial phase. Rural partnerships in three districts of Latgale (Daugavpils, Rēzekne and Balvi) were established within the framework of the programme financed by the government of Great Britain from 2000 to 2003. Its purpose was to develop a strategy in each district for the reduction of social exclusion and poverty and to implement community projects based on these strategies. The partnerships united various rural development actors such as local governments, entrepreneurs, farmers, local inhabitants, etc in their activities.

Putting the partnership principle into practice in broader society has been one of the project's most significant results. The partnerships currently continue their activities, and their boards have registered as public organisations (see Box 2.31).

The libraries of Latvia also frequently adhere to partnership principle. The co-operation of the North Kurzeme libraries of Ventspils, Talsi and Kuldīga has been highly successful. Initially, this co-operation developed within the framework of the National Unified Information System pilot project "The Electronic Resources of the North Kurzeme Libraries." Resources were also obtained for the reconstruction of the Ventspils Main Library building, the detail design and preliminary design of the Talsi Main Library and for repairs to the Ugāle Library.

In Selonia, the three districts of Aizkraukle, Jēkabpils and Ogre have created a joint project "Daugava Unified Information Network," which ensures access to electronic library catalogues, databases and local government documents from all three districts. In Vidzeme, eleven libraries are united in the project "Salaca Libraries".

In many areas, libraries have consolidated a wide network of co-operation partners including public and non-governmental organisations, political organisations, religious

organisations and business organisations (listed in the order of frequency of the responses of parish librarians).

Human Capability in the regions depends greatly upon the initiative and activity of local leaders. Such people are a wealth and resource of the region because it is their capability that influences whether or not new opportunities will be sought and used.

Conclusion

In Latvia, inequalities can be observed in the economic and social development of regions leading to the marginalising of regions and differing conditions for human capability.

The legislative basis for regional development has been established in Latvia. The co-ordination of regional development issues is centralised, and the managing institution responsible for these issues is the Ministry of Regional Development and Local Governments (MRDLG). However, communication and co-ordination between the MRDLG and other ministries, with State institutions, regional institutions and local governments and with society, is insufficient. **The essence and future prospects of regional development are not clear to a large part of society, and this hinders the formation of a common understanding and consolidation of resources.**

Local governments have growing importance in regional development and politics. However, the fragmentation of Latvia into small local governments (by territory and/or population) and the limited financial autonomy of local governments diminish the opportunities for them to act. **Many local governments are unable to draft territory development programmes and territorial plans.**

Administrative-territorial reform in Latvia is proceeding slowly. In the process of merging local governments, economic gains provided by the increase in population must be balanced with the preservation of community integrity and identity. At the moment, there are no effective agents of development planning at the regional level. The potential of planning regions has been exhausted, **and now the implementation of regional reform is topical in Latvia.**

The EU Structural Funds are available in Latvia. While these resources are allocated in the form of project competitions, aid schemes and Structural Fund national programmes, no mechanism has been created that would prioritise regional development on a national scale.

The accessibility, diversity, and quality of education and its adequacy for the labour market are most relevant for the expansion of human life-activity opportunities. **The basic problem of the Latvian education system is the inefficient utilisation of resources and the lack of uniformity of education accessibility and quality**

in the different regions of Latvia. Vocational education is one of the EU priorities in human resources, and the accessibility of such education in Latvia is balanced. During the past years the opportunities for adults, young people and children with special needs to acquire a vocational education have considerably expanded.

Levels of accessibility of higher education in Latvia differ. The majority of higher education institutions are concentrated in Rīga; the capital also has the most diverse supply of education programmes. The commercial interests of educational institutions rather than the development policies of regions, influence the development of higher education in regions.

Even though the accessibility of information resources, computers and the internet is improving, **the level of information accessibility and information literacy in Latvia is uneven.** A large part of entrepreneurs and employers in the regions underestimate the importance of information technologies and the information literacy of people. This may endanger the possibilities for the existence of small enterprises and diminishes human life-activity opportunities. The opportunities provided by e-learning are little used in Latvia's regions.

Local media are very important in the information environment of the inhabitants of Latvia's regions, who often use them in order to obtain information not only about local events but also processes in the country. **Local**

media facilitate the maintenance of local identity and community confidence, but they are not always sufficiently constructive in stimulating people to action.

Several local governments (Rīga, Cēsis, Ventspils and Jelgava) have begun to introduce electronic information services and other services. This will not only provide an opportunity to improve the quality and availability of public services, but it will also increase public participation in local government work and administration.

Educational and cultural institutions play a significant role in the promotion of human life-activity opportunities in local communities because such institutions maintain people's confidence and facilitate the attraction of resources. Partnerships can consolidate interests, contribute to the promotion of community well-being and facilitate participation, confidence and initiative.

The role of libraries in the life of rural communities is expanding. Cultural centres, information centres, interest clubs, museums, social centres, adult education centres, family centres and women's clubs operate in parish libraries. Participation in special programmes of the State Culture Capital Fund has provided significant additional financing for library activities.

Capability in regions greatly depends on the initiative and activity of local leaders

Calling Card

Rīga Planning Region



Rīga region takes first place in the country regarding all development indicators, except for changes in permanent residents. But the high territory development index is due to the high GDP level in Rīga city. Rīga region is both a national and international transport hub, crossed by six railroad lines and eight highways; it has sea and river ports and an international airport. This is a capital city, where all State administrative institutions are concentrated; it is a centre of finance, education, culture and health care. Rīga is often called a 'waterhead'. The city is ever expanding, and like a magnet it attracts people from not only the region, but the whole country, offering better-paid jobs and better living opportunities.

People in the Region

The population in the Rīga region is decreasing slowly, partially due to a negative balance of mortality and birth rate.

In 2001, there were 1,115,151 people living in the Rīga region, 756,627 of them – in Rīga. In 2004, the population was 1,098,524 people, of which 735,241 lived in Rīga. The natural growth rate in the region in 2003 was –4.1 per 1,000 inhabitants, and it is higher than the average in Latvia (-4.9).

In terms of area, the region is the smallest in Latvia (**10,441.6 sq. km**), yet it has the largest population and density (105.2 persons per sq. km) (2004). 47% of the total inhabitants of Latvia live in this region. The majority of inhabitants (84%) live in cities. The region has two republic cities. Rīga is the most densely populated city, with 2393.4 persons per sq. km. In Jūrmala, the population density is the lowest among republic cities – 555.1 inhabitants per sq. km. Among districts, the lowest population density is in Limbaži district (15.1 inhabitants per sq. km), the highest – in Rīga district (47.9).

Rapid urbanisation is taking place in the vicinity of Rīga, depleting the environment without managing to develop infrastructure, due to which the quality of life of the inhabitants is decreasing. In the remote parts of the region, in turn, the population is decreasing and development is declining.

The region has the lowest demographic burden (the number of dependants, children and retired persons per 1000 inhabitants) in Latvia – 565. Here, 63.9% of inhabitants are of working age, below working age 14.1%, but 22.0% are over working age.

In the beginning of 2004, 51.3% Latvians, 35.4% Russians and 13.3% other nationalities lived in the Rīga region.

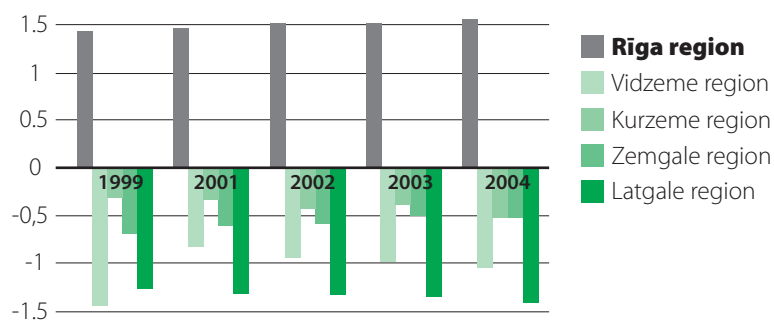
Work and Life in the Region

The Rīga region has the lowest unemployment level in the country – 5.1%; the highest average earnings: gross average wage in 2003 was 213.31 lats (slightly higher in Rīga city – 222.49 lats). The region has the most intensive construction rate of private houses in the country.

In 2002, the GDP per capita in the region was 143.8% of the average value of this indicator in Latvia.

As the education centre of the country, Rīga attracts youth from across Latvia. The majority of higher education institutions are located there.

The Development Index Weight of the Planning Regions in 1999–2003





Human Capability – For Personal and Public Benefit

3

Chapter

Introduction

Differences of Economic Activities in the Regions

Development of Entrepreneurship

Employment: Realisation of Human Capability in Labour Market Relations

Political Capability of Local Governments

Political Parties and Local Governments

Non-Governmental Organisations

Culture Capability

Conclusion

Human Capability – For Personal and Public Benefit

Introduction

Why do some territories develop while others sink into depression? How do people, by using local resources, turn opportunities into capability – economic, socio-political and cultural activities? The purpose of this Chapter is to look for answers to these questions by studying how human capability is realised in specific areas. The human capability is individual's ability to utilise the opportunities for social activity offered by society.

Expansion of Human Capability in human development is used as a development indicator. Capability is characterised by an individual's freedom to choose various opportunities for activity, and it is manifested in all areas of life – economics, politics and culture. Economic capability is realised through people's economic activities, i.e. entrepreneurship, the ability to find one's place in the labour market either as a self-employed person or a paid employee. In the national economy, capability is primarily expressed as the entrepreneurship of the State or its inhabitants, which, generally, is understood as continuous and systematic economic activity with an intention to earn a profit, realise oneself and be independent. The economic actions of specific persons are also characterised by self-employment and paid labour.

Political capability is realised through an individual's activities in public self-government and organisation. It is implemented most visibly in the operation of local governments and non-governmental organisations. Culture is also a significant area of capability implementation.

Differences of Economic Activities in the Regions

There are considerable disparities in living environments and opportunities for economic activity in the regions of Latvia. Differences can be observed in the uneven economic development and activity of territories, in the levels of employment and personal income and in the conditions of social and cultural life.

The uneven economic development of regions and territories has historically evolved due to the influence of following objective and subjective factors which determine the economic capability of a region:

- historically developed traditions of entrepreneurship, structure of sectors, administrative divisions;
- the ethnic composition of the population, the different

- ethnic mentalities and historical experience;
- prolonged existence within the economic complex of a large state;
- the legacy of the planned economy, which is manifested as both the planning of production and territories in the interests of this complex and the denial of private property and private initiative of individuals and which has generated among people an excessive reliance on the state, unwillingness to take initiative, inability to adapt to rapidly changing conditions, etc.;
- the geopolitical situation – geographic position, borders and relations with the neighbouring countries, the available natural resources;
- the environment for entrepreneurship – infrastructure; conditions for starting entrepreneurship; State policy and priorities in the development of specific sectors, special economic zones, tax incentives, EU regulations, etc.;
- varying distances from markets and transport links and the transport and communications expenditures related thereto, the development level of the remaining infrastructure;
- the demographic situation – demographic burden, gender and age distribution in cities and rural areas, the potential situation of the labour force in the future;
- education – Do the population's education and qualifications correspond to labour market demand in the region? Is the labour force leaving for other regions;
- population mobility opportunities;
- personal characteristics of the inhabitants – initiative, readiness to take risks and responsibility, willingness to work not only in the interests of oneself or one's family but also for the good of the broader society;
- the social capital of inhabitants – social networks, trust, institutional norms (both formal and informal), which foster co-operation, a sense of security and assistance.

The structure of sectors differs slightly in the planning regions. All regions are dominated by enterprises from the trade and repair sector which make up roughly 41% of all economically active enterprises in Latvia. In rural areas, shops often are the only enterprises that provide services. The proportion of industrial enterprises is greatest in Vidzeme and Latgale. The largest proportion of the hunting, forestry and fishery sector is in Vidzeme and Zemgale while the smallest is in the Rīga region and Latgale. In Rīga region, real estate operations and other commercial services (see Box 3.1) make up a large proportion. With the exception of agriculture, hunting, forestry and fishery, the majority of enterprises in all sectors are concentrated in Rīga region. The majority of the active enterprises of the entire country are located in the Rīga region in such fields of activity as real estate operations, rentals, other commercial services and construction.

Distribution of Economically Active Enterprises by Types of Activity (NACE*) in 2003

Planning region	AB	CDE (Incl. D)	F	G	H	I	K	Other
Rīga	425	3594 (3461)	2014	12 233	1487	2141	6178	2731
Vidzeme	252	546 (477)	147	1390	152	188	282	272
Kurzeme	269	601 (548)	247	1859	226	362	473	352
Zemgale	200	470 (414)	182	1400	162	208	316	255
Latgale	120	554 (517)	171	1801	161	232	359	288
Total	1266	5765 (5417)	2761	18 683	2188	3131	7608	3898

A – agriculture, hunting and forestry

B – fishery

C – mining industry and quarry development

D – processing industry

E – electricity, gas and water supply

F – construction

G – wholesale and retail trade, repairs of motor vehicles, motorcycles, personal goods, household appliances and equipment

H – hotels and restaurants

I – transport, storage and communications

K – real estate operations, renting, computer services, science and other commercial services

* *NACE (Nomenclature Générale des Activités Économiques)* – a general classification of economic activities functioning within the European Union.

Source: Central Statistics Bureau of Latvia, 2004 b, 54.

The economic capability of inhabitants is manifested, firstly, in the service sectors. This sector provides the most opportunities for establishing small enterprises with lower capital investments and for creating jobs. To strengthen the economic competitiveness of the country, it is important to promote the development of enterprises in the manufacturing sector, especially industry. This is not possible without State support.

The economic development of the regions is also affected by the fact that inhabitants feel affiliated to their place of residence. The more a person feels affiliated to some territory, the more he or she will be interested in and participate in its development. The **Survey** indicates that people throughout Latvia feel most closely affiliated to their parish, village and city/town as well as to Latvia in general. Affiliation to the region is described as “medium close.”

One cause of many development problems in the regions is inconsistent regional policy. The shaping and implementation of the sectoral policy is uncoordinated and is not aligned with the development priorities of the planning regions. Additionally, State operations are

not harmonised with EU regional development support instruments. The development of the regions is also impeded by the slow process of creating counties resulting in a large number of economically and administratively weak local governments unable to perform all of their functions. Even though the support offered by local governments for local initiatives is small, it could play a major role in the promotion of economic development (see Box 3.2 on p. 83).

In market economics, labour force mobility plays an important role in territorial development. In Latvia, labour force mobility between similar territories is relatively low due to an insufficiently developed market for real estate and rentals, the lack of a developed inter-regional network of public transportation and insufficient information regarding job vacancies. At the same time, mostly young people from weakly developed regions move to work in Rīga, other larger cities, and, lately, also to other countries of the European Union. Thereby, the economic capability of these people is expressed as they find opportunities to break out of their environments, work, earn more and provide for their families. Meanwhile, the situation in those areas

Scramble Out of Stagnation

The Call-Centre of the publishing-house “Business Information Service” (LID) in Valka can be considered the first fruit of cooperation between the Town Council and entrepreneurs from Rīga. However, experts point out that the trend to set up jobs in the regions of Latvia, excluding Rīga, is increasing because entrepreneurs find cheaper premises, a lower level of wages and more motivated employees in the regions. Employers admit that the choice of location is significantly influenced by the initiative and responsiveness of the local government. The Chairman of the Valka Council, Vents Armands Krauklis, arrived for the opening of the LID Call-Centre on Monday from his vacation. “This is a reward for the work of previous years, and I had to be here,” the Chairman of the Council says with satisfaction.

Aiva Viksna, the executive director of LID, in speaking about the selection of a location for the contact centre, emphasizes the importance of personal contacts and the strong interest and obliging attitude of the local government. “Our people participate in both the finding of premises and talks with the builders in order to agree on the best price for the repair of the premises,” notes the Chairman. In addition, the Council, in order to stimulate the interest of entrepreneurs, has spoken about the placement of workplaces in the border-town in several entrepreneurial forums. Vents Krauklis recalls that two more entrepreneurs have shown interest in Valka as a place for locating call and data processing centres. In the case of a positive outcome of the negotiations, Valka will acquire about 30 new jobs.

“Premises similar to those in Rīga can be rented here five times cheaper,” the Council Chairman estimates. Additionally, the wage level in the regions of Latvia is also lower than in the capital. “The trend to move production units outside Rīga can be explained by increasing prices of real estate in Rīga and the Rīga district, labour force costs and local government responsiveness,” says Elīna Egle, the director general of the Latvian Confederation of Employers. “Moreover, if services are provided by utilising new technologies such as the Internet, then there are no transport expenses either,” she adds. Vents Armands Krauklis also emphasises that “with modern technologies, there are no more obstacles.” Two large optical cables cross Valka. “This offers unlimited opportunities of internet services, even if an enterprise is thinking of increasing its capacity considerably.”

Source: Firere, 2005.

which people are leaving is worsening as the demographic structure is changing. The proportion of active and capable inhabitants is shrinking, especially in rural areas, where retired people and socially marginalized inhabitants (alcoholics, etc.) remain. A vicious circle is formed in which existing enterprises lack not only skilled but also unskilled employees and the conditions for establishing new enterprises fail to materialise (see Box 3.3 on p. 84).

The socio-economic indicators are indicative of disparities in the development of Latvia’s regions and of the dominating role of the Rīga region in the entire country. Moreover, only in the Rīga region does the trend of the territory development index reflect an improvement in the situation. The ranking of the regions has remained constant since 1999 (see Box 3.4). Will such a situation continue indefinitely? Is a rapid improvement of the situation in, for example, the Vidzeme region not possible? Often the situation in the regions is significantly affected by the State sectoral development plans and even the development plans of some enterprises. In many sectors of the national economy (e.g., in wood-processing, milk-processing), the development plans of large enterprises extend beyond the limits of regions (see Box 3.5 on p. 85).

All in all, it can be concluded that entrepreneurship, a developed infrastructure and socially and economically active inhabitants are the basis for the economic development in the regions.

Development of Entrepreneurship

The distribution of enterprises by districts in Latvia also indicates that the situation in this area conforms to the general economic situation; since regaining independence more than a half of all enterprises have been established in the Rīga district.

The Enterprise Register lists approximately 140,000 unliquidated enterprises. Among these are both active enterprises (approximately 50,000) that still operate and enterprises which no longer operate but have not yet been re-registered in the Commercial Register. The districts (including the large cities) with the greatest activity are the Rīga district (in which two thirds of the Register’s unliquidated enterprises are economically active) and the Daugavpils district (in which roughly one half are economically active). The districts with lower activity (less active enterprises) are Alūksne, Balvi, Bauska, Dobeles, Kuldīga and Preiļi districts.

3.3
Box

Problems of Entrepreneurship Development in Rural Areas

The low quality of labour resources is one of the most important problems with developing entrepreneurship in rural areas. Rural entrepreneurs (commercial farmers) often cannot entrust potential employees with highly productive domestic animals (i.e., employ them in livestock farming) or cultivated plants (i.e., employ them in crop farming) or expensive and highly efficient equipment that has to be used in modern agriculture. This impedes the proliferation and development of strong farms.

As a result of the agrarian reform implemented in Latvia, tiny land properties were acquired by a great number of heirs who neither knew nor were capable of using the land for agriculture appropriately. Therefore, **very large areas of land are still not being managed in Latvia**, and they are rapidly declining.

A large part of those farmers and household farm owners who use the land are doing so on a very low professional level. Therefore, the harvests and the productivity of domestic animals are awfully low.

The processing industry for agricultural produce is also **very fragmented**, and this hinders efficient utilisation of resources and reduces the overall competitiveness of the sector. It is also one of the factors that helps the entrepreneurs of the neighbouring countries to expand their food market share in Latvia.

The majority of Latvian rural farms have **very low labour productivity**, which is why the ratio between the proportion of people employed in agriculture and the proportion of the added value of agriculture, in total, is dramatically low, and it differs considerably from the respective macro-economic indicators of the developed states. This, inevitably, will contribute to the steady decrease in the number of farms.

Many small farms and small-scale farms also try to produce goods, yet their quality is low because the production of the goods takes place on an insufficient technological and sanitary level and without the necessary equipment and machinery. This is possibly one of the main reasons why the number of farms that produce a specific product (most often milk) for sale is decreasing.

Kazimirs Špoģis,

Professor at Latvian University of Agriculture

Source: 2005 Study of Human Capabilities in the Regions.

3.4
Box

Development Indices and Ranks of Planning Regions

	Development Index					Rank				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
Rīga region	1.427	1.443	1.477	1.475	1.540	1	1	1	1	1
Kurzeme region	-0.320	-0.333	-0.416	-0.385	-0.535	2	2	2	2	2
Zemgale region	-0.685	-0.624	-0.580	-0.511	-0.541	3	3	3	3	3
Vidzeme region	-0.787	-0.821	-0.936	-0.986	-1.046	4	4	4	4	4
Latgale region	-1.263	-1.327	-1.317	-1.358	-1.396	5	5	5	5	5

Source: The National Regional Development Agency, <http://www.vraa.gov.lv>; see also: Bauere 2004, 37.

3.5
Box

“Latvian Plywood”

The economic capability in one region may substantially affect the economic activity of another region, especially in the case where networks of enterprises are formed. A good example in the field of entrepreneurship and employment is the joint-stock company “Latvian Plywood.” This wood-processing company is one of the largest employers in the private sector as well as one of the largest taxpayers to the State budget. Even though the company is based in the Rīga region, it fully or partially owns enterprises in other regions of Latvia as well (wood-processing mills in Rīga and the Rēzekne district, a tree nursery in Krimuldas parish, production units in a forestry in Ludza and in a forestry in Liepāja). “Verems, Ltd.” is one of the largest mills of this network (50% is owned by “Latvian Plywood”). It is located near Rēzekne, it is the largest employer in the district (employing more than 500 employees) and produces 25,000 cubic metres of timber products a year. “Latvian Plywood” intends, by also attracting EU resources, to build a new mill in the Rēzekne district with even greater capacity (expected to be around 60,000 cubic metres of timber products), which would provide the local inhabitants with new jobs (www.finieris.com).

With employment growing, the economic capability of local governments will also rise because revenue from personal income tax will add to the local government budget. Similar examples can also be found in other sectors of the national economy, for example, in the food industry (milk processing enterprises).

Source: 2005 Study of Human Capabilities in the Regions.

This assessment suggests certain regional trends even though some districts such as Bauska and Kuldīga (where the absolute number of active enterprises is comparatively high) do not always conform to them.

The process of establishing enterprises characterizes the capability of inhabitants in entrepreneurship. The early 1990s saw a boom of enterprise establishment, when the market economy was restored and private initiative could be expressed. Even during that period it was clear that the establishment of enterprises was more concentrated in specific districts and regions, e.g., Rīga, Liepāja, Cēsis, Daugavpils and Tukums districts. Of course, it should be taken into account that the strong activity in cities tends to positively influence the standing of the district in which they lie.

Considerably fewer enterprises were established after 2000. Most of these enterprises were established in the Rīga, Daugavpils, Liepāja and Jelgava districts in 2004. Interestingly, more enterprises have been established in the Daugavpils district than in any other district even though the Latgale region is generally characterised by profound economic stagnation.

The development of entrepreneurship is impeded by the following:

- inhabitants lack sufficient understanding of market processes, trends, structural changes and the management of a start-up entrepreneurial activity;
- there is a shortage of premises appropriate for entrepreneurial activity, and infrastructure is underdeveloped;

- there is a shortage of resources for the initial capital and expansion of entrepreneurial activity;
- it is difficult for small enterprises, especially those that are newly-established, to receive loans if they have insufficient collateral and no credit history;
- entrepreneurs lack knowledge regarding high quality preparation of projects;
- the opportunities for external financing are hindered by inadequate assessment of security;
- insufficient current assets prevent the opportunity to seek business consultations; and
- knowledge is insufficient in order to compete in external markets.

For the most part, these conditions are not territory-specific, with the exception of the infrastructure situation and, perhaps, the differences in education levels, as they exist throughout the country. Therefore, targeted investments in the development of infrastructure, especially in areas where it could facilitate entrepreneurship (see Box 3.6), are important. In particular, communications and transport infrastructure should be developed as a priority.

Entrepreneurship in Latvia is dominated by the private sector (see Box 3.7 on p. 87). In 2003, only 2.1% (in 2002, 2.4%) of all the economically active enterprises in the country belonged to the public sector. The situation is slightly different in regions. In the Rīga region, where the majority of all enterprises are located, the proportion of public sector enterprises is the lowest – 1.4% while in the other regions, these indicators are higher. The functions of the public sector enterprises have to be ensured evenly in every region.

LEADER Programme

It is very difficult to stir parish people into action and decision-making, yet our initiative group has established a tourist information booth in the parish centre and has installed wooden street name-plates, says Laima Indriķe, the leader of the Skaistkalnes parish initiative group in the Bauska district. For several years now, seven or eight parish inhabitants meet in an initiative group, and co-financing is sought from national as well as European Union programmes for the ideas generated within this initiative group.

It is such initiative groups, which have developed in several parishes in Latvia, that the Ministry of Agriculture (MA) considers the most effective means for stirring rural inhabitants into economic activity and acquiring EU funds. It is expected that the EU programme LEADER, which will support the formation of such groups and projects worth up to 5,000 LVL, will be operating as of September.

"I will encourage people to use the training opportunities first and only then apply with projects because projects should be of high quality and well thought out," believes the head of the Bauska Consultation Office, Eleonora Maisaka, who participates in the formation of district initiative groups. Within the framework of the programme LEADER (the abbreviation of which in French means a targeted community initiative for rural development), it will be possible to obtain financing for small projects and for training.

LEADER will support projects such as preparing teaching materials, drafting development strategies and informing and educating the public. It will enable the implementation of infrastructure projects. "It will be possible to install internet points. An entrepreneur will not be allowed to buy a worktable for this money, but he will be able to build a small bridge to make work easier and facilitate movement for other parish inhabitants," explains E. Maisaka.

The small projects implemented within the LEADER framework will not require the co-financing of the implementer. Each project will be fully financed by the EU and from the national budget according to the Ministry of Agriculture. In total, 1.4 million lats have been "reserved" within the LEADER programme.

Ņina Rakstiņa, director of the Ministry of Agriculture Rural Development Department, believes that initiative groups have good prospects in activating the local population. "They will develop a strategy, formulate what they wish to achieve and write projects," she says and adds that initiative groups will not simply wait for new enthusiasts to join them but will instead do outreach themselves and invite people to get involved. Laima Indriķe points out, though, that rural inhabitants are often sceptical and "can be stirred only by bringing everything to them on a silver platter."

Until the LEADER programme has commenced, parish agricultural consultants can provide the latest information regarding EU and national support programmes. As of April 2005, 509 parish consultants were operating in nearly all the parishes in Latvia. Farmer representatives are not unequivocal in their assessment of the consultants' work. They point out their lack of knowledge and education while admitting that it is good that they are there in the parishes at all. Consultants are financed from national agricultural subsidies. 700,000 LVL were allocated in 2005, and a 50% increase is projected for 2006. Ņina Rakstiņa is convinced that consultants will live up to expectations because 10,000 more farmers have already applied for direct payments in the current year.

LEADER programme

- Total financing – 1.389 million LVL
- Project ceiling – 5,000 LVL
- Goals: to train 450 people, organise 650 seminars, implement 150 projects

Description based on publication in daily *Diena* by Evija Ercmane.

Source: Ercmane, 2005.

3.7
Box

Economically Active Enterprises

Planning region	2002			2003		
	Total	Public sector	Private sector	Total	Public sector	Private sector
Rīga	28 547	457	28 090	30 803	427	30 376
Vidzeme	3079	132	2947	3229	121	3108
Kurzeme	4243	140	4103	4389	129	4260
Zemgale	3069	161	2908	3193	147	3046
Latgale	3596	142	3454	3686	131	3555
Total	42 534	1032	41 502	45 300	955	44 345

Source: Central Statistics Bureau of Latvia, 2004 b, 54.

The dominance of Rīga is clear. Overall, 67% of all the economically active enterprises in the country are located in the Rīga region. This fully corresponds to the general territorial differentiation in economic activities. 63.6% of the economically active inhabitants operate in the Rīga district (together with the cities of Rīga and Jūrmala), but the proportion of permanent residents of the district is 38%. In comparison to other districts, the entrepreneurial activity of inhabitants of the Rīga district is highest.

Employment: Realisation of Human Capability in Labour Market Relations

The interaction of all the labour market elements – in which employers, employees and all public and private institutions are involved – determines the employment situation. Employer-employee relations exist within specific

areas, sectors and enterprises. In each specific case, finding, obtaining, keeping or losing a job has its own peculiarities. How does the proportion of supply and demand look in the Latvian labour market in general and in each region of Latvia in particular? Are people able and willing to influence this situation?

In Latvia, processes occur which reflect dissatisfaction with the opportunities offered by the labour market on the part of both employees and employers. Employees are increasingly leaving to search for jobs abroad while employers are looking for a cheaper or more qualified labour force outside Latvia.

If the opportunities offered by the labour market are not satisfactory, an individual can also try to influence them without leaving his or her place of residence. Both the employee and employer can change their sector of activity. An employee may also change his or her status in the labour

3.8
Box

Economic Activity Level of the Population in the Planning Regions of Latvia in 1999–2004, %

	1999	2000	2001	2002	2003	2004	Changes 1999/2004
Latvia total	57.9	56.3	56.6	61.8	62.0	63.5	+5.6
Rīga region	59.9	58.8	58.5	65.0	66.0	67.3	+7.4
Vidzeme region	60.5	58.2	57.4	65.1	59.1	59.5	-0.5
Kurzeme region	57.7	55.0	55.4	60.5	60.7	62.9	+5.2
Zemgale region	56.6	56.5	56.5	58.9	59.8	58.5	+1.9
Latgale region	51.9	48.8	50.9	55.5	54.6	54.3	+2.4

Source: Central Statistics Bureau of Latvia, 2004 b, 54; Source: Central Statistics Bureau of Latvia, 2005 b. .

market, i.e. become self-employed or an entrepreneur. Both individual wishes and abilities and State policy determine, to a great extent, how many options an individual has in a specific situation.

Employment characterises the action of inhabitants, but the proportion of economically active inhabitants in regions, which includes not only the employed but also active job seekers, is indicative of employment opportunities (as defined by the International Labour Organisation (*ILO*)). In statistics, the term “economically active inhabitants” refers to both people who are currently employed and people who are actively searching for a job.

In the analysis of regional employment problems, EU statistics traditionally include a systematic aggregation of indicators such as gender proportion among the employed in various sectors, employment in various age groups, the proportion of self-employed, youth unemployment, etc. (see *Eurostat*, 2002/1, 4), information which it is not always possible to obtain from the regular statistical publications of Latvia.

During the period from 1999 to 2004, the greatest changes in the economic activity indicators of the population occurred in the Rīga region and Kurzeme while in the Vidzeme region the level of economic activity decreased (Box 3.8). The sharp differences may be linked precisely to the proportion of economically active inhabitants in the

large cities. The Vidzeme region does not have any large city while Kurzeme has two (Ventspils and Liepāja), and the Rīga region is dominated by the metropolis Rīga.

Since 2000, which marked the turning point of economic growth after the Russian crisis, the number of economically active inhabitants in Latvia has grown. However, in the past two years (2003-2004), this trend was not observed in Zemgale and Latgale as the number of economically active inhabitants in these regions decreased. The proportion of the employed population decreased only in Zemgale (from 121,100 in 2003 to 117,700 in 2004) although the number of inhabitants in this region did not shrink.

In Latvia, substantial differences in employment are related to the unevenness of development between urban and rural areas. Labour force surveys, undertaken by the Central Statistical Bureau of Latvia since 1996, reveal a trend which is surprising at first. **Urban**, rather than **rural areas** where the **level of registered unemployment is higher, have a larger proportion of job seekers**. It is true, however, that differences between these indicators have diminished over time, and in 2004, there were 11.3% active job seekers among inhabitants aged 15–74 in urban areas and 8.4% in rural areas (Central Statistics Bureau of Latvia, 2005, 15). Many rural inhabitants possibly move to urban areas in search for jobs. The situation of unemployed persons and their job opportunities in urban versus rural areas is different (see Box 3.9).

3.9
Box

Employment in Rural Areas

Society has deeply-rooted stereotypes that “you just can’t find a job in rural areas,” “there’s just no place to work here.” At the same time, however, in the Liepāja and other districts, farm owners, the potential employers, cannot find “a decent worker whom one could trust.” Job-seekers in rural areas are not content with any job. The fact that dissatisfaction is expressed both by employees and employers indicates that an active intermediary in the person of a consultant, local government employee or an employment agency employee is required to help both sides coordinate their wishes and reach a compromise.

Paid employment in rural areas is not the only employment opportunity. By increasing the number of products produced for sale and searching for new market niches for goods and services with greater added value, it is possible to increase the number of self-employed persons and even create new paid jobs. Sometimes it is the intermediary organisations that are the first to perceive the first signs of change and to organise the local inhabitants into acting and utilising new opportunities. The employees of the Agricultural Advisory Service in the Preiļi district have, for example, encouraged farmers to pursue organic farming and to unite in local organisations organic farming. Rural tourism is developing in a similar manner. With the support of the Cēsis Tourism Information Office and the Latvian Rural Tourism Association “Lauku ceļotājs” (“Countryside Traveller”), parish-scale organisations are operating successfully, e.g., the Rauna Tourism Association, which unites several farms that provide tourism services. The positive experience gained by the non-governmental organisation “Association of Rural Women” in Latvia’s regions indicates that the women involved in the project are able to resolve their own employment problems and often those of others as well.

Source: 2005 Study of Human Capabilities in the Regions.

3.10
Box

The Economic Activity of Women in Latvia Still Remains Lower than that of Men

In 2004, economic activity for people of working age was 65% among women and 71.5% among men. In districts farther from Riga, employers take advantage of the situation when the number of jobs is limited and relatively unchanged. Women who have temporarily suspended work due to personal or family circumstances lose jobs. New employees are hired to replace them, but there are no other jobs available. The data of the Central Statistical Bureau of Latvia indicate that there are three times more women than men who have suspended work because they needed to supervise their children, due to pregnancy or because the need to take care of an adult. As a result, 24.4% of women and 8.4% of men became job-seekers in 2004. In the labour market, women more often than men find themselves in an economically disadvantageous situation because the demand for places in pre-schools and for social care is not fully met in Latvia.

The proportion of women is also large among persons who would like to work but are not seeking a job. In 2004, there were a total of 188,700 such persons in Latvia (more than the number of active job-seekers) of which 115,900 were women who have given up hope of finding a job near their place of residence and have not tried to move. This issue is particularly sensitive in areas where logging and the production of construction materials is developing while schools and health care institutions are closing (remote counties of Selonia and Latgale).

This reflects a deterioration of labour market segments and is characterised by the low proportion of women in construction (10.1%) and the low participation of men (13.4%) in health and social care institutions in which the wages are among the lowest in the country.¹

In the largest cities of Latvia as well, the job supply for women and men is often unjustifiably imbalanced. In order to change the situation in Jelgava, for example, the training of unemployed women to work with programmed metalworking machines has been started. Until now only men were hired for this job. In order to foster capability, women's conceptions regarding "female" and "male" jobs have to change too. Currently, stereotypes often impede the active participation of women in those labour market segments which are considered the traditional work of men.

¹ Central Statistics Bureau of Latvia, 2005 a.

Source: 2005 Study of Human Capabilities in the Regions.

Inhabitants of cities are more dependent on the receipt of regular **monetary** income, and it is a significant motivation that prompts them to actively seek a job. In rural areas, such dependence is less likely in the short term as the majority of rural households are self-subsistent, i.e. a large part of what is grown is consumed by the family. The sale of the remaining produce provides a little monetary income, and the expenses of lodging are low. These differences diminish with the development of intensive production and services. This is reflected by the decrease in the number of individual keepers of domestic animals. The number of such homes that do not have a centralised water-supply and sewerage, central heating and other expense-related services is also diminishing (Central Statistics Bureau of Latvia, 2004 a).

Employment opportunities are more diverse in urban areas. The internet and information from other media are available there, which is why employment agencies are less active than in rural areas. Informal networks are widely used in a job search. People with completed higher education and students rely less on the services of the State Employment Agency (as the jobs offered do not seem sufficiently well

paid to them) and instead take their own actions, using personal connections in finding a job, looking for a job by way of the internet and other sources of information. Possibly, employment could be facilitated if the State administrative institutions were moved to regions, thereby activating individual cities and towns that would become centres for the promotion of activity of the entire region. By fostering the development of cities and towns within regions, the employment in their vicinity and in the entire region could also be stimulated and a viable alternative to the exodus of economically active inhabitants to Riga would be created. This is already partially happening in some cities and towns due, to a great extent, to the activity of the city and town local governments and the operation of higher education institutions (Jelgava, Valmiera and Ventspils). However, the idea of decentralising State institutions lacks support.

Not all regional differences in the proportion of job-seekers among the economically active inhabitants can be explained by the unevenness of development between urban and rural areas (see Box 3.10).

The fastest decrease in the proportion of job-seekers in the time period from 1999 to 2004 can be observed in Latgale (see Box 3.11). However, since the total number of economically active inhabitants has increased there by only 2.4%, then, possibly, active job-seekers are either looking for a job somewhere else (in Rīga or other countries) or no longer hope to find a job and have become “economically inactive.” What are the causes of such a situation? Is the inertia of Latgale inhabitants, their reliance on the support of State institutions and the State’s inability to provide such support to blame? Answers to the questions included in the Survey allow only a partial understanding of the situation. The likelihood that a job search may lead out of the region is greatest in Latgale because the sense of belonging to this region is the least strong.

Other regions as well have more pessimists rather than optimists who assess the opportunities of finding a job at the place of residence sceptically. The greatest differences are observed between the Rīga region and other regions (see Box 3.12). In addition, the opportunities to acquire the

desired profession are greater in the Rīga region. According to the opinions of the respondents, in order to search for a job and acquire a better profession, it is best to go to Rīga, its vicinity or abroad. Job-seekers as well as employers in urban areas admit that a good job can most likely be found through connections and local contacts while social networks and a good education also are of importance. Employers also emphasise the ability to trust an employee, i.e., that such a person can “be relied upon.”

The **Survey** results do not point to a lack of initiative among the inhabitants of Latgale. In the readiness to start their own business Latgalians fall behind only the entrepreneurial inhabitants of Kurzeme, but come out ahead of the inhabitants of Zemgale, Vidzeme and even the Rīga region (see Box 3.13). Also, in answering the question “What would you do in order to find a job?,” the respondents surveyed in the Latgale region selected the answers “Would attempt to establish my own enterprise” or “Would attempt to become self-employed” comparatively more frequently than in other regions.

3.11
Box

Proportion of Job-Seekers in the Total Economically Active Population in Latvia’s Regions, %

	1999	2000	2001	2002	2003	2004	Changes 1999/2004
Latvia total	14.3	14.4	13.1	12.0	10.6	10.4	-3.9
Rīga region	13.8	13.3	11.2	11.0	10.0	9.0 * 10.3 **	3.5 * -4.8 **
Vidzeme region	11.2	12.4	12.8	10.3	9.0	9.4	-1.8
Kurzeme region	11.7	15.7	15.2	12.6	9.5	10.6	-1.1
Zemgale region	13.7	13.6	11.8	10.4	9.7	10.8	-2.9
Latgale region	21.8	20.8	18.9	17.1	15.5	12.8	-9.0

*Rīga

**Vicinity of Rīga

Source: Central Statistics Bureau of Latvia, 2000–2005.

3.12
Box

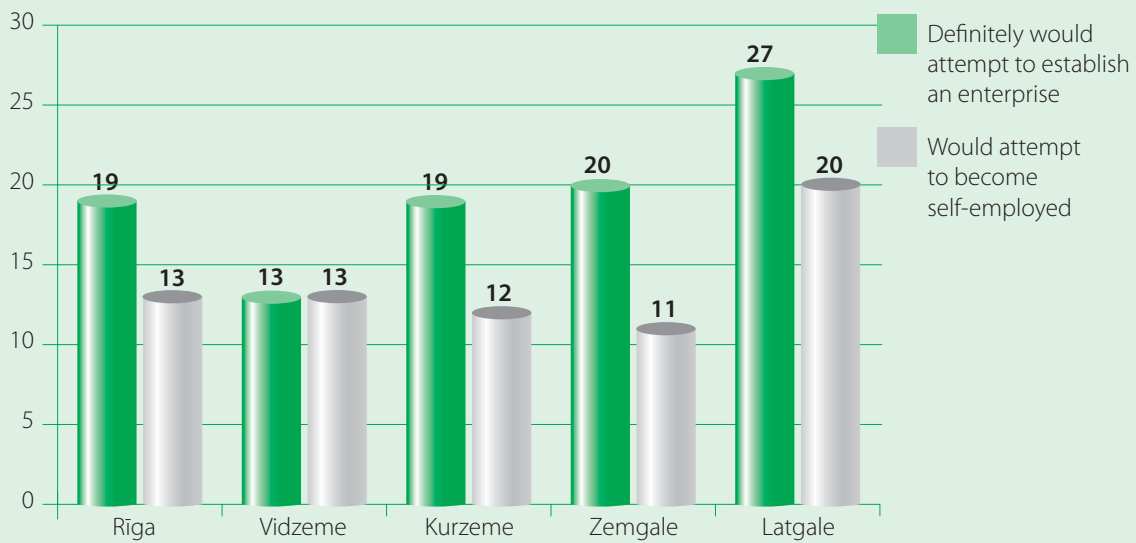
Opportunities to Find a Suitable Job in the Place of Residence as Evaluated by the Population, %

	Many opportunities	Few opportunities	Difficult to say
Rīga region	26	63	11
Vidzeme region	11	84	5
Kurzeme region	5	91	4
Zemgale region	9	88	3
Latgale region	5	94	1

Source: 2005 Study of Human Capabilities in the Regions.

3.13
Box

Proportion of Inhabitants who, if in Need of Employment, would Attempt to Establish an Enterprise or Become Self-Employed, %



Source: 2005 Study of Human Capabilities in the Regions.

People do not always have a clear notion of which sectors might have better prospects in their specific region. Therefore, the opinions of the **Survey** respondents regarding sectoral development in the place of residence are not characterised by substantial differences, with the exception of surprisingly low support for the development of information technologies in Zemgale (7.8% while the average in Latvia is 17.8%) and for the development of financial services in Kurzeme and Latgale (7.5% and 7.9%, respectively, while the average in Latvia is 16.5%).

What are people prepared to do in order to acquire a better job? How do they search for a job? Insufficient information may considerably impede both the search for a job and the starting of a business in regions. The **Survey** indicates that respondents find out about job opportunities from the main press, the internet, relatives, friends, neighbours, city and district newspapers or Latvian Television (LTV1). The people surveyed in the Latgale region use these sources of information less frequently. The **Survey** data show that in Latgale information from local newspapers and the internet is used in a job-search less often than in other regions. Instead, the assistance of consultants is used in Latgale while in Zemgale people turn to consultants very rarely.

In answering the question “What would you do in order to find a job?”, an average of 10% of the respondents selected the answer “would attempt to establish my own enterprise.” In comparison to the proportion of entrepreneurs in other EU countries, this is not high. However, this number is larger than the proportion of people currently engaged in entrepreneurship in Latvia. In all regions, more than

50% of the respondents believe that entrepreneurs are leading a “good” or “rather good” life while only 22% of the respondents have such an assessment with regard to employees. What hinders one from starting a business? Irrespective of the region, the respondents mention the following reasons most often: “no start-up capital (58%), “lack of knowledge” (34%), “afraid to take risks” (26%), “lack of initiative” (25%) and “age limits” (22%). Less than 5% of the respondents mention lack of family support and human resources as important obstacles to starting a business.

People often do not consider the starting of a business as an option. This is indicated by the answers to the question “Where do you primarily obtain information about the starting and development of a business?” The majority of the respondents point out that “I am not interested in this issue” or “difficult to say.” Even though a large part of the respondents believe that entrepreneurs are the ones who have a “good life in Latvia,” they are not interested in pursuing entrepreneurship themselves. This may be explained by a lack of flexibility of individual labour market elements which may hinder the solution of employment problems in regions. After a life under the conditions of a planned state economy, many inhabitants find entrepreneurship a new phenomenon that is even perceived with a degree of suspicion, and the possibility of honest entrepreneurship is doubted quite frequently.

At the same time, an excessive flexibility of some individual labour market elements (e.g., readiness to work for low pay, illegally or partially legally, acquisition of different skills) may not necessarily promote employment. For example,

3.14
Box

Political Competition in Local Government Elections

	1997	2001	2005
All registered candidate lists	1454	1520	1696
The average number of candidate lists in a local government	2.57	2.75	3.20
The average number of candidate lists per mandate	2.59	3.13	3.75
The average number of candidates per list	7.90	8.92	9.25

Source: The data of the Central Election Commission of Latvia.

in a district centre where the total number of jobs does not increase, unemployed persons who are being trained and are actively trying to find a job may not succeed due to a kind of rotation which is manifested by a regular exchange of employees with younger, recently trained and more active personnel. In such a case, State and non-governmental employment agencies can play an important role as intermediary organisations which can either submit to the employer's desire to select "only girls 25 years old and younger" to prepare as salespersons or try to change the situation. The activities of trade unions and their constructive role in the harmonisation of labour market relations are not felt much in the regions of Latvia. It is precisely trade unions which can inform employees and employers about their rights and prevent the risk of discrimination.

Political Capability of Local Governments

The political capability of local governments can substantially affect the development of the relevant community especially when supported by the the resources and opportunities available to this community. Several factors determine political capability or the ability to influence the taking of binding and collective decisions at the local level: the place of local governments in the model of the state, their financing, co-operation with non-governmental organisations and the role of local leaders including their education, experience, age and leadership potential.

Local governments may either be subject to trends of increased centralisation or enjoy greater autonomy. In more centralised systems, local government financing is subject to strict supervision and control by national-level institutions, which restricts the capability of local governments and, in fact, turns them into hostages of the national institutions.

Additionally, the operation of political parties influences the model of cooperation between the local/regional and national level. Party activities at the local level, on the one hand, may open broader opportunities for marginalised local governments. Yet such parties may impose their

own agenda upon the local governments or even develop patron-client relations. Clientelism is the distribution of various individual benefits to citizens in return for voting for a specific party. Such a practice is widespread in Latin American countries. The practice of parties influencing the appointment of persons to specific positions for taking decisions favourable to some territory is called patronage.

The cooperation of non-governmental organisations with local governments may strengthen or balance the influence of political parties. Moreover, the involvement of NGOs may fortify the local government's legitimacy, thereby strengthening their political capability.

The Constitution defines Latvia as a unitary state with a clearly manifested trend towards the centralisation of power. However, the concepts of both local government and national administration reforms, which were approved in the first half of the 1990s, provide for the implementation of the subsidiarity principle. This has, to a great extent, also been observed in the Law on Local Governments adopted in 1994 (Rozenvalds, 2005, 175). However, the procedures for local government financing and supervision prescribed by the legislation substantially restrict local government capability.

There is no local government tax in Latvia. Local governments receive certain deductions from State taxes. Even though real estate property tax has been handed over in full to local governments, they do not have the right to determine its rate, and the only regulatory instrument is the opportunity to award tax breaks. Even though Latvian legislation specifies that local governments are entitled to receive financing for the performance of functions entrusted to them, allotments from the State budget do not always allow them to carry out these functions in full. The ability of local governments to borrow financial resources is strictly limited. Local governments may receive loans only from the Treasury and in a limited amount at that. Such procedures contravene the European Charter of Local Self-Government, which prescribes free access by local governments to the capital market.

Even though local government deputies cannot be recalled, the *Saeima*, in cases specified by law, is entitled to dissolve a

local government council, concurrently appoint a temporary administration and set a new date for elections. The Cabinet of Ministers may, with justification, remove the chairperson of a council from the position if he or she has not complied with the Constitution, laws, Cabinet regulations or court judgments. These restrictions only confirm the subordinated nature of local government administration.

The quality of local government management is linked to the process and circumstances of recruitment of the leaders. Since 1997, political competition in local government elections is becoming stronger (see Box 3.14 on p. 92). In 1997, 11,492 candidates from 1,454 candidate lists competed for mandates in 566 local governments while in 2005, 15,681 candidates from 1,696 candidate lists competed for mandates in 530 local governments.

These calculations indicate an increase in not only the average number of registered candidate lists and the average number of candidates per mandate, but also the average number of candidates per candidate list, which is indicative of competition within a single list. This is of special relevance in Latvia's situation because changeable lists are used in the country, and voters may decisively influence the distribution of mandates in the relevant list of candidates.

However, the Central Election Commission of Latvia has been forced to extend the deadline for submitting candidate lists in a number of large local governments due to an insufficient number of deputy candidates. In 1997, candidate lists were submitted in all local governments. In 2001 and 2005 there were, respectively, one and two local governments in which no candidate list was submitted by the initial deadline. In 1997, the deadline for submitting candidate lists was extended in 123 local governments (21.7% of all local governments), in 2001 in 88 local governments (15.9%) and in 2005 in 111 local governments (20.9%). After the deadline extension only one list was registered in 123 local governments in 1997, 47 local governments in 2001 and 70 local governments in 2005. This points to weak political competition in many of Latvian local governments.

The data supplied by the Central Election Commission of Latvia regarding the candidates submitted for local government elections and those elected indicates that during the period of the past three election cycles the gender proportion among the elected candidates has slightly equalised. Additionally, the proportion of deputies with higher education has increased (from 50% in 1997 up to 56.4% in 2005). Deputies with work experience in the private sector are also increasingly entering local governments (36.2% of all newly-elected deputies in 2005), but, at the same time, the proportion of elected candidates who have no prior experience in political work (in the *Saeima* or in a local government) is decreasing. Moreover, roughly 95% of candidates who have indicated local government as their place of work have been re-elected as

deputies in 2005. This highlights the formation of a stratum of professional local government politicians in Latvia.

The socio-demographic data regarding local government leaders indicates stability and continuity (Vasermane, 2005). After the elections of 2001, men (64.2%) and persons between the ages of 41 and 60 (68.3%) were predominant among the persons who became local government leaders. The majority of local government leaders (59.9%) had a higher education. In addition, 63.4% of the local leaders had performed the duties of a local government leader during the previous convocation, and 9.7% more had been local government employees of another rank.

Since the elections of 2005, the proportion of men among local government leaders has practically not changed (64.5%), but the number of deputies with a higher education has slightly decreased (56.6%). The proportion of those local government leaders who performed these duties previously (76.6%) has increased noticeably. Moreover, 35.1% of local leaders have been performing these duties since 1994. These data demonstrate both the continuity in the leadership of many local governments and indirectly indicate the satisfaction of citizens with the work of the local leaders.

Political Parties and Local Governments

An increased penetration of political parties within local governments has been observed over the past years. In the local government elections of 1997, 221 candidate lists of political parties and their associations were registered. In 2005, this number rose to 587. Such an increase was facilitated by the amendments of 2000 and 2004 to the City Council, County Council and Parish Council Election Law prescribing that in the elections of local governments in which the population exceeds 5,000 only registered political parties or associations thereof have the right to submit candidate lists.

However, the operation of political parties outside Rīga, generally, is rather weak. In terms of the organisational structure of the parties, the regional structure of the larger parties tends to be better developed. Yet, not all parties represented in the *Saeima* have established chapters in each district of Latvia. Edvīns Vanags and Inga Vilka have calculated the power index of the local political organisations, which records the number of local organisations of political parties that have organised at least one public event. The growth of this index is linked very closely to the number of inhabitants in the relevant local government – from 0.03 in local governments in which the population is less than one thousand to 0.67 in local governments in which the population exceeds 10 thousand (Vanags and Vilka, 2005, 296). This means that the local structures of the parties are better developed in urban areas and especially in district centres.

3.15
Box

Patronage in the Local Governments of Latvia

Patronage in the local governments of Latvia is manifested in two ways – as the appointment of representatives of the parties which dominate the local government to the administration of local government institutions and enterprises and as the support of local government projects at the level of national institutions i.e., the *Saeima* and the Cabinet of Ministers. The first form of patronage is widespread mostly in the large (mainly city or town) local governments, and there is no reason to believe that it is viewed critically by the public.

There is also plenty of evidence regarding the existence of the second form of patronage. Firstly, each year during the process of approving the State budget, a certain portion of State financing is allocated to local government level projects supported by select participants of the ruling coalition. In the summer of 2005, the party “Jaunais Laiks” (“New Era”) even suggested to divide all surplus resources according to the party principle in direct proportion to the number of seats of each coalition party in the *Saeima*. Secondly, the parties themselves admit to the existence of such patronage and are not too shy in pointing it out in public communication. For example, “Tautas Partija” (“The People’s Party”) used the theme of successful patronage in its local government election campaign in 2005. Thirdly, interviews with local government leaders suggest that patronage relations also influence the distribution of resources of the State Investment Programme. Fourthly, the results of a poll of local government leaders confirm the relevant role of parties in the life of local governments.

Only 21.8% of 340 local government (mainly in cities and towns) named political parties as an instrument of influencing decisions at the local level. The leaders admit that they rarely addressed local or national leaders of parties for help. However, 49% of the respondents consider parties “very important” at the national level and 47% “rather important.” Moreover, 89% of the leaders polled believe that joining a party would facilitate the development of their local governments.

Source: 2005 Study of Human Capabilities in the Regions.

3.16
Box

Attitude of the Latvian Population toward Patronage in Local Governments

	Positive/Rather positive	Negative/Rather negative	Difficult to say/NA
Populated Areas			
Rīga	16	53	31
Daugavpils, Liepāja, Jelgava, Ventspils, Jūrmala, Rēzekne	21	43	36
District centre	33	30	37
Other town	23	49	28
Small village, village, rural areas	30	42	28
Regions			
Rīga	21	49	30
Vidzeme	20	39	41
Kurzeme	41	32	27
Zemgale	21	46	33
Latgale	24	46	30

Source: 2005 Study of Human Capabilities in the Regions.

3.17
Box

Ability of Local Governments to Influence Development at the Local and State Levels as Evaluated by the Population of Latvia*

	Latvija	Rīga	Daugavpils, Liepāja, Jelgava, Ventspils, Jūrmala, Rēzekne	District centre	Other town	Small village, village, rural areas
Ability to influence development at the local level	5.77	5.79	6.54	5.00	6.71	5.51
Ability to influence development at the State level	3.87	4.13	4.73	3.52	3.14	3.59

* Calculated by using a scale of 1 to 10, where "1" is "very low" and "10" is "very high."

Source: 2005 Study of Human Capabilities in the Regions.

In a society without deeply-rooted traditions of party rivalry, political parties create support bases in the largest populated areas which allows for both mobilising supporters more easily and accumulating resources for political competition more successfully.

One of the methods of mobilising support is the attempt of parties to develop patronage relations with local governments that are managed by the representatives of their own parties (see Box 3.15, and Box 3.20 on opposite trends).

The **Survey** also highlights views regarding the spread of patronage. Its data indicate that 32% of Latvian inhabitants believe that the local government in which they live has received financing for the construction of some object or solution of some problem only because the leader of the local government is connected with a political party of the ruling coalition in the *Saeima*. Approximately 26% of the respondents do not see such a pattern and 42% of the respondents could not formulate a specific opinion on this issue.

The people surveyed evaluate patronage differently. For example, the respondents who believe that their local government has received politically-motivated financing more often evaluate such practice positively (see Box 3.16 on p. 94).

These results suggest that Latvian society while opposing patronage relations do so rather weakly as a result of living in small local governments and having received patronage benefits. Similarly, these results outline the patronage strategy of the parties, placing the greatest emphasis on the councils of district centres.

Inhabitants are more optimistic in their evaluation of the influence of local governments regarding the work done at the local level (see Box 3.17). This could be considered another confirmation of the intensity of patronage relations in some local governments.

According to the Survey data, only 11% of the surveyed inhabitants assert that they are not interested in the processes within their local government. Only the political processes at the national level score lower (7%). However, people are not active in engaging in the formation and operation of local governments.

Latvian legislation prescribes several forms of public participation in the work of local governments:

- elections of local government councils;
- open meetings of councils and its committees;
- reception hours of deputies;
- examination of petitions by inhabitants; and
- public discussions (Rozenvalds, 2005, 165).

The Survey shows that only 8% of the respondents have ever written letters to a local government, 10% have participated in discussing a development plan of their local government, 14% have participated in public discussion events and 25% have met with local government deputies. Furthermore, the forms of participation differ across regions.

Participation in local government elections is decreasing gradually. In 2005, 52.9% of citizens with voting rights participated in local government elections. In Vidzeme and Latgale, the participation in local government elections was higher than in other regions. A trend is suggested in that as the population increases, participation in elections decreases.

Meeting with local government deputies is the second most common form of participation undertaken by 25% of the respondents.

Like many other polls, the Survey also indicates a widespread lack of faith among the population in the ability to influence the decision-makers. 70% of the respondents agree with the statement "I don't believe that my initiative could affect the opinion of the decision-makers." Inhabitants of Kurzeme are the most pessimistic

3.18
Box

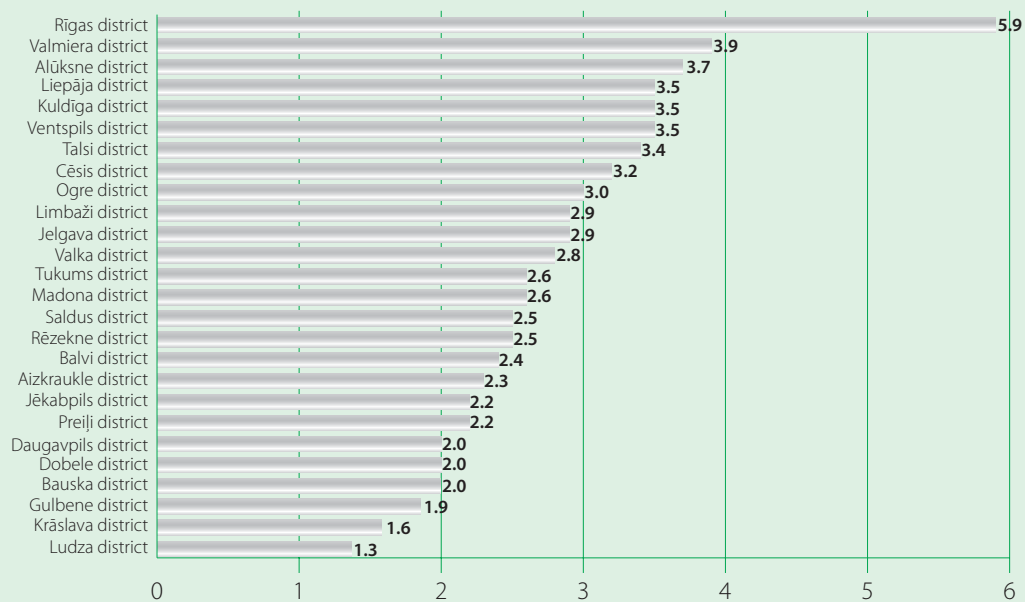
Number of Public Organisations (situation on August 30, 2005)

Year	Number	Not liquidated
1990	1	1
1991	52	51
1992	17	17
1993	963	921
1994	576	552
1995	468	455
1996	731	700
1997	610	596
1998	664	651
1999	672	656
2000	897	889
2001	767	759
2002	774	762
2003	772	763
2004	805	802
2005	605	604
Kopā	9571	9246

Source: LLC Lursoft IT.

3.19
Box

Number of Registered NGOs per 1,000 Inhabitants



Source: The data of the LLC Lursoft IT and the Central Statistical Bureau of Latvia.

(79%), but in other regions this indicator fluctuates between 67–69%. Similarly, there is a positive proportional link between the greater faith in one's own ability to influence decision-makers and more active participation in the work of local governments.

Non-Governmental Organisations

The Law on Public Organisations and Associations Thereof, adopted on December 15, 1992, created rather liberal procedures for establishing non-governmental organisations, which was characterised by low requirements for founders and by a requirement for a programme and by-laws. This has facilitated a rapid spread of NGOs in Latvia (see Box 3.18).

However, the level of NGO viability and activity should not be overestimated. Several reports on the NGO sector note that organisations that submit annual reports and declarations of financial activities to the State Revenue Service should be considered actually functioning organisations. At the end of 2000, the proportion of NGOs that submitted these documents was fluctuating between 55% and 60% of the total number of registered organisations (NGO Centre, 2001, 20). In 2003, this indicator increased to 66% (Gaugere, 2005, 5).

Likewise, it should be taken into account that 60% of all NGOs are registered in Rīga, even though only approximately 40% of the population lives there. Such a disproportion has existed since the 1990s. Liepāja district has the second largest proportion of registered NGOs (4.7%), the third largest is the Daugavpils district (3.4%). The smallest proportions of registered NGOs are in Ludza (0.5%), Gulbene (0.6%) and Krāslava district (0.6%).

In 2005, the highest number of NGOs per 1,000 inhabitants was in the Rīga district (5.9), followed by the Valmiera district (3.9) and the Alūksne district (3.7). Districts with the smallest number of NGOs and inhabitants per 1,000 inhabitants were in Ludza (1.3), Krāslava (1.7) and Gulbene districts (1.9). (see Box 3.19).

In analysing the data from a regional perspective, the Rīga region by far surpasses other regions, because there are roughly 5.5 registered NGOs per 1,000 inhabitants while in Kurzeme there are approximately 3.4, in Vidzeme 3.1, in Zemgale 2.4 and in Latgale – 2.1 (Gaugere, 2005, 8). It should be taken into account, however, that people also tend to engage in the activities of various informal groups, the statistical recording of which is not possible.

The public opinion survey conducted in the summer of 2004 indicates that approximately 41% of Latvia's population is involved in some NGO or informal group (Gaugere and Austers, 2005, 8). Rīga and the rural areas have a slightly lower proportion of such participants. Regional differences, in addition, are more tangible. The highest proportion of uninvolved inhabitants are in Zemgale (66%) and Rīga

(60%), followed by Vidzeme (56%), Kurzeme (54%) and Latgale (54%). It is important to note that these data do not confirm the pattern of NGO distribution outlined by the data of the Enterprise Register of the Republic of Latvia.

Latvians, women, top- or middle-level managers, and people with higher education and respondents with higher family income participate in the work of groups and organisations more often (Gaugere and Austers, 2005, 8). These data, to a great extent, confirm the trend found in other countries i.e., that individuals with greater knowledge, skills and financial resources more frequently get involved in non-governmental organisations.

This survey also determined that the three most important reasons for participation in some organisation are care for one's interests, a desire to make new friends, and a wish to improve oneself professionally. Influencing State or local government decisions does not even rank among the five most noted reasons for participation. Notably, no explicit differences regarding these issues are apparent among those respondents who participate in the work of some organisation and those who do not participate (Gaugere and Austers, 2005, 32) suggesting that non-governmental organisations are not considered a significant instrument of political influence. This is confirmed by the findings of the researchers who conclude that even though NGOs are considered to be practically oriented, they are rather removed from individuals (Gaugere and Austers, 2005, 35).

Reliable information regarding the financial and organisational resources of the NGO sector is not available. The views of the researchers regarding these issues are based on their own observations, views of other experts and non-representative NGO polls, and, therefore, are only part of the full picture.

The public opinion survey conducted in the summer of 2004 shows that roughly 1% of the Latvian population are employed in the NGO sector. However, the NGO poll of 2004 indicates that 44% of these NGOs do not have any paid employees, while in the NGOs with paid employees, the number of such employees in most cases does not exceed two or three. The results of the poll suggest that NGOs with paid employees are more common in Rīga and the Rīga district. Paid employees are hired more often in advocacy, social service organisations and professional organisations. However, the 2004 NGO Sustainability Index indicated that the majority of NGOs hire employees only for the time period of a specific project, and the staff is typically very small (United Nations Agency for International Development, 2005, 161).

NGOs still have very limited financial resources at their disposal. The Report "NGO Sector in Latvia: 2000" reports that 60% of the polled NGOs indicated that their annual budget did not exceed 5,000 LVL while 27% of NGOs managed with 100–1,000 LVL a year. Only 3% of NGOs reported that their annual budget exceeded 50,000 lats (NGO Centre, 2001). By 2004,

the situation had not changed much. Approximately 53% of the polled NGOs reported that their annual budget did not exceed 5,000 LVL, 12% more reported that their annual budget was 5,001–10,000 LVL (Gaugere, 2005, 25-26).

Nearly two thirds of NGOs polled in 2004 charged membership fees, and such fees formed an average 22% of the organisation's budget. In addition, the NGO declarations

for 2002 submitted to the State Revenue Service indicate that membership fees comprised 15% of an NGOs budget. The three highest sources of income were donations and endowments (37.4%), other income (21%) and subsidies granted by the State and local governments (16.4%) (Vilka, Strupišs and Indāns, 2004, 29-30). In the future, the greatest hopes are associated with securing resources from EU Structural Funds, increased membership fees and financing

3.20
Box

School Building – A Hostage of Parties

The Dundaga Secondary School was established in 1945, and this year it is celebrating its 60th anniversary. Instruction of the 1st–4th grades takes place in the so-called small school. It is a building built in 1955 that currently needs reconstruction. The local government of Dundaga examined the possibility of taking out a loan for the reconstruction of the small school, but due to financial considerations a decision was taken to submit a project application to the State Investment Programme.

Events were precipitated by the January storm of 2005, which damaged the roof of the small school building. We received 8,000 LVL from the resources for the elimination of storm damage, which allowed us to partially repair the roof. However, the storm damage was considerable, and it was impossible to fully repair the roof by ourselves. Precipitation continued to damage the interior premises and support structures, creating an emergency situation in the building.

When visiting Dundaga, the Minister for Education and Science, Ina Druviete ("New Era"), visited the school and promised to procure resources for the renovation of the building. Taking into account this promise, the local government prepared and submitted to the Ministry a project application for the State Investment Programme (SIP) which would provide for a change of the roof and windows and installation of a fire-safety system (88,000 LVL in total). In parallel, the local government sent letters to the Minister for Education and Science as well as to the "New Era" faction in the *Saeima* describing the essence of the problem and asking for assistance in the elimination of the emergency situation. However, it turned out that our application did not meet with the approval of the Ministry experts despite the repeated declarations regarding the utilisation of entirely professional and non-party criteria in the evaluation process.

Upon learning that Prime Minister Aigars Kalvitis would be meeting members of the "For Fatherland and Freedom"/LNNK (TB/LNNK) faction of the *Saeima* in order to discuss amendments to the State budget of 2005, the local government sent a letter to the chairman of the faction, Māris Grīnblats, asking for assistance in solving the problem of financing. Since the Prime Minister had promised support to proposals advanced by the TB/LNNK faction in the amount of 70,000 LVL (10,000 LVL per each deputy of the faction), the local government of Dundaga managed to receive a grant of 10,000 LVL to start the renovation. Altogether, 132 million LVL were distributed in the amendments to the budget of 2005.

Taking into account my ample experience in the position of a local government leader, I am concluding that the SIP refusal to grant financing to the Dundaga local government for the renovation of a school building was determined precisely by my political affiliation with the union TB/LNNK which is currently in the opposition. If we look at the projects supported by the SIP, the party links are discernible very clearly. Moreover, some supported projects could by no means be called investments.

The leaders of many local governments have accepted the so-called procedures of "democratic quotas" introduced during the past years, which allow their local governments to receive small financing (usually up to 10,000 LVL) for local projects due to the benevolence of some political parties during the process of adopting amendments to the state budget. However, it is absolutely unacceptable that sizeable resources of State investments are distributed according to the party principle and that SIP applications have to be delivered to party offices instead of ministries. Such practices make the implementation of a conceptual and strategic regional policy and sustainable development impossible. This practice also demonstrates one of the ways politicians on the national level enforce their influence on local governments and involve local government leaders in political parties.

Gunārs Laicāns,

*Chairman of Dundaga Parish Council,
Member of the Union "For Fatherland and Freedom"/LNNK*

Source: 2005 Study of Human Capabilities in the Regions.

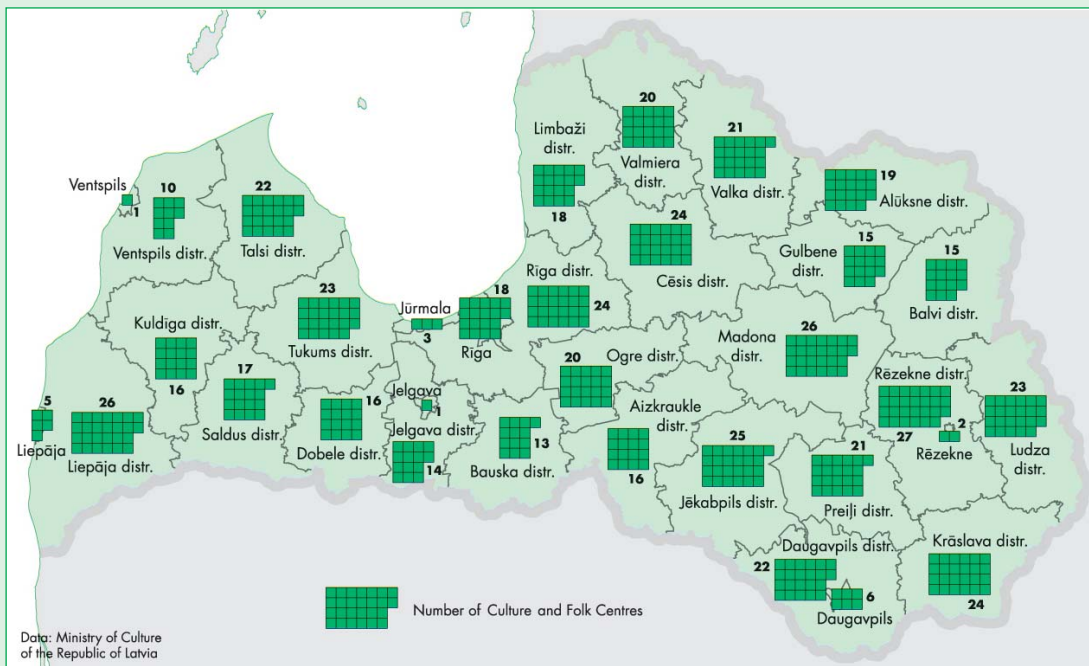
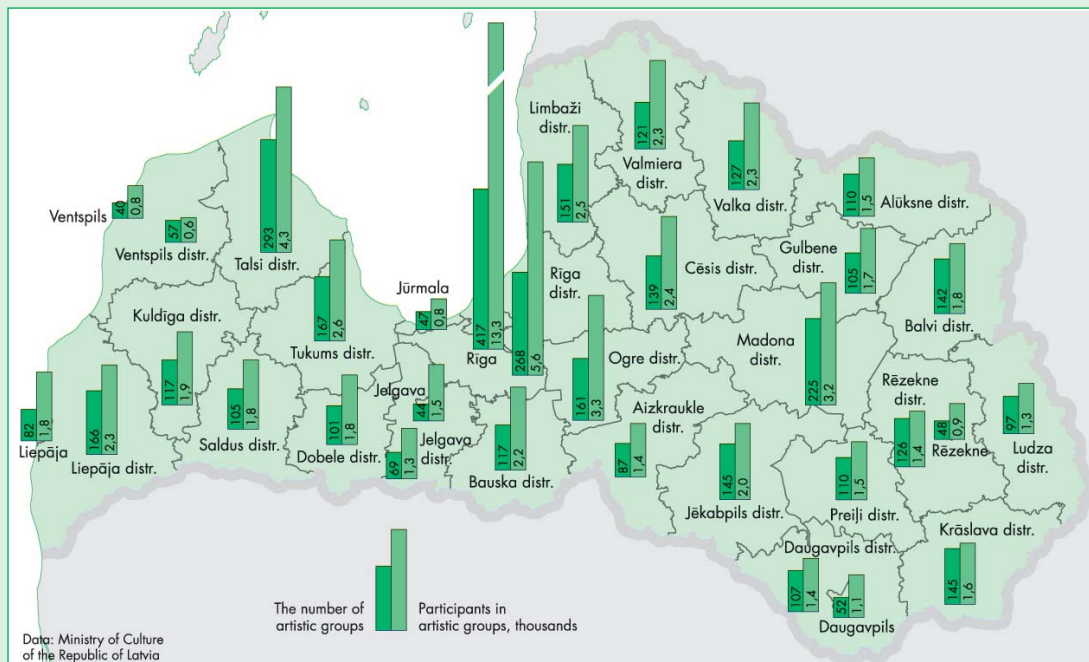
from State institutions (Gaugere, 2005, 23). Such hopes, however, run counter to the attempts of NGOs, which have gained popularity and publicity lately, to involve the private sector in the financing of NGO activities.

People evaluate the capability of non-governmental organisations rather warily. The survey conducted in the summer of 2005 indicates that, on a scale of 1 (very low

ability) to 10 (very high ability), the perception of ability of NGOs to influence development at the local level is, on average, 4.3 and 3.8 at the State level. Inhabitants of Latgale are more optimistic, evaluating the ability of NGOs to influence local processes with the average rating of 4.88 and 3.98 at the national level. As can be seen, the regional differences in the evaluation of NGO influence at the national level are considerably smaller.

3.21 Box

Distribution of Culture /Folk Centres



Cultural Capability

The different pace of economic development in the different territories of Latvia, the uneven distribution of cultural institutions and the limited mobility of the people have created differences in accessibility to culture between urban and rural areas and between the wealthy and low-income inhabitants. A wider choice of cultural products and services is available in the large cities. The audio-visual media (newspapers, TV and radio), for their part, provide a large segment of the low-income inhabitants of Latvia, especially in remote and border territories, with an opportunity to spend leisure time and to access to cultural processes (The Ministry of Culture of the Republic of Latvia, 2005). Active cultural life, however, also takes place in areas remote from Rīga.

The cultural activities of people are substantially affected by the opportunities available in the place of residence. Rīga has the largest supply of cultural institutions and cultural events. The theatre, ballet and art galleries are less available in regions where amateur art is developing instead.

In areas where population density is not as pronounced and opportunities for passive entertainment (concerts, museums and libraries) are fewer, individuals organise themselves more frequently into various artistic groups. Additionally, the study "The Song Festival in a Changing Social Environment" (Centre for Baltic Studies, 2002, 26-39) found that in areas with greater population density, people

have a less explicit need to "go out," because they meet many people on a daily basis. Moreover, the location of recreational/folk centres (see Box 3.21) or group rehearsals affects the willingness to participate.

An analysis of the number of folk art groups and their members reveals that in 2004, there were, on average, more artistic groups per total number of inhabitants in the districts of the Vidzeme region than in other regions. There was one artistic group per 196 inhabitants in the Madona district, per 228 inhabitants in the Alūksne district, per 256 inhabitants in the Valka district and per 256 and 257 inhabitants, respectively, in the Limbaži and Gulbene districts. The Talsi district in Kurzeme rated highest with one group per 162 inhabitants. In the Balvi and Krāslava districts in Latgale there was one artistic group per 199 and 238 inhabitants, respectively. In districts with more groups, the number of recreational and folk centres tends to be larger (see Box 3.21 on p. 99).

Alongside State-supported cultural activities, the non-governmental organizations (NGOs), which include the various societies and public organisations, are gaining an increasingly important place. An NGO poll shows that 16% of the non-governmental organisations in Latvia are operating in the field of culture and recreation (Gaugere, 2004, 14). Women's clubs make up a large proportion of these organisations as women are generally more active in the culture sector and in the NGO sector.

3.22
Box

Visits to Cultural Sites and Attendance at Cultural Events by Region

Question: How many times in the past 12 months did you...?	Region					
	All regions total	Rīga	Vidzeme	Kurzeme	Zemgale	Latgale
	%	%	%	%	%	%
Visit a historical monument (castle, church, castle ruins, park, garden, etc.)	46	54	40	49	52	30
Go to a concert	44	44	38	49	53	39
Go to a library	38	37	38	37	32	46
Go to the theatre	35	47	33	29	29	27
Visit a museum or art gallery in Latvia	34	44	27	38	32	22
Go to the cinema	28	41	21	20	18	25
Go to see a ballet or a dance show	15	24	8	11	15	8
Visit a museum or art gallery abroad	11	15	7	8	18	4

Sample: all respondents, n=1002. The table shows positive answers only. Answers "Have not attended" and "Hard to say" are not shown.

Source: The Gallup Organization Hungary, 2003.

3.23
Box

Creative Cultural Activities by Region

Question: Have you in the past 12 months either on your own or as a part of an organized group or class (not as a professional, but as an amateur)...?	Region					
	All regions	Rīga	Vidzeme	Kurzeme	Zemgale	Latgale
	%	%	%	%	%	%
Participated in photography, or in making films	27	38	13	30	24	26
Sung	23	27	12	15	23	35
Danced	17	25	8	11	16	19
Performed other artistic activities (drawn, sculpted, painted, etc.)	14	19	9	12	12	13
Written something	11	17	7	9	9	7
Played some musical instrument	10	11	5	11	10	13
Acted (in a play)	5	6	1	5	7	8

Sample: all respondents, n-1002. The table shows positive answers only. Answers "Do not engage in such activities" and "Hard to say" are not shown.

Source: The Gallup Organization Hungary, 2003.

Attending concerts, theatres, cinemas, exhibitions, museums; visiting places of architectural interest, natural monuments and libraries; watching TV, surfing the internet, listening to the radio and recorded music, and reading books and media publications during free time are also considered cultural activities. Although attending sporting events is considered a cultural activity in some statistics (Eurostat, 2002, 13), sporting activities and church attendance (with the exception of singing in a church choir) were not considered cultural activities in this **Survey**.

Studies of cultural activities in Latvia reveal that often no relevant differences are observed for participation in cultural activities across regions. According to the data obtained in the Candidate Countries Eurobarometer 2003 (CCEB) survey about cultural activities (The Gallup Organisation Hungary, 2003), the inhabitants of Latvia are relatively passive in attending cultural events. In general, 74% of all inhabitants of Latvia have attended/engaged in at least one cultural activity in the past 12 months. The inhabitants of Rīga, Kurzeme and Zemgale have been slightly more active while the inhabitants of Vidzeme and Latgale have been the least active.

In general, the inhabitants of Latvia most often visit different historical monuments, visit libraries and attend concerts. During the past year, the surveyed people have visited libraries most frequently (an average 7–12 times) followed by cinema and sports competitions (4–6 times). According to the survey data, the inhabitants

of Latgale have been slightly more passive than the inhabitants of other regions (see Box 3.22) as they have visited historical monuments, museums or art galleries in Latvia and abroad least often. On the other hand, the respondents in Latgale have visited a library more frequently than other inhabitants of Latvia, but no such correlation appears in the **Survey**.

The **Survey** data and the Lifestyle and Values Study of Latvian Consumers (Marketing House, 2004) indicate that all respondents spend their free time most frequently by watching TV, reading newspapers, listening to the radio and reading books and magazines.

According to the data of the 2003 survey conducted by SKDS (Vilka et al., 2004, 15), 9% of all respondents are involved in amateur artistic groups (theatre, choir, folk dance, rock group, etc.).

According to the CCEB survey data, Latvian inhabitants mostly pursue photography or film making (27%), sing (23%) and dance (17%) (see Box 3.23). The Survey reveals that women mostly pursue needlework while men pursue photographing and filmmaking more often. Overall, Vidzeme inhabitants pursue photography and filmmaking least while the respondents of Latgale and Zemgale prefer singing most (35% and 23%, respectively). The proportion of those who pursue dancing in Latgale is larger as well. No differences in other artistic activities

NEKAC: A Success Story

Development Centre of Non-Commercial Culture (NEKAC, Kuldīga, <http://www.nekac.lv>)

NEKAC is an organisation that assists young people to use local resources to strengthen their capability for living in Kuldīga. On the one hand, it is an organisation that follows the idea of alternative culture. On the other hand, it promotes the development of different social and professional skills necessary today. NEKAC is a good example of co-operation between the State and the non-governmental sector. The Kuldīga local government supports the activities of the organisation, and projects of NEKAC have received financing from various foundations such as the State Culture Capital Foundation.

NEKAC was established and officially registered in the autumn of 1998 by musicians of the Kuldīga non-commercial music scene. This music scene has been in existence in Kuldīga since 1990 and has been active informally during these years.¹

The initial purpose of the organisation was to promote the development of alternative culture in Kuldīga by creating *Zabadaks*, a centre of non-commercial culture.

Currently, NEKAC is using the building provided in 1999 by the Kuldīga Town Council where the DIY (do it yourself) Culture Centre *Zabadaks* is housed. The renovation of the building was done with the organizations' own resources and with the help of others (Queen Juliana Foundation). The former barn and template workshop were arranged as a place where artists and DIY activists could work together and develop in a creative environment.

Even though the organisation offers creative activities of non-commercial culture in Kuldīga, thereby enriching the cultural life of the small town, interested people from all over Kurzeme region and from Rīga attend the events organised by the Culture Centre. NEKAC is a part of the network of European non-commercial culture organisations.

NEKAC organises concerts and festivals of non-commercial music; publishes press publications of non-commercial music and culture; pursues recording, publishing and distribution of non-commercial music; organises informative and entertaining cinema evenings, art workshops, seminars and sports events; clean ups of the environment; and develops a series of non-commercial culture TV broadcasts "Cietā serde" ("Hard Core"). At the *Zabadaks*, interested people have free internet access. In co-operation with several non-governmental organisations of Latvia (Karosta K@2 in Liepāja, RIXC in Rīga, etc.), the organisation has developed a project to expand the Culture Centre *Zabadaks* and establish therein an information centre and a library that would be part of a wider network.

In Kuldīga, just as in many other small towns in Latvia, upon graduation from high school, many young people leave for studies and work in Rīga. NEKAC is also losing both organisation members and participants of events. However, at the moment, quite a few young people are returning. Also, several members of the organisation have returned to Kuldīga and participate actively in the organisation. Possibly, it is the creative cultural activities in Kuldīga that influenced their choice in favour of the small town. So far, NEKAC has been successful, mobilising the youth of Kuldīga for creative and public benefit work, expanding the leisure opportunities of young people and successfully promoting the name of Kuldīga within and beyond Latvia.

In the future, alternative culture will also be promoted in Kuldīga as it can be observed that interest in such cultural activities is growing among young people. The festival Tabūns, organised by NEKAC, saw such a large number of visitors that its organisation has been postponed for the time being. Local human capital will continue to have a significant role in the development of the organisation. With the economic situation of Kuldīga improving, the cultural activities of NEKAC could also expand. In expanding the profile of creative cultural activities, the development of the town will be promoted. The previous cultural activities have facilitated the capability of the organisation's members, and they are utilising their skills and opportunities more and more actively. More new goals are being developed within the organisation, suggesting that activities of non-commercial culture in Kuldīga will continue.

From an interview with **Māris Muižnieks** – one of the founders of the organisation

¹ Daugavietis, J. Case study: NGO in Kuldīga „Development Centre of Non-Commercial Culture”

Source: 2005 Study of Human Capabilities in the Regions.

are apparent across regions. The inhabitants of Rīga have been more active than other inhabitants of Latvia in taking part in cultural activities as there are greater cultural opportunities in the vicinity of Rīga, and more extensive financial resources are available to inhabitants of Riga for creative and active spending of leisure time.

The respondents noted that they have pursued cultural activities mostly on individual basis. Singing, dancing and playing in a theatre are the cultural activities which are most often performed in a group.

The information provided by the Ministry of Culture regarding artistic groups in 2004 indicates that there are, on average, 15 participants per group in the Talsi district, 14 in the Madona district, 13 in the Balvi district, 14 in the Alūksne district and 11 in the Krāslava district.

Different cultural societies and non-governmental organisations play an important role in the cultural life of Latvia. Fan clubs are popular among young people, women have united in women's clubs, and each region has a wine-taster's club or a book club. Involvement in NGOs and the establishment of such interest clubs are indicative of individuals' wishes to participate actively. According to the Lifestyle and Values Survey of Latvian Consumers, 5% of Latvia's inhabitants spend their time in various clubs and groups of friends. These people are mostly Latvians and inhabitants of Rīga and small villages (Marketing House, 2004). The **Survey** reveals that women's clubs or women support organisations, associations of cultural workers and organisations for the preservation of ethnic culture make up an important segment of the NGO sector.

Cultural activities are determined by the ability of cultural organisations (and their employees) to successfully secure financing for their operations including writing grant applications. According to the result indicators provided by the State Culture Capital Foundation (based on the data on the SCCF-financed project applicants by region), in 2000 the SCCF financed the projects of 1,482 organisations registered in Rīga and the Rīga district, 39 in the Daugavpils district, 31 Liepāja district, 26 in the Valmiera district, 22 in the Cēsis district, 18 in the Talsi district, 17 in the Rēzekne district, 15 in the Madona district and 14 in the Alūksne district. The most active organisations were based in Rīga and the large cities. Organisations registered in several Vidzeme districts had also been markedly active in 2000. In 2000, 2001, and in 2002, more projects submitted by organisations from the Vidzeme region, in comparison to other regions (with the exception of Rīga), were supported.

The cultural non-governmental organisations operate as organisers of different events, facilitators of discussions, keepers of cultural traditions and shapers of cultural skills (see Box 3.24 on p. 102). They unite the most active people from a specific place of residence and promote the spread

of culture. For example, the Madona Book Lover's Society organises anniversary and commemoration events of district poets. Such NGOs promote cooperation within a district and within the entire country as well as among various sectors of culture. For example, a women's club co-operates with an association of retired people and book lovers in the organisation of joint events. Similarly, organisations unite people from various places who share a common origin, for example, people from Rīga, Smiltene and the vicinity of Cēsis participate in the Cēsis Culture Support Foundation "Klētis".

The relatively large number of artistic groups in the Vidzeme region can possibly be explained by the fact that Latvian national culture, particularly literature, fine arts and music, has developed intensively in this particular region, and cultural traditions have been preserved most in this region.

The motivation of individuals to engage in creative cultural activities is often based more on the need for informal communication and less on the desire to fulfil aesthetic needs. The main reasons for pursuing creative cultural activities are the opportunity to spend free time valuably, meet with friends, meet new people, travel, acquire new skills (e.g., writing projects and organising events) and pursue an interest in the specific creative area. By participating in an amateur art group, individuals feel unity and spiritual fulfilment; the self-expression of the individual is fostered; new opportunities to fraternise with people both inside and outside of the local community are realised. Creative cultural activities provide opportunities for leisure and entertainment, ensure the exchange of opinions and ideas, provide an opportunity to meet interesting people and allow individuals to live a specific lifestyle (2005 Study of Human Capabilities in the Regions; Centre for Baltic Studies, 2002).

Participation in an amateur art group reinforces the principles and values common to a group. Common principles and values can bring together groups in fields such as the economy and in community activities (Centre for Baltic Studies, 2002, 26-39). Cultural activities in folk art groups, therefore, assist in consolidating the cultural identity of individuals.

Conclusion

It is in the interests of any country to achieve equal opportunities of economic activity for every inhabitant, regardless of the region in which they live. The reality of Latvia is such that the opportunities of the living environment and of economic activity differ considerably in the regions. This is manifested by uneven economic development and economic activity in territories, varying levels of employment and personal income and differing conditions of social and cultural life.

Calling Card

Vidzeme Planning Region



Historically, in 1939, the Vidzeme region consisted of the rocky Vidzeme beach (Limbaži district), Alūksne, Cēsis, Gulbene, Ogre, Rīga, Valka, Valmiera and Madona districts. The current Vidzeme planning region contains Alūksne, Cēsis, Gulbene, Valka, Valmiera and Madona districts. Thereby, the Vidzeme region has lost a significant development advantage – access to the Gulf of Rīga. The Vidzeme region is special with its protected areas both in terms of number and size. Consequently, there are considerable restrictions on economic activity in the region. However, it ensures preconditions for the development of some sectors in this region, especially services.

People in the Region

The Vidzeme region has been historically characterised by a farmstead-type structure of distribution of people, which determines that the region currently has the lowest population density – 16.3 people per sq. km (2004). Farmsteads have a large proportion of elderly people. With the decrease of the farmstead population, the region is partially losing its old identity related to the type of people distribution. The parish with the smallest number of inhabitants in the entire country – Kalncempju parish in the Alūksne district (303 inhabitants; data of 2004) is located in the Vidzeme region. The population density in parishes varies from 53.9 persons per sq. km (Priekuļu parish, which borders Cēsis city) to two inhabitants per sq. km (Jumurdas parish in Madona district). Among districts, the lowest population density is in the Alūksne district (11.3 inhabitants per sq. km), the highest – in the Valmiera district (25.0).

The population of the Vidzeme region is decreasing. This is due to a negative balance between mortality and birth rate, as well as due to migration. In 2001, there were 255,074 inhabitants living in the Vidzeme region, but in 2004, the population was 248,204. The natural growth in the region in 2003 was –5.3 per 1000 inhabitants, and this is lower than the average in Latvia (–4.9). The long-term migration balance in 2003 was –1466.

In the beginning of 2004, there were 84.4% Latvians, 10.6% Russians and 5% other nationalities living in the Vidzeme region.

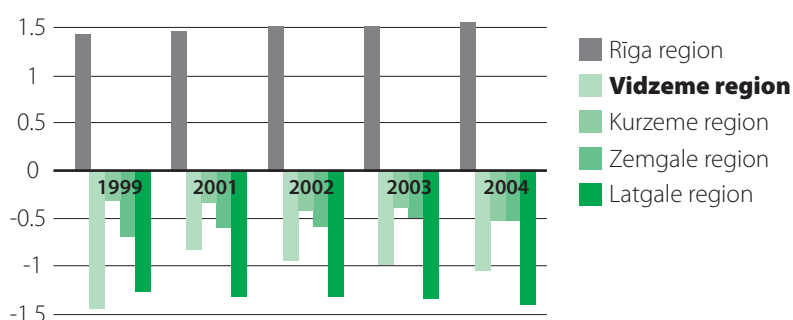
Work and Life in the Region

In 2003, there were 3229 economically active enterprises in the Vidzeme region. The largest proportion of employees in 2003 was in the processing industry (24.88%), in wholesale, retail sales, repair services (15.55%) and education (15.25%). The number of people employed in the electricity, gas and water supply sectors, as well as in the hotel and restaurant sector is gradually increasing. In 2003, the proportion of economically active inhabitants in the region constituted 59.5%.

In 2002, the GDP per capita in the region was 57.8% of the average value in Latvia. Revenue from personal income tax is particularly high in cities and parishes with developed production (for example, in Launkalnes parish where a woodworking enterprise is operating and in Kalsnavas parish where a spirit processing plant is operating).

The Vidzeme University College and seven branches of five institutions of higher education are located in the region. In 2004, Vidzeme University College has improved and developed successful opportunities in further education for entrepreneurs, employees of the public sector and inhabitants of the region.

The Development Index Weight of the Planning Regions in 1999–2003



In Latvia's regions, the situation is also similar with regard to employment. The number of employed people in Latvia has been growing since 2000. The number of people employed in agriculture may decrease over the coming years, approaching the average level of the EU. Therefore, it is important to develop alternative sectors in rural areas. The highest indicators of registered unemployment are in the Latgale districts. Changes in the procedures for registering the unemployed could facilitate a further decrease in the number of job seekers and registered unemployed and in the utilisation of the services of the State Employment Agency. The motivation of economically inactive people, support for start-up businesses in regions, promotion of self-employed status and opportunities in regions with a low proportion of self-employed people and inclusion of new forms of State support in the activities of the State and local governments (e.g., temporary employment agencies) are little used in stimulating employment. The role of the State, local governments and trade unions in solving the employment problems of economically active job seekers and economically inactive inhabitants is often fragmented and not aimed at changing the status in labour market relations.

The persistently high level of unemployment in the Latgale region may be partly related to the weaker utilisation of information sources on the part of individuals when seeking a job rather than a lack of initiative.

The political capability of people is realised through the activities of local governments and NGOs. Local government capability is considerably affected by strong subordination to national level institutions and by local government financing procedures which reduce financial autonomy to a minimum. Political competition for deputy seats has grown. At the same time, both the level of formal education of deputies and the proportion of deputies who have previously worked in the private sector has increased. Despite growing rivalry, the professionalisation of municipal politicians can be observed, and a fairly stable circle of experienced local government deputies and local government leaders has been established. Amendments to the Local Government Election Law have facilitated the penetration of political parties into local government councils. At the same time, however, patronage relations have greatly flourished between the parties represented in the *Saeima* and their representatives in local governments (especially in district centres). This hinders the implementation of a strategic regional policy and essentially diminishes the political capability of local governments. Yet, the public attitude toward such patronage relations is not explicitly negative.

Despite the increase in the number of NGOs, they still remain financially and organisationally weak. This is especially true of NGOs outside Riga many of which are involved in the provision of social services and in facilitating cultural activities. These sectors are, therefore, subject to sporadic activity and are greatly dependent on local government support. The public has a pessimistic view regarding the ability of NGOs to influence processes at both the local and national levels.

Individuals maintain a sceptical attitude regarding their ability to influence the decision-making process and, despite varying institutionalised opportunities, engage little in influencing local government activities. Differences in public attitudes and actions are often related to the size of the populated area rather than the region, a fact that highlights regional reform as one of the means for promoting capability.

With the economic situation improving in Latvia, people will be able to invest more time and energy in their individual development, and this is directly stimulated by cultural activities. However, despite the fact that people have greater financial resources, they are reluctant to invest such resources in creative cultural activities. Today, cultural activities must be both attractive and able to compete with the mass media.

State financing for the infrastructure of traditional culture in the regions is stable. The skills of cultural workers in preparing and implementing cultural projects are insufficient, and the availability of information regarding the opportunities to secure financing from EU structures and other sources in Latvia is not adequate.

Insufficient attention is given to the role of non-governmental organisations in promoting culture. These organisations are directly dependent on both the ability to secure funding and the enthusiasm of participants.

In keeping with trends in modern society, traditional culture has had to compete with popular culture that is mainly promoted by the mass media but does not facilitate the spread of creative cultural activities. There are already a relatively large number of rhythm dance groups in culture centres throughout Latvia, and various non-traditional cultural activities such as line dancing and wine taster clubs are being formed.

Schools do not sufficiently stimulate the interest of young people in cultural life. As continued musical education is not ensured, students remain unengaged and they lack opportunities to involve themselves in many activities of traditional and popular culture.



Photo: Inga Reinalde

Conclusion

Resources of the Living Environment in the Regions

Activity Opportunities in the Regions

Expressions of Human Capabilities in the Economy, Politics and Cultural Life of the Regions

Conclusion

The purpose of the **Latvia Human Development Report 2004/2005: Human Capability in the Regions** was to look at human development as an expansion of the opportunities for human activities and capability. In the Report, the social capability of an individual is understood as the individual's ability to use the opportunities for activities offered by society, which are expressed as freedom of choice of activity.

An individual's capability is determined by both **objectively given factors (resources of the living environment)** that are independent from the activities of the individual and other social actors/agents – the geopolitical position of the State, the natural and cultural and historical resources, demographic potential and other similar factors – and **subjective factors (life-activity opportunities)** which create the preconditions for the implementation of individual capability – purposeful activities of the State, local governments, interest groups and other social actors/agents.

The main message of the **Report** is the realisation that in order for human development to continue in Latvia, each and every person should be aware of and use the opportunities that are available to him or her, while State and local governments, non-governmental organisations and communities should promote conditions that facilitate human motivation to engage actively.

In assessing human capability, its resources and opportunities in regions, it should be noted that currently the main task is to **immediately implement the administrative-territorial reform** because regional development is hindered by the fact that there is no region-level political entity in Latvia that would act and take responsibility in planning regional development and co-ordinating sectoral plans in specific territories in the interests of the people.

In analysing conditions for human activities and opportunities in regions, recommendations have been developed in the **Report** for specific policies and political entities, keeping in mind precisely the promotion of overall human development by the means of such policies.

The purpose of Chapter 1 of the **Report "People and Places"** was to look at the role of regional identity in human development. The geopolitical and historical space of Latvia has formed over a long course of development; it reflects the interaction of interests and influences of Latvians and neighbouring nations within the specific geographical space. Over the course of time, the interaction of cultures

combined with the administrative and regional divisions have left traces on regional identity of Latvia's inhabitants. The analysis of regional identity, the demographic situation and population migration shows regions as a changing and relative variables where functional ties often have greater importance in people's everyday lives than administrative divisions. The **Report** emphasises the role of cultural and historical heritage as an important human development resource in shaping a richer and more open self-identity at the individual, local community and national level and in shaping a multi-cultural identity of Latvia.

Chapter 2 "**Regions of Latvia: Uneven Progress**" analysed the different conditions for the implementation of human capability in the regions. This Chapter looked at the regional development policy, national development planning and the availability of EU Structural Funds as important instruments for the shaping and utilisation of the living environment. Opportunities of human activities in regions are considerably affected by the development and accessibility of education. The **Report** particularly emphasised the role of vocational education in shaping the future of regions. The potential of higher education institutions was also evaluated. Information technologies open new opportunities for human activities. The utilisation of such technologies is influenced by both information resources and the information literacy level in society. The development of local media and educational and cultural institutions affect the networking of a community information environment. Partnerships are an important development resource.

In searching for answers to the question "Why some territories develop while others sink into depression?", Chapter 3, "**Human Capability – For Personal and Public Benefit**" analysed the economic, socio-political and cultural capability of people in the regions. How, by exploring and utilising local resources, do people transform opportunities into capability – economic, socio-political and cultural activities?

The expansion of capability was used in the **Report** as one of the human development indicators. Human Capability is characterised by an individual's freedom to choose various activity opportunities, and it is manifested in all areas of life – economy, politics and culture. The economic capability is realised in the economic activities of people – in entrepreneurship, the ability to find one's place in the labour market as a self-employed or a paid employee. The political capability is realised in an individual's participation in public self-government and

organisation. It is especially realised in the operation of local governments and non-governmental organisations. The concept “culture activity” was used in the **Report** to describe both the learning of cultural values during leisure time and the artistic creation at both the amateur and professional levels.

Different dynamics of economic development across the territories of Latvia, the uneven distribution and supply of cultural institutions and limited population mobility have created differences with regard to access to culture between cities and rural areas and between the wealthy and poor inhabitants.

In assessing the resources of the **living environment** and processes in the regions, the **Report** exposed relevant problems and set forth tasks for their solution.

Resources of Living Environment in the Regions

Problems

1. The role of regional and local identity in human development in Latvia has not been appreciated.

Latvia has a very rich heritage of different cultural influences and, in comparison to many other Western European countries, good resource development potential of the traditional culture has still survived here. The peculiarities of the traditional culture strongly mark the diversity of regions today as well, and the consequences of historical events are still felt in many fields (for example, in the ethnic structure of the population, the peculiarities of economic development of the regions, etc.).

The relations between an individual and a place are significantly affected by the current issues of daily life; the sense of belonging is one of the most relevant indicators of identity. The results of the **Survey** indicate that, **in Latvia, people feel a strong affiliation on the local and national (State) level, but on the regional level the sense of belonging is weaker.** A weak sense of regional affiliation may be a hindering factor in the development of co-operation within the borders of a region.

It is important to note that national identity and the sense of belonging, which binds individuals into civil and responsible societies, are close yet contradicting concepts. On the one hand, 92.5% of Latvian inhabitants feel an average, rather close or very close affiliation with Latvia – not only Latvians, but also non-Latvians feel they belong to Latvia. This means that the framework of the **previous ethnically-centred national (State) identity has to be revised, a more open conceptual setting of national identity should be sought,** which would include the people of the indigenous nation and would also integrate non-Latvians as people belonging to Latvia. On the other hand, the sense of belonging of non-Latvian respondents is less close relatively. It is apparent that non-Latvian ethnic groups in Latvia integrate well in the

Human Capability Expansion Tasks

To Assess and Use the Potential of Regional and Local Identity in Human Development

The State can help its people to explore and use identity and sense of belonging for the promotion of capability. By shaping the cultural dialogue and searching for common values, a sense of belonging could be strengthened not only for Latvians but for all inhabitants of Latvia.

State support and policy may facilitate the formation of a Baltic identity and awareness of being a European Union member.

At the regional level, State support is required for:

- 1) the study and promotion of regional cultural heritage while preserving the traditional and current cultural processes from the economic ones;
- 2) the creation of a “catalogue” of regional symbols and the brand of each region, emphasising internationally recognisable cultural symbols, values and personalities which stress Latvia’s identity within the context of the Baltic Sea region and Europe and region-specific symbols, values and personalities that represent the uniqueness of the region;
- 3) the development of a policy for the preservation and restoration of regional cultural heritage; and
- 4) the promotion of tourism and recreation industry in regions by utilising the regional cultural heritage as a significant resource for tourism development.

economic processes of today, yet over the course of time they have not found significant common values within the cultural space, which is indicated by a sizeable proportion of people without knowledge of the official language as well as a lack of knowledge about Latvian history and culture. In order for diversity to promote harmony, it is critical to strengthen common values and interests.

The factors that are important in daily life – opportunities to find a job, receive medical services, availability of shops and public transportation, environment and landscape – are also relevant in the relations between an individual and a place. People in Latvia place a high value on the rather untouched nature and landscape while **only a portion of inhabitants value cultural and historical heritage (and, thereby, are able to incorporate it into modern life)**. At the moment, a relatively small circle of experts and interested persons in Latvia are aware of cultural and historical heritage as a special resource, and its utilisation, nowadays, rarely goes beyond research and preservation. However, it is an important resource to be utilised more broadly in several aspects: 1) in developing a richer and more open self-identity on the individual, local community and national levels; 2) in developing a multi-cultural identity of Latvia; and 3) in distinguishing the cultural environment of each territory and, thereby, contributing to the national economy through the creation of regional brands, the expansion of the work of local cultural institutions and promotion of tourism.

2. The demographic potential is insufficient for sustainable human development both on the national and regional level.

The rapid **decrease of the fertility rate** that began in 1989 and the dominance of emigration over immigration that has been observed since 1990 have considerably changed the demographic situation in Latvia and its regions. The indicators of population growth, fertility and life expectancy are relatively low, but the territorial distribution of the population requires significant changes. The drop in the population has affected the urban population more than the rural population. The same goes for regions in which the level of urbanisation is higher, i.e., Riga and the Kurzeme regions. In recent years, the population has shrunk most rapidly in Latgale.

The territorial disparities of fertility rates have diminished, yet they have not vanished completely. The lowest fertility rates still remain in the capital Riga and in other large cities. The current level of fertility in Latvia provides only for slightly more than half of what is required for a normal replacement of generations, and it is one of the lowest indicators in Europe. The fertility rate decreases of the 90s will soon be reflected in the decrease of

To Improve the Demographic Situation

In the long-term, at least a moderate replacement of generations and moderate population growth must be ensured, which, with regard to regional resources and improvement of human capital, would provide the basis for sustainable development.

It is necessary to influence demographic development by implementing national and regional social policies which would optimise the quantitative and qualitative indicators of population number, composition and reproduction and simultaneously minimise the unfavourable disparities among regions and population groups.

students studying in institutions of higher education. In regions where the proportion of young people in the total population is low, such a drop may seriously threaten the ability to satisfy the demand for qualified specialists and cause a shortage in the labour force. The aging of the population continues. **Under such circumstances, the necessity for the return of those who have previously emigrated exists and will increase even more in the future.** Overcoming the labour shortage by attracting foreign workers would, possibly, create new problems for the integration of society.

The **demographic burden** is increasing in Latvia. Cities and districts with a high level of urbanisation have the lowest indicators of demographic burden. This means that, under the current circumstances of low fertility, only migration can ensure a sufficiently large proportion of able-bodied inhabitants. Latgale and Vidzeme have the most parishes with a relatively small proportion of population of working age.

One of the most important indicators of a region's "attractiveness" is net migration because people move to places where the living conditions are better, where it is easier to find a well-paid job, where they can express their abilities better and improve themselves. During the past fifteen years the number of inhabitants who have migrated has increased only in the Zemgale region. The inhabitants of Vidzeme, and especially Latgale, are most loyal to their historical county.

The fact that one-third, and, in some areas, even two-thirds, of non-Latvians in the districts and cities across Latvia do not know any other language besides their native tongue is a serious obstacle to social inclusion. **Increasing the spread of both the Latvian language and other languages as a means of communication still remains an important task in both cities and in parishes.**

In the 20th century, territorial differences in mortality and life expectancy have decreased in Latvia. However, historically inherited differences have survived. **The mortality in the eastern part of the country is higher** due, in large part, to deaths from avoidable causes and poor health care, resulting in lower survival rates for the population in Latgale region. **In market conditions, health has become a valuable (albeit insufficient) resource.** Yet, all in all, the attitude of both the State and the inhabitants themselves toward this resource could have been more careful and attentive. Latgale has the majority of such persons who describe their health as poor or very poor while the inhabitants of Rīga region have described their health most positively and the inhabitants of Kurzeme and Zemgale less so.

The slowdown of the population drain and the promotion of return of the people who left earlier would contribute significantly to the preservation of Latvia's demographic potential. For this purpose, the well-being and activity opportunities of the population should be fostered both at the level of the State and local governments by increasing the minimum wage as well as by easing the conditions for pursuing entrepreneurship.

Recommendations

State policy level

1. Be aware of the role of regional and local identity in human development and integration of society.
2. Strengthen the sense of belonging of Latvians as well as other people living in the regions of Latvia by establishing a dialogue of cultures and searching for common values.
3. Develop a complex approach to solving demographic problems, which would stimulate the development of human resources and limit the unfavourable trends of migration. It is equally important to promote fertility, increase the longevity of the population, optimise the processes of internal and external migration and facilitate the return of the people who have left the country.

Local Governments

1. Should explore and preserve the cultural and historical values of the relevant territories and foster their inclusion in modern life.
2. Should in order to prevent the population drain from regions and the State, local governments, create conditions for the well-being and wholesome life of the people by forming an optimal network of cultural and educational institutions, attracting entrepreneurs and motivating the local inhabitants to develop their initiative.

Non-Governmental Organisations

1. Should facilitate public debate regarding the community and region identity, integration and development.
2. Should facilitate the preservation of the traditional cultural environment through the exploration, promotion and inclusion of the history and famous personalities of the relevant county in modern life.

Individuals

Should explore the resources of the relevant family, county and region in order to be able to use them in the expansion of one's capability.

In analysing the most important factors that determine the disparities in human **activity opportunities** among regions, the **Report** exposes significant problems and sets forth tasks for the solution thereof.



Activity Opportunities in the Regions

Problems

1) The essence and perspectives of regional development are not clear to the general public, which impedes the formation of a uniform understanding and the consolidation of resources for successful shaping and implementation of regional policy.

Disproportions can be observed in the economic and social development of regions in Latvia, and these mark the alienation of regions and diverging conditions for human capability. In many aspects in the Rīga region, people have increasingly greater opportunities for life-activity (GDP per capita, purchasing power standards, the dynamics of the territorial development index of the planning regions, etc.).

The vision of Latvia's future is still not sufficiently linked with regional policy and regional development even though a normative basis has been created for regional development and the co-ordination of regional development issues has been concentrated in the Ministry of Regional Development and Local Governments (MRDLG). The communication and co-operation between the MRDLG and other ministries, State institutions, regional institutions and local governments, as well as with society, is insufficient.

The possibilities for the planning regions to be instruments of development have been exhausted, and, currently, the implementation of the regional reform is topical. The planning regions are unable to ensure co-operation among the local governments within their regions and adoption of sustainable decisions on a regional scale.

In the evaluation of projects supported by the EU Structural Funds, the regional or territorial component is, for the most part, evaluated formally. Therefore, these Funds are not utilised effectively enough to reduce the inequality of regions.

The role of local governments in regional development and regional policy is increasing because they have an actual impact on the development in the people's places of residence. However, the **fragmentation of**

Human Capability Expansion Tasks

To Improve Regional Development Planning

Regional development policy is one of the most important components of human development. Its purpose is to create the equal opportunity of activities for people in the regions. In order to concentrate resources and determine priorities in territorial development, the sectoral development plans must be co-ordinated in the regional development planning.

Local governments must become the main actor/agent of regional development that not only know the situation within the relevant territory but also co-ordinate sectoral development plans and a rational utilisation of resources. For this purpose, the regional reform should, at last, be consistently implemented, uniting human, financial, territorial and other resources in order to increase and improve the possibilities of local governments to plan territorial development, rationally concentrate and invest financial resources, reduce development risks and ensure sustainable development.

The establishment of regional local governments is necessary for the performance of specific functions and development planning, for the co-ordination of the State administrative territorial institutions and the activities of the local governments. If there is no regional-level administration, it is not possible to implement an effective regional policy.

In implementing the regional reform, the process of merging local governments must be balanced with the preservation and enhancement of local democracy and the social networks the people create. Local government mergers must not diminish the integrity and identity of the local communities.

The awareness and implementation of the local government's mission – the promotion of the structure of community social links, individual activities and initiatives, stimulation of entrepreneurs to modernise production, the activity to facilitate community reorientation within the information space, etc. – should be fostered.

their territories and/or population and the low financial autonomy of local governments reduce the capability of Latvia's local governments. In the small local governments,

the level of socio-economic development is lower than that in larger local governments, their financial capacity is too small for taking out credits or attracting resources, they have a relatively high proportion of administrative expenditures and they have low administrative capacity. This hinders considerably, for example, the development of a territorial design. Inhabitants do not support enough of the administrative reforms which would foster the merger of resources. They lack in-depth information provided in an informed manner and clear forecasts of future opportunities and are, instead, concerned about the opportunity to receive services that are necessary on a daily basis.

2) The fundamental problems of Latvia's education system are inefficient utilisation of resources and the lack of uniformity in both accessibility of education and quality in various regions.

The accessibility, diversity, quality and conformity of education to labour market requirements significantly affect human life-activity opportunities.

Latvia may be proud of the achievements of its best students. However, many students have poor grades.

The quality of secondary education acquired by students in rural areas is often lower, which is why they have fewer opportunities of earning State scholarships in institutions of higher education.

While the necessity for a knowledge-based economy is increasingly emphasised in the European Union, the number of young people who are not able to acquire a basic education is, unfortunately, increasing in Latvia. Vocational education institutions are solving this problem in practice by offering appropriate education programmes.

The accessibility of vocational education in Latvia is balanced. From 2000 to 2005, the orientation of young people has changed from programmes in the field of services to programmes in engineering, production-related professions and construction. The number of students in agricultural programmes has remained unchanged. The infrastructure and material supply of vocational education institutions and the remuneration of the teaching staff are poor. Opportunities to acquire education have been expanded for children, young people and adults with special needs.

The development of a network of pre-school institutions and schools should be carefully planned. A fertility increase is expected in Latvia, and in the future this may create both a need to

The quality of regional development documents should be improved in Latvia. In order to ensure sustainable development, all aspects of regional development should be covered in the respective sectoral planning documents and in the planning process. In developing planning documents, greater attention should be paid to the analysis of risk factors.

The projects supported by the EU Structural Funds should be used more purposefully in regional development.

To Ensure the Accessibility of Quality Education in Regions

In order to promote education opportunities and education quality in regions, a reform of the State education financing is required, which would ensure modern resources and an effective network of educational institutions as well as competitive remuneration for teachers and faculty. In order to clarify the region's requirements for its vocational and higher education institutions and to promote rational utilisation of resources, education development plans should also be included in the overall regional development plans.

In order to foster the intellectual potential continuity in the regions, it is recommended that purpose grants and study credit repayment be used for experts who return to work in the region.

In order to reduce the of internal migration of the population, models of pre-school institutions should be developed, bearing in mind that pre-schools (play groups, day care centres, etc.) should be rationally organised for a small number of children, close to the place of residence and/or workplace of the parents and aided by creation of financial support programmes.

In order to optimise the migration of the economically active inhabitants and rural youth to cities, the infrastructure of the general and vocational education institutions and the technological equipment used in instruction should be improved in accordance with the development trends of the priority sectors in each region.

Differences among regions regarding the number of educational institutions should be prevented in the development of the general and specialised education

increase the number of places in kindergartens and a need to have additional resources for developing kindergartens in regions to prevent the risk that young people from moving to places where there are pre-school institutions and schools.

The accessibility of higher education in Latvia is highly heterogeneous.

The majority of higher education institutions and the most varied supply of educational programmes are concentrated in Rīga, but the regional institutions of higher education and the regional branches of higher education institutions located in Rīga offer mostly study programmes (e.g., teacher education, economics, law, management and other social sciences or humanities) that are not related to the specific needs of the region. The regional institutions of higher education lack a sufficient number of faculty with the highest qualification (doctoral degree) in the science fields that are taught to students.

The commercial interests of educational institutions, rather than the development policy of regions, prevail in the development of higher education in the regions.

3) The accessibility of information technology and information resources differs in the regions of Latvia.

Inequality has appeared between the large cities and rural areas and between some regions with regard to accessibility of information technologies. At the same time, it should be noted that the accessibility of information resources, computers and the internet has improved, and this has been facilitated by the project of the National Unified Library Information System. In order to expand human capability, it is important to develop education programmes that promote the information literacy of various population groups and the usage of the acquired knowledge and skills in daily life.

Many regional entrepreneurs and employers underestimate the importance of information technologies and information literacy necessary for developing modern production and competing in markets. This may threaten the existence of the small enterprises and it diminishes human life-activity opportunities. Opportunities for e-training are little used in the regions of Latvia, due primarily to the lack of adequate instructional and methodological materials.

Several local governments (Rīga, Cēsis, Ventspils, Jelgava) have begun to introduce electronic information and other services, which would not only allow the improvement of the quality and accessibility of public services and increase the public participation in the local government's work and administration.

system of Latvia while observing the principle that a school should be as close to the place of residence as possible.

The implementation of the goals outlined in the Bologna Declaration (more intensive studies over a shorter period of time, the module principle in the curricula and structure of study programmes, integration of programmes, greater student mobility, the approximation of academic and professional studies, etc. should be promoted in the system of higher education and oriented toward the development and the needs of the region.

To Ensure Broad Accessibility of Information Technologies and Information Resources

In fostering regional development, it is important to create conceptual, special-purpose programmes that cover both the development of technological systems and training opportunities for specialists and the public.

Particular attention should be given to promoting information literacy among the most diverse groups of the population in order to minimise the "digital gap" among inhabitants due to their age, education, place of residence, accessibility to technologies, etc.

For the promotion of information technologies in entrepreneurship, it would be useful to create publicly accessible and free of charge e-learning resources.

The introduction of information technologies and innovations in the medium-sized and small enterprises of the regions should be supported by a more favourable tax policy.

Local media are of considerable importance in the information environment of people living in Latvia's regions. Such media are locally-centric and promote community confidence – the relevant stimulator of human capability. At the same time, local media are not rationally critical enough to facilitate discussions regarding the causes of the community's and region's successes and failures and to orient people toward their own active engagement.

Educational and cultural institutions have an important role in promoting human life-activity opportunities in the life of local communities. Such institutions maintain people's confidence, foster the attraction of resources, and promote partnership. This consolidates interests and goals, contributes to the promotion of community material well-being and stimulates individual participation, confidence and initiative, etc.

The role of libraries in human development is increasing. Many institutions operate in close proximity to libraries, often using library premises. Cultural centres, information centres, interest clubs, museums, social centres, adult education centres, family centres and women's clubs operate in parish libraries. The participation in special-purpose programmes financed by the State Culture Capital Fund has provided considerable additional financing for library operations.

Partnership is a significant human development and human capability resource. **It promotes the common material values, social contacts, mutual learning and the aggregation of experience. To a great extent, capability in regions depends on the initiative and activity of local leaders. Such people are the greatest resource in a region.** Broad partnership networks, comprised of cultural institutions (libraries, schools, clubs, etc.), parish councils, political, public and non-governmental organisations, and churches and local entrepreneurs have been established in local governments and many places in Latvia's regions.

It is necessary to use more extensively the potential of local media, libraries and other culture institutions to develop people's abilities and skills and to stimulate their activity.

Recommendations

At the State policy level

1. In order to expand human capability, a sustainable regional development policy should be developed, which allocates the central role to local governments that co-ordinate the sectoral development plans and resource utilisation in their territory.
2. In the implementation of the administrative-territorial reform, the economic gains from mergers should be balanced with the necessity to preserve community integrity and identity.
3. A concept of sustainable education should be developed, the foundation of which is the development of abilities and skills of all inhabitants (regardless of age, gender and ethnic affiliation) and the provision of access to information technologies and resources.
4. The efficiency of the utilisation of the EU Structural Funds in regions should be increased. In order to determine the conditions for effective attraction and utilisation of EU Structural Funds in regions, the previous experience should be evaluated.
5. In planning regional development, the sectoral and territorial development plans should be coordinated and the sectoral development policy should be integrated into the regional policy.
6. In the assessment of development perspectives, regional resources – the particularity of the geopolitical situation, the environment and the cultural and historical heritage – should be explored and utilised more extensively.

Local Governments

1. The participation of local inhabitants in the development and implementation of development plans should be facilitated.
2. In ensuring that the needs of inhabitants are met (by creating optimal networks of educational, health care and cultural institutions, etc.), local governments should facilitate of expanding the opportunities for activities and well-being for inhabitants.
3. In planning the development of the social infrastructure of local government territories, the development of the network of information and cultural institutions should be taken into account.
4. Action should be taken to attract and utilise the EU Structural Funds.
5. Involving local inhabitants, non-governmental organisations, the church and entrepreneurs in the solution of local development issues should facilitate the development of partnerships.

Non-Governmental Organisations

1. Should engage inhabitants in discussions regarding the development of territories and communities.
2. Should improve the skills of inhabitants in the conception and implementation of development projects and in the attraction of resources.
3. Should inform inhabitants regarding the opportunities to attract resources, obtain information and develop cooperation with potential partners within the local government, the country or abroad.

Individuals

1. Should participate actively in the work of local governments, non-governmental organisations and partnerships, solving issues that are important to the community.
2. Should develop their abilities and skills, especially in the field of information literacy, by using the opportunities offered by the education system and by self-education.
3. Should critically assess the opportunities and resources for the expansion of their own capability. People can find new opportunities and resources for the implementation of their plans in active engagement. Individual initiative and activity are the main precondition for receiving support from non-governmental organisations, local governments and the State.

In looking through the most important **expressions of human capability** in the economy, politics and cultural life of the regions, the Report exposes significant problems and sets forth tasks for their solution.

Expressions of Human Capability in the Economy, Politics and Cultural Life of the Regions

Problems

1) The economic activities of the population – in entrepreneurship or the ability to find one's place in the labour market as a self-employed or a paid employee – are unevenly developed in the regions.

The uneven economic development of the regions and territories has formed historically under the influence of objective as well as subjective factors. **Rīga district dominates profoundly in both combined economic development and in entrepreneurship.**

The situation in the labour market is satisfying to neither employees nor employers. Employees are increasingly leaving for job searches in other countries while employers are looking for cheaper or more qualified labour outside Latvia. Significant disparities in the employment field are related to disparities between urban and rural areas.

Insufficiency of information may significantly restrict both the job search and entrepreneurship in the regions. People do not always have a clear notion of which sectors could have potential in each region. People often do not consider entrepreneurship as a real opportunity for action.

2) The political capability of people is relatively poorly developed.

The capability of local governments is significantly affected by their strong subordination to the national-level institutions and by the existing procedures of financing local government activities that reduces their autonomy to a minimum. Amendments to the Local Government Election Law have facilitated the politicisation of local government councils, but, at the same time, **patronage relations** have flourished considerably among the parties represented in the *Saeima* and their representatives in local governments (in district centres, in particular). This **encumbers the implementation of a conceptual regional policy and essentially diminishes the political capability of local governments.** The public attitude toward political patronage, however, is not explicitly negative.

Human Capability Expansion Tasks

To create favourable conditions for starting entrepreneurship – to simplify and make the process of entrepreneurship accessible to **every** person with initiative and, thereby, contribute to increasing proportion of small enterprises and self-employed in society.

The establishment of one's own enterprise allows people to provide for their own well-being, to create new jobs and to engage in the solution of community problems in the long term. State institutions and local governments should develop a broad range of services for the needs of the self-employed and small entrepreneurs.

To support the civic activity of the population both in the non-governmental sector and in local governments, the promotion of activities of local leaders and initiative groups is of particular importance. The *LEADER+* and partnership projects open great opportunities for supporting local initiative. By cooperating on the implementation of local-level initiatives, people acquire valuable skills and experience in project preparation, implementation, resource attraction and the like. In the future this may come in handy in other fields, for example, in starting entrepreneurial activities or in broader political participation.

The number of **non-governmental organisations** has increased significantly, yet they still remain **financially and organisationally weak**.

People maintain a sceptical attitude regarding their possibilities to influence the decision-making process and, despite the varied institutionalised opportunities, participate little in influencing local government activities.

3) People's capability in culture is significantly affected by the differences in the accessibility to culture that exists between cities and rural areas and between wealthy and poor inhabitants.

With the economic situation improving in Latvia, people will be able to invest increasingly more time and energy in their individual development, which is directly promoted by the various cultural activities. However, despite the fact that people have more and more financial resources at their disposal, they are reluctant to invest them in creative cultural activities.

Rīga has the most extensive supply of cultural institutions and cultural events; theatre, ballet or art galleries are less available in other regions where amateur art is developing instead.

Along with State-supported cultural activities, the non-governmental sector, various societies and public organisations are gaining an increasingly important place.

To create an active cultural environment, which organically incorporates both the cultural heritage of prior generations and modern cultural activities that are accessible to all people regardless of their material well-being, ethnic affiliation and place of residence. Familiarity with cultural values and the expressions of artistic creation at the professional and amateur level are a significant source of human capability and confidence development.

Recommendations

State policy level

1. The promotion of entrepreneurship and employment is the main condition for the equalisation of the uneven economic development of regions. For this purpose, it is necessary to create the most favourable environment for entrepreneurship in the regions, especially for the self-employed and small entrepreneurs i.e., to ease the bureaucratic procedures, provide tax breaks and simplify the report forms, etc. A broad range of services for new entrepreneurs in regions should be created in all involved State institutions.
2. Action should be taken to stimulate employment in the regions i.e., subsidised jobs should be created, training should be organised in the fields that are necessary in the region, etc.
3. Amendments to laws should be made, which would expand the political capability of local governments, strengthening their political and financial independence.
4. The State culture policy must promote activities in the culture field for all inhabitants of the country, regardless of their place of residence, material status and ethnic affiliation. Culture is a vital resource for increasing human capital. The preservation of the traditional cultural environment, the studying of cultural values and artistic creation both at the amateur and professional levels stimulate an individual to explore the potential of local cultural space and develop his or her abilities.

Local Governments

1. The foundation of human well-being in regions is a dynamic economic life. Therefore, local governments should try to both attract entrepreneurs to the local territory and promote people's initiative with regard to entrepreneurship. This may be achieved by assessing and promoting the resources, infrastructure and opportunities available within the territory. New jobs and tax revenue would stimulate the well-being of the entire community.
2. Should support the local-level initiatives of civic society, which currently has only limited financing and operational experience e.g., the local groups of women or retired people, etc.
3. Should gather information about and preserve the cultural values of their county and facilitate their integration into the cultural life of modern society.
4. Should support the fulfilment of cultural needs of all inhabitants, regardless of their material status and ethnic affiliation.

Non-Governmental Organisations

Must stimulate people's activities in the implementation of local-level initiatives. People acquire valuable skills and experience in this process, which may also be further utilised in other fields, for example, to start entrepreneurial activities or for broader political participation.

Individuals

Must be aware of their co-responsibility in expanding their capability. A source of human capability is the activity of individuals, but the activities of the State, local governments and non-governmental organisations are pre-conditions for the expansion of that capability. Individual initiative in the fields of economics, politics and culture is both an expression of capability and the main condition for creating opportunities for action for other people.

The analysis of the demographic situation, population mobility, people's regional identity, activity opportunities and capability of Latvia's regions highlights the processes that affect human development.

In order to expand human **capability** in economy, politics and culture, it is necessary to rationally explore and utilise the **resources of the living environment** and create a variety of **activity opportunities**.

In order to promote human development in Latvia, it is necessary to **promote positive thinking and action** in

the entire society. Pessimistic stereotypes of life perception have taken deep root in society, and these do not stimulate capability. The promotion of a positive experience demonstrates to everyone that by taking action a person can improve his or her living environment, develop abilities and create new opportunities. Everyone – State officials, local government leaders, activists of non-governmental organisations and the patriots of their own counties – must be able to see positive examples in both the history of their county and the State and today. They must be proud of such examples because people are simultaneously the main resource for human development and its main target.

Calling Card

Zemgale Planning Region



The Zemgale region has a wide network of roads (road density is 882 km per 1000 sq. km; data of 2002). However, the quality of the roads is not satisfactory. Regional and local roads are of particularly poor quality. The main national highways – Via Baltica (E67) and Rīga-Moscow (A6), railroad lines and main oil and natural gas pipelines cross the Zemgale region. A considerable amount of transit cargoes, including dangerous cargo, is transported through the Zemgale region, which is why the quality of infrastructure in the region is particularly important. 69.3% (2004) of the region's territory (**10,741.6 sq. km**) consists of arable land. The cadastral value of land in Zemgale is almost 50% higher than in other rural districts of the country.

People in the Region

The number of inhabitants in the cities of the Zemgale region has decreased by 5.7% over the past five years, which is slightly less than the relevant indicator in the country in total (6.2%), but the population in the parishes of the region has even increased during this period by 1.0% (a decrease of 1.8%, on average, was observed in Latvia's parishes). The decrease in the number of city dwellers may also be explained by the change in the structure of housing location.

The total number of inhabitants in Zemgale is 289,990 or 12.5% (at the beginning of 2004) of the total population of Latvia. The proportion of rural inhabitants in Zemgale is 53.2%. The region has one republic city – Jelgava, its population density is 1096.0 inhabitants per sq. km. The average population density in the region is 27.0 inhabitants per sq. km (among regions, this is the highest indicator after the Rīga region). Among districts, the lowest population density is in the Aizkraukle district (16.2 inhabitants per sq. km), the highest – in the Bauska district (27.7).

The total economically active population in Zemgale in 2004 was 131,900 or 58.5% of the total population of Zemgale.

In the beginning of 2005, there were 67.6% Latvians, 19.1% Russians and 13.3% other nationalities living in the Zemgale region.

Work and Life in the Region

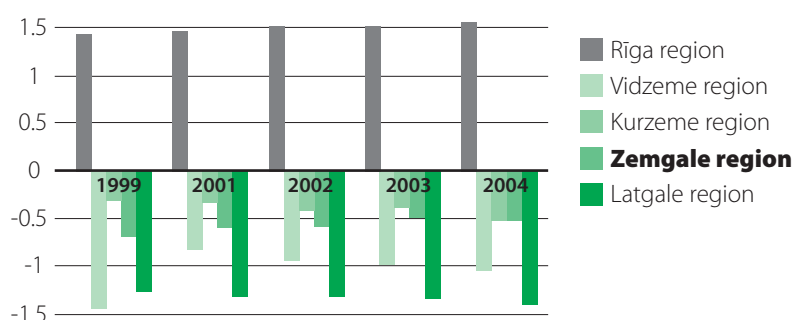
In 2002, the GDP per capita in the region was 55.7% of the average value in Latvia, or 1,354 lats. The average personal income tax in the cities of Zemgale, calculated per capita, is 1.7 times higher than in the parishes of the region.

The level of entrepreneurship in Zemgale in 2003 was one of the lowest in the country: only 11.0 economically active enterprises per 1,000 inhabitants of the region. One third of the people employed in the region so far have traditionally worked in the agriculture sector.

During the past two years, the interest of foreign investors has grown considerably, which is indicated by the fact that new industrial enterprises with foreign capital are developing in the region (in Dobeles and Jelgava). In addition, Jelgava is developing a food quality and safety centre and a scientific and technological park.

The Latvia University of Agriculture in Jelgava provides the intellectual and research potential in the region, gradually acquiring the importance of a regional university. Zemgale has a strong network of educational institutions for implementing lifelong learning.

The Development Index Weight of the Planning Regions in 1999–2003



2005 Study of Human Capabilities in the Regions. Methodology

The 2005 Study of Human Capabilities in the Regions

is a questionnaire-based survey, commissioned by the UN Development Programme and the University of Latvia in order to ascertain the attitudes and opinions of the Latvian population on several issues. The study covered several topics: factors that advance or hinder the development of the living space, individual capabilities and participation in social life, people's attitudes toward their health and health care habits, the role of the media in the development of the regions, internal and external migration trends, human quality of life, education quality and the economic activity of the population.

Sampling

A stratified random sample, calculated on the basis of the Population Register data of the Office of Citizenship and Migration Affairs of the Republic of Latvia about the population of Latvia, was used in the survey. In total, 1020 permanent residents of Latvia, aged 18-74, were surveyed. The composition of the respondents reflects the composition of the adult population of Latvia by gender, age, nationality and place of residence.

106 survey points were selected randomly from the list of all populated areas of Latvia, using the number of inhabitants in the populated areas as the measure of proportionality. The smallest unit was the parish. At each survey point, the interviewer selected not more than ten households in accordance with instructions that specified the route principle and the starting address. In the selected household, a respondent for the survey was selected by the principle of the nearest birthday.

Implementer and Date of the Survey

The marketing and public opinion research centre SKDS carried out the survey in July and August 2005.

Survey Method

The survey was conducted by using the direct (personal) interview method at the place of residence of each respondent. Interviews were carried out in Latvian and Russian according to the respondent's choice.

Each respondent was surveyed about:

- 1) The sense of territorial belonging;
- 2) Factors that influence the choice of the place of residence;
- 3) The development possibilities of the place of residence and the existing possibilities at the place of residence;
- 4) Health condition and health care habits;
- 5) The quality of health care services and opportunities to use them;
- 6) What sources of information are used to clarify some issues;
- 7) Library attendance;
- 8) Satisfaction with education system services;
- 9) Satisfaction with the acquired education and the intentions of further education;
- 10) Political activities in which the respondent has been involved;
- 11) Assessment of the activities of local governments and non-governmental organisations;
- 12) Leisure habits and motivation to get involved in activities;
- 13) Ways of seeking employment and readiness to advance one's own employment qualifications;
- 14) Willingness to engage in entrepreneurship and obstacles to entrepreneurship;
- 15) Trust in other people and institutions;
- 16) To what extent does the respondent feel in control of his or her life and able to influence some areas of his or her life;
- 17) Satisfaction with life in general and some areas thereof;
- 18) The quality of life of some social groups;
- 19) Factors that advance or hinder capability;
- 20) What the respondent has done or intends to do to improve his or her life;
- 21) Readiness to take risks in business;
- 22) The most interesting things the respondent does on a regular basis.

About the Study

The main goal of the Study was to establish the critical factors which advance or hinder development in Latvia's regions. Regions have different resources and opportunities at their disposal; therefore, the development-promoting factors may also vary. Knowing what is socially and personally most important in a different socio-geographical

Composition of Respondents and All Population of Latvia from Different Aspects, %

Feature	Proportion of respondents in the selection (%) before weighting	Proportion of respondents in the selection (%) after weighting	Population Register data of the Ministry of the Interior Office of Citizenship and Migration Affairs on January 1, 2005
Total	100.0	100.0	100.0
Regional Affiliation			
Rīga	30.7	32.7	32.7
Vidzeme	23.7	23.9	23.9
Kurzeme	13.9	13.2	13.2
Zemgale	16.0	14.6	14.6
Latgale	15.7	15.7	15.7
Gender			
Males	46.3	46.5	46.5
Females	53.7	53.5	53.5
Nationality			
Latvians	58.9	56.5	56.5
Others	41.1	43.5	43.5
Age			
18–24	15.6	14.7	14.7
25–34	18.6	18.8	18.8
35–44	19.9	19.3	19.3
45–54	18.7	18.5	18.5
55–74	27.2	28.7	28.7
Citizenship			
Citizens of Latvia	81.9	80.6	...
Respondents without Latvian citizenship	18.1	19.4	...

context, researchers are able to develop recommendations for decision-makers, the media, the non-governmental sector, entrepreneurs and other interested parties. Such information and recommendations elaborated on the

basis thereof are useful for the promotion of sustainable development in the regions of Latvia. Because the winner must be not just society in general, but each inhabitant of Latvia as well.

Brief Overview of the Main Human Development Indicators

In 1990, a numerical indicator for the quality of life – the Human Development Index (HDI) – was developed within the framework of the United Nations. The HDI includes three main variables of human development:

- a long and healthy life, expressed as the average life expectancy of newborns;
- the level of knowledge, expressed by the level of adult literacy and the proportion of educational institution attendees in the relevant age group;
- an adequate living standard, expressed as the real Gross Domestic Product (GDP) per capita in European currency units by purchasing power parity standard (PPP USD).

Health and Life Expectancy

Average life expectancy is an effective indicator which characterises the demographic situation in general as well as the living conditions of the population. Since 1996, life expectancy has increased quite considerably in comparison with previous years. Since 2000, the life expectancy of men has increased by 2.2 years and the life expectancy of women by 1.2 years.

There is a significant disparity between the life expectancy of men and women in Latvia. The average life expectancy

of people born in 2004 is 72.1 years, 67.1 years for men and 77.2 years for women. These are among the lowest indicators in the EU Member States.

Statistics on mortality and life expectancy indicate that the average further life expectancy for those who reach the age of 60 in 2004 is 16 years for men and 22 years for women.

Over the past years, mortality has stabilised in Latvia. In 2004, 32,000 people died in Latvia, and the general mortality rate (the number of deaths per 1,000 inhabitants) was 13.8 (In 2003 these figures were 32,400 and 13.9, respectively.)

The most widespread cause of death in Latvia is circulatory system diseases. In 2004, 18,000 people died of such diseases, accounting for 55.9% of total deaths. The mortality of men aged 30-64 from circulatory system diseases is, on average, three times higher than that of women of the same age. Tumours are the second most frequent cause of death. In 2004, 5,800 people died of tumours, i.e., 18.2% of all deaths. Male mortality from malignant tumours is greater than that of women. Various external causes (deliberate self-inflicted injuries, accidents, poisoning, traumas) take third place in causes of death. In 2004, 3,173 persons died unnatural deaths.

Average Life Expectancy in Various EU Member States, Years

Countries	Year	Men	Women
EU-25	2002	74.8	81.1
Sweden	2003	77.9	82.4
Italy	2002	77.0	82.9
Cyprus	2003	77.0	81.4
Spain	2003	76.9	83.6
Greece	2002	76.4	81.8
Latvia	2004	67.1	77.2
Lithuania	2003	66.5	77.9
Estonia	2002	65.3	77.1

Source: European Community Statistics Bureau "Eurostat" database "NewCronos"; data of the national statistics organisations.

Main Causes of Death in Latvia 1995–2004 (number of deaths per 100,000 population)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total	1567	1397	1378	1419	1374	1357	1400	1390	1394	1385
Circulatory system diseases	875	775	766	788	759	753	783	778	783	774
Tumours	222	226	226	236	241	237	246	245	250	251
External death factors	209	158	159	164	164	159	157	157	145	137

Source: The Central Statistics Bureau of Latvia, 2005, 90.

Morbidity due to tuberculosis, which is classified as a social disease, still remains high in the country. It is facilitated by unemployment, alcoholism, drug addiction and, most importantly, neglect of individual health. The dynamics of HIV and AIDS are alarming as well. With the increasing spread of intravenous drugs, the number of new HIV infection cases is also growing, causing anxiety for all of society. In comparison to 2003, the total number of registered HIV infection cases increased by 12% or 323 cases (to 3,033 cases) in 2004. Of the total, 322 cases were registered in the AIDS phase (245 in 2003).

Health indicators reflect the state of the country's health care system and the co-operation between this system and individuals. The lifestyle of Latvia's population cannot be deemed healthy. Excess weight and obesity, insufficient physical activity, alcohol and drug use and smoking are all significant factors that influence the health condition of individuals. In the realm of public health, smoking is currently considered among the most dangerous causes of oncological and vascular disease, which can be prevented.

Currently, health care funding is one of the most serious problems both from the perspective of the State budget and of individual patients. The health care system reform, which commenced in 1993, still continues in Latvia. In 2003 and 2004, the Ministry of Health actively worked on aligning the structure of outpatient and inpatient care providers. The shortage of doctors and medical personnel with a secondary medical education is a serious problem of the health care system.

Education

Every nation links its future with the promotion and support of education. The changes in the modern society and economy impose new demands on the education system. The Ministry of Education and Science continues to implement the following goals which were set in the "Education Development Concept 2002-2005":

- increase the quality of education on all education levels;
- ensure the Latvian population with accessible lifelong education;
- increase the efficiency of education expenditures at all levels and types of education.

The role of education in the country has grown considerably and is confirmed by the increasing number of students in educational institutions. This increase is associated mainly with the increasing number of tertiary students. In comparison to 2000, the number of tertiary students in the academic year 2004/2005 has grown by 77 per cent and reached 131,000. In Latvia, the number of students in higher educational institutions per 100,000 inhabitants is one of the largest in the EU Member States.

1,026 institutions of general education started the academic year 2004/2005: 60 primary schools, 486 lower secondary schools, 383 secondary schools, 33 evening schools and 64 special schools. The established network of educational institutions ensures the acquisition of a basic education near an individual's place of residence. However, it is important to also ensure the creation of "an optimal educational institution" when forming the education network by ensuring that the main elements (number of students, size, crowdedness and utilised capacity of premises, financing per student, etc.) allow for the utilisation of resources with maximum efficiency. Since 2004, the Ministry of Education and Science provides support to local governments in order to enable them to purchase means of transportation to bring schoolchildren to more remote educational institutions.

In order to facilitate the integration of children with special needs into general education and vocational education institutions, the task fulfilment results of three international co-operation projects, developed together with Norway and Iceland, were combined and analysed in 2004. The establishment of a school network in the country that integrates students with special needs is promoted within the framework of the sub-programme of the "General

Education Indicators, %

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
All level educational institutions	70.8	75.9	78.8	81.5	84.4	87.8	89.5	90.5	91.7	92.3
Primary education	89.3	91.4	92.2	92.4	93.3	96.5	99.4	101	102	103
Secondary education	82.6	86.3	91.5	94.6	100.4	100	97	96.1	93.6	97.6
Tertiary education	26.6	37.8	43.3	50.7	56.2	63.2	67	69.7	71.9	72.2

Source: The Central Statistics Bureau of Latvia.

Education" Programme. 23 general education institutions have received financial support.

In the academic year 2004/2005, 44,700 students obtained vocational education in 119 educational institutions. It should be noted that with each year the proportion of students in vocational education institutions, as a part of the total number of students, is decreasing (46,800 students in the academic year 2003/2004). A negative trend is the fact that a large number of students are being discharged. 13% of students were discharged in the academic year 2004/2005, and 42% of those discharged were in their first year. The material and technical resources of vocational education institutions are insufficient as well. In order to improve the material and technical provisions, the national programme "Renovation of Vocational Education Institutions and Modernisation of Instructional Equipment" of the European Regional Development Fund was developed, which intends to modernise instructional workshops, laboratories and offices in 28 educational institutions.

The market economy, which imposes new demands on professional qualification, is developing more rapidly than the supply of adequate vocational and higher education programmes. In some professions, a discrepancy is developing between labour market demand and the existing supply of education. This means that graduates of vocational education institutions encounter difficulties in the labour market more often than others. At the end of 2004, 35.9% of the unemployed had vocational secondary educations. Co-operation among educational institutions and employers is not sufficient. Employers do not have the incentive to go to the trouble of providing in-service training for future experts.

Higher education in Latvia may be acquired at 20 state institutions of higher education, 16 institutions of higher education founded by private institutions, 16 state colleges and 4 colleges founded by private institutions. Unlike in other European countries, where natural sciences are recognised as having better prospects, social sciences are most popular in Latvia. 54% of students during the last academic year studied

social sciences. Taking into account the high demand for specialists in information technologies as well as the priority sectors specified in the National Development Plan, the number of state-funded scholarships in natural sciences and engineering was increased in 2004.

In order to successfully implement the requirements of the Lisbon strategy, Latvia, along with other EU Member States, must offer its contribution in the promotion of lifelong education. Unfortunately, there is no lifelong education system in Latvia, which would provide people with an opportunity to adapt to the conditions in the changing labour market. Uneven socio-economic development in the country does not ensure the inhabitants of rural and urban areas with equal opportunities to obtain quality education, and hence they have unequal possibilities for participating in the labour market as well.

One of the cornerstones of education is its financing. The sources of financing received by Latvian educational institutions are the State budget, local government budgets, the resources of natural and legal persons and foreign assistance. The total financing of education is increasing annually, but despite this increase, the portion of GDP allocated to education keeps getting smaller.

Dynamics of Gross Domestic Product

The essence of Gross Domestic Product (GDP) is the added value acquired in economic activities, which is created in all sectors of the economy over a certain period of time. For several years now, Latvia has had rapid economic growth. During the past five years (2000–2004), GDP has increased annually by an average of 7.5% (8.5% in 2004). GDP growth in this period has been facilitated by an increase of 10.1% in trade volume 12.9% in the transport and communications sector, 7.9% in the processing industry, and 13.0% in construction. The speed of economic development in Latvia is high and steady, and its basis is domestic demand and growing foreign demand.

Education Funding from the National Budget

	Education expenditure, thousands LVL	Percent of the National budget	Per cent of GDP
2000	294 231	16.9	6.8
2001	328 484	18.3	6.9
2002	369 834	18.5	6.5
2003	387 602	17.5	6.1
2004	429 956	16.5	5.9

Source: The Central Statistics Bureau of Latvia..

In 2004, GDP in actual prices was 7,333.0 million LVL. In the same year, according to a "Eurostat" assessment, GDP per capita in Latvia, calculated in purchasing power units, was 9,700 EUR or 43% of the average EU-25 level which was the lowest among the EU Member States. In comparison to 2000, the difference from the average level in the EU states decreased by 8%.

There are pronounced social and economic disparities among regions. More than half of Latvia's GDP is made in Rīga.

Income Distribution

Along with economic growth in the country, public income is increasing as well. In 2004, the average disposable income per household member reached 101.23 LVL, an increase of 17% in comparison to the indicators of 2003. However, the increase has not been even, and the income available has increased mostly in rural areas. It should be noted that in rural areas income per household member is 77.84 LVL

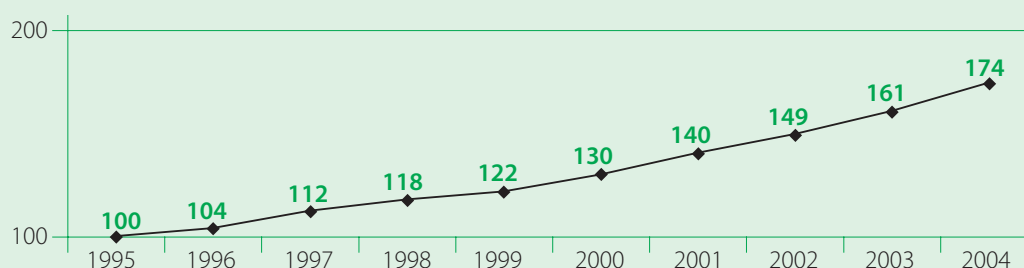
while in cities it is 112.34 LVL. Income inequality between inhabitants of urban and rural areas has not diminished.

Differences among regions has grown, especially between Rīga and other regions. In 2004 in the Rīga region, household disposable income was higher than the average in the country by 33.6% while in the Latgale region it was the lowest at 67 LVL per household member per month.

Income levels vary among different socio-economic groups. Entrepreneurs and households of the self-employed have a higher income level – an average of 166.83 LVL per household member per month in 2004 followed by paid employees (109.56 LVL), farmers (88.35 LVL), households of retired people (68.55 LVL) and households without a regular income source (48.93 LVL).

Using the data that is recalculated per one adult consumer, the highest income is in families consisting of a couple with children (173.87 LVL) while the lowest is in single-parent families with children (108.06 LVL) and families with three or more children (54.63 LVL).

Gross Domestic Product Indexes (average prices of 2000, in per cent to 1995)



Source: The Central Statistics Bureau of Latvia.

Over the years, household income structure has not changed much. More than half (65%) of total household disposable income is generated from wages, 25% from social transfers and 9% from income from agricultural production and private entrepreneurship.

In 2004, the average gross wage of people employed in the national economy was 211 LVL, and the net wage was 150 LVL. In the last several years, average employee earnings have increased. In 2004, the average net wage of people employed in the national economy in comparison to 2000 had increased by 38% (taking into account the inflation rate, the increase is only 21%). The average wage of employees in the agriculture, construction, trade, health, social care and several other specific sectors is much lower than in the country in general.

The population division by income or consumption level in Latvia is characterised by a large proportion of low-income households. Income or consumption inequality is described by the Gini coefficient. This indicator varies from 0 to 1. If there is equality of income or consumption

distribution in society, the Gini coefficient equals zero. The larger the inequality, the larger the coefficient. In Latvia in 2003, the Gini coefficient was 0.36 (0.34 in 2002). According to the 2004 Household Budget Survey data, 20% of poorer households accounted for 9.6% of the total income, while 20% of the wealthier households accounted for 41%.

Employment and Unemployment

In analysing employment, it is important to know the number of the working age population and the number of the population who will join the labour force in the future. In Latvia, an increase in the number of inhabitants of working age has been observed in the past years although this number still lags behind the respective indicators of the mid-1990s considerably.

In 2004, 1,018,000 inhabitants were employed in the national economy, or 56.1% of the total population aged 15-74 (61.5% men and 51.3% women). In comparison to indicators from 2000, the number of employed has

Gross Domestic Product per capita in Parity Standards of Purchasing Power (PPP) in 2004

Latvia	Poland	Lithuania	Estonia	Slovakia	Hungary	Czech Republic	Malta	Portugal	Slovenia	Cyprus	Greece	Spain	Italy	Germany	France	Finland	Sweden	Belgium	Great Britain	Netherlands	Austria	Denmark	Ireland	Luxembourg
43	47	48	50	52	61	72	72	73	78	82	82	98	105	109	111	115	116	119	119	120	122	122	139	223

(ES-25 = 100)

Source: The Central Statistics Bureau of Latvia.

Gross Domestic Product in Statistical Regions in 2002

	GDP as percent of total amount	GDP per capita, LVL	GDP as percent of average value in the country
Rīga	58	4418	182
Vicinity of Rīga	10	1596	66
Vidzeme	6	1407	58
Kurzeme	11	2015	83
Zemgale	7	1354	56
Latgale	8	1176	48

Source: The Central Statistics Bureau of Latvia, 2004, 61.

increased by 8%. Last year, the majority (60%) of those employed in the national economy were working in the service sector, followed by 27% in industry and 13% in agriculture. An increase in the proportion of women in the labour market has been observed in Latvia, which may be explained by economic conditions as families often have difficulties in subsisting on the salary of one employed person. The proportion of employed women in

2004 (51.3%) was larger than in 2003 (50.6%). The economic activity of women exceeds the average EU indicators.

One indicator of stability is low unemployment. Unemployment in Latvia is characterised mainly as structural unemployment created by significant changes in the structure of the national economy.

Disposable Income in 2002–2004, in LVL per household member per month

	2002	2003	2004
Urban areas	87.61	98.46	112.34
Rural areas	63.93	62.61	77.84
All households	80	86.88	101.23

Source: Source: The Central Statistics Bureau of Latvia, 2004 b, 35; The Central Statistics Bureau of Latvia Household Budget Survey Data.

Disposable Income per Household in Regions in 2003–2004 (in LVL per household member per month)

	2003	2004
All households	86.88	101.23
Kurzeme	68.10	89.88
Zemgale	74.61	89.66
Latgale	56.83	67.20
Vidzeme	72.78	83.34
Rīga	125.23	135.24
Vicinity of Rīga	84.48	102.77

Source: The Central Statistics Bureau of Latvia Household Budget Survey Data.

Economically Active Population, thousands

	Economically active inhabitants	Including	
		employed	out-of-work job seekers
1996	1196	949	247
2000	1100	941	159
2001	1107	962	145
2002	1123	989	135
2003	1126	1007	119
2004	1136	1018	119

Source: Central Statistics Bureau of Latvia.

According to the Labour Force Survey data, the actual level of unemployment is higher than officially registered. For example, the Survey data indicate that last year the number of job-seekers was higher than the number of registered unemployed by 31%. In 2004, there were 90,800 registered unemployed in the country. More than half (59%) of them were women.

Since structural unemployment usually is long-term, people often seek work for a year or more. Last year, there were 23,200 registered long-term unemployed or 25.6% of the total number of unemployed.

The employment level differs significantly among Latvia's regions, indicating the uneven development of the economy. The highest unemployment level is in Latgale (18.7%) due to weakly developed entrepreneurship, a small number of self-employed and insufficiently developed infrastructure.

Conclusion

The speed of economic growth in Latvia has been very rapid. Implemented reforms and integration into the European Union have positively affected the economic development of the country. Gradually, the gap between the average GDP of Latvia and the EU per capita by purchasing power parity standards is shrinking. There is reason to hope that successful implementation of economic reforms will ensure growth in the years to come as well and that Latvia will reach a living standard that corresponds to the average EU standards.

Tables

The statistical tables in this Appendix have been prepared in accordance with United Nations Development Programme (UNDP) specifications. The information included in the tables describes human development and shows how people have been able to use economic achievements to improve their lives. The tables reflect the most significant indicators describing social processes, e.g., health, education, the environment, employment, etc. Information has been compiled from the Central Statistical Bureau of Latvia (CSB), and, if necessary, additional data was obtained from ministries, institutions and international organisations.

The statistical information appearing in the tables has been acquired, for the most part, in accordance with international methodologies. Data obtained from sample surveys conducted by the CSB and other institutions has also been used.

In some cases, the data published for prior periods has been revised. The data for 2004 contained in several tables is for the previous period and may be adjusted in the next publication.

For example, with the transfer to 2000 average prices, the information on Gross Domestic Product was revised for the period beginning in 1995. Therefore, indicators calculated on the basis of GDP have also changed.

Census data was used for the calculation of some indicators. After the results of the 2000 population census were finalised, total population was recalculated.

Information acquired between 1996 and 1999 during the survey of household budgets was recalculated in accordance with the instructions of the European Union Statistics Office "Eurostat." As a result, slight changes appeared in the income ratio between the richest 20% and the poorest 20% of inhabitants.

The data of the Labour Force Survey is used as the source of information regarding employment. Therefore, all the respective indicators from 1996 onward have changed accordingly. Similarly, changes to the calculations have been made using information from the 2000 population census.

Human Development Index: Latvia

	Life expectancy at birth, years	Adult literacy rate, %	Proportion of people attending educational institutions of all levels	Real GDP per capita, PPP European currency units	Life expectancy index	Education index	GDP index	Human development index
1999	70.4	99.8	84.4	6616	0.76	0.95	0.70	0.803
2000	70.7	99.8	87.8	7000	0.76	0.96	0.71	0.809
2001	70.7	99.8	89.5	7600	0.76	0.97	0.72	0.816
2002	71.1	99.8	90.5	8200	0.77	0.97	0.75	0.825
2003	71.4	99.8	91.7	8700	0.77	0.97	0.75	0.830
2004	72.1	99.8	92.3	9700	0.79	0.97	0.76	0.840

Human Development

	Life expectancy at birth, years	Maternal mortality per 100,000 live births (number of cases)	Number of inhabitants per physician	Enrolment at all level educational institutions, % of inhabitants, aged 7–23	Enrolment at tertiary educational institutions, % of inhabitants aged 19–23		Real GDP per capita, in European currency units according to standards of purchasing power parity	GDP per capita, USD
					Total	Women		
1995	66.7	37 (...)	294	70.8	26.6	...	4300 ¹	1966
1996	69.3	40 (8)	283	75.9	37.8	45.5	4700 ²	2272
1997	70.0	42 (8)	288	78.8	43.3	51.7	5200 ²	2521
1998	69.9	43 (8)	301	81.5	50.7	63.5	5720 ³	2745
1999	70.4	41 (8)	296	84.4	56.2	72.7	6070 ³	3021
2000	70.7	25 (5)	291	87.8	63.2	79.6	7000 ⁴	3258
2001	70.7	25 (5)	303	89.5	67.0	84.0	7600 ⁴	3495
2002	71.1	5 (1)	294	90.5	69.7	87.8	8200 ⁴	3937
2003	71.4	14 (3)	294	91.7	71.9	91.3	8700 ⁴	4758
2004	72.1	9 (2)	287	92.3	72.2	93.1	9700 ⁵	5871

¹ Statistics in Focus. Economy and Finance. Theme 2-XX/1999. National Accounts. Gross Domestic Product. First results for 1998. Eurostat. The GDP of the Candidate Countries 14/03/2000.

² Statistics in Focus. Economy and Finance. Theme 41/2002, Eurostat. GDP of the Candidate Countries – 2001.

³ Statistics in Focus. Economy and Finance. Theme 2-20/2003.

⁴ Data from the European Union Internet home page "Economy and Finance" and "Eurostat News Release 75/2005", 03/06/2005.

⁵ Prior assessment.

Human Distress

	Unemployment rate, % of economically active inhabitants	Adults aged 15 and older with incomplete secondary education, %	Income ratio between the richest 20% and the poorest 20% of inhabitants	Annual inflation rate compared to the previous year, %	Number of deaths in traffic accidents per 100,000 inhabitants	Divorces, % of consummated marriages	Children born to unmarried mothers, %	Number of suicides per 100,000 inhabitants		Sulphur and nitrogen emissions from stationary sources, kg SO ₂ and NO ₂ per capita
								Men	Women	
1995	6.6	39.6 ¹	...	125.0	25	70.6	29.9	72.0	14.9	18.5
1996	7.2	39.6 ¹	5.0	117.6	22	62.8	33.1	65.3	13.4	21.8
1997	7.0	39.6 ¹	4.8	108.4	22	63.0	34.8	62.8	13.9	17.8
1998	9.2	39.6 ¹	5.4	104.7	26	64.4	37.1	61.0	12.5	17.0
1999	9.1	39.6 ¹	5.1	102.4	25	63.9	39.1	53.9	13.3	13.2
2000	7.8	34.9 ²	5.5	102.6	25	66.6	40.3	56.5	11.9	8.6
2001	7.7	34.9 ²	...	102.5	22	62.0	42.1	52.2	11.2	7.5
2002	8.5	34.9 ²	5.5	101.9	22	61.1	43.1	48.5	11.9	7.3
2003	8.6	34.9 ²	6.1	102.9	24	48.3	44.2	45.1	9.7	7.0
2004	8.5	34.9 ²	6.0	106.2	23	50.8	54.3	42.8	8.5	5.8

¹ Latvian population census of 1989.

² Latvian population census of 2000.

Gender Differences (% women in relation to men)

	Life expectancy at birth	Number of inhabitants (at year's end)	Secondary education enrolment	Secondary education graduates	Tertiary education enrolment (students aged 19–23)	Employed ¹	Unemployed	Overall salaries in the country
1995	120.3	116.9	108.0	120.1	155.2	...	109.7	78.3
1996	118.3	117.0	103.5	...	149.7	92.0	120.8	78.5
1997	118.2	117.0	101.8	132.1	145.1	94.8	146.2	79.7
1998	117.9	117.0	101.0	124.1	146.4	92.7	141.1	79.3
1999	117.4	117.1	99.7	122.3	157.4	92.6	134.6	80.0
2000	117.0	117.1	98.1	100.3	152.5	96.2	136.1	78.6
2001	117.6	117.2	98.0	113.8	142.1	97.8	134.6	80.2
2002	117.4	117.3	97.1	111.7	138.8	96.0	142.2	81.5
2003	116.7	117.1	98.3	101.4	140.0	94.8	140.9	83.5
2004	115.1	117.0	97.9	111.1	144.3	95.0	143.6	84.4

¹ Labour Force Survey. Persons aged 15 and older 1996–2001, or aged 15–74 from 2002 onward.

Status of Women

	Life expectancy at birth, years	Average age at first marriage	Maternal mortality rate per 100,000 live births (number of cases)	Secondary education enrolment, % of women aged 11–18	Secondary education graduates, % of women aged 18	Tertiary education enrolment, % of women aged 19–23	Proportion of women among the employed, % ¹	Proportion of women among managers and specialists, % ¹	Proportion of women among deputies of the <i>Saeima</i> , %
1995	73.1	22.8	37 (...)	...	...	...	...	...	8 ²
1996	75.6	23.2	40 (8)	84.3	...	45.5	47.9	60.5	8 ²
1997	75.9	23.6	42 (8)	85.9	85.4	51.7	48.7	60.5	8 ²
1998	75.5	24.0	43 (8)	85.8	86.4	63.5	48.1	59.1	17 ³
1999	76.2	24.2	41 (8)	86.9	91.4	72.7	48.1	58.4	17 ³
2000	76.0	24.4	25 (5)	88.2	87.6	79.6	49.0	57.7	17 ³
2001	76.6	24.4	25 (5)	89.0	96.1	84.0	49.4	59.1	17 ³
2002	76.8	25.4	5 (1)	88.9	98.5	87.8	49.0	57.6	18 ⁴
2003	76.9	25.4	14 (3)	90.5	82.2	91.3	48.7	57.5	18 ⁴
2004	77.2	25.6	9 (2)	88.9	80.7	93.1	48.7	57.5	18 ⁴

¹ Labour Force Survey. Persons aged 15 and older 1996–2001, or aged 15–74 from 2002 onward.

² Results of the *Saeima* elections of 30 September 1995.

³ Results of the *Saeima* elections of 3 October 1998.

⁴ Results of the *Saeima* elections of 5 October 2002.

Demographic Profile

	Number of inhabitants, in millions (at year's end)	Annual population growth rate, %	Total fertility rate	Proportion of dependants, %	Proportion of inhabitants aged 60 and over, % (at year's end)	Life expectancy at age 60 (additional years)	
						Men	Women
1995	2.5	-1.2	1.3	43.1	19.3	14.2	19.3
1996	2.4	-1.0	1.2	42.3	19.7	14.8	21.2
1997	2.4	-1.0	1.1	42.2	20.1	14.2	21.3
1998	2.4	-0.9	1.1	41.0	20.5	14.3	20.9
1999	2.4	-0.7	1.2	40.6	21.0	14.1	21.5
2000	2.4	-0.7	1.2	41.1	21.5	14.8	21.3
2001	2.3	-0.8	1.2	39.7	21.9	15.4	21.5
2002	2.3	-0.6	1.2	39.2	21.6	15.1	21.8
2003	2.3	-0.5	1.3	37.6	21.8	15.1	21.5
2004	2.3	-0.6	1.2	37.2	21.3	15.9	21.6

Health

	Death from circulatory system diseases, % of all deaths	Death from malignant tumours, % of all deaths	Registered alcohol consumption, litres per adult ¹	Number of inhabitants per physician	State expenditures on health, % of total State expenditures	State expenditures on health, % of GDP
1995	55.8	14.1	9.1	294	9.7	4.0
1996	55.5	16.0	8.4	283	9.9	3.9
1997	55.5	16.3	8.4	288	9.9	3.8
1998	55.5	16.4	8.9	301	9.4	4.1
1999	55.2	17.1	8.8	296	9.1	4.1
2000	55.5	17.3	8.4	291	8.9	3.6
2001	55.9	17.4	7.8	303	9.1	3.4
2002	56.0	17.4	8.5	294	9.1	3.3
2003	56.1	17.9	9.4	294	9.4	3.3
2004	55.9	18.2	8.9	287	9.4	3.4

¹ Estimate.

Education

	Enrolment at all level educational institutions, % of inhabitants aged 7–23	Enrolment at primary schools, % of inhabitants aged 7–15	Enrolment at secondary schools, % of inhabitants aged 16–18	Enrolment at tertiary educational institutions, % of all inhabitants aged 19–23	Expenditures on tertiary education, % of all education expenditures	State expenditures per tertiary student, LVL	State expenditures on education, % of total State expenditures	Total State expenditures on education, % of GDP
1995	70.8	89.3	82.6	26.6	12.0	...	17.0	6.9
1996	75.9	91.4	86.3	37.8	12.3	...	14.6	5.8
1997	78.8	92.2	91.5	43.3	16.1	...	14.6	5.7
1998	81.5	92.4	94.6	50.7	14.3	475	15.7	6.9
1999	84.4	93.3	100.4	56.2	16.7	449	15.1	6.8
2000	87.8	96.5	100.0	63.2	16.3	403	16.9	6.8
2001	89.5	99.4	97.0	67.0	21.6	600	18.3	6.9
2002	90.5	101.0	96.1	69.7	21.8	648	18.5	6.5
2003	91.7	101.7	93.6	71.9	22.9	665	17.5	6.1
2004	92.3	103.1	97.6	72.2	...	...	16.5	5.9

Human Intellectual Potential

	Scientists and technicians per 1000 inhabitants	Total expenditures on research and development, % of GDP	Secondary education graduates, % of inhabitants aged 18	Tertiary education graduates, % of inhabitants aged 23	Science graduates, % of all tertiary educational institution graduates
1995	2.1	0.52	74.9	21.7	...
1996	1.9	0.46	71.6	28.2	...
1997	1.8	0.43	73.6	30.9	0.3
1998	1.8	0.45	76.4	32.2	0.5
1999	1.8	0.40	81.2	33.2	0.5
2000	2.3	0.45	85.6	47.9	0.3
2001	2.3	0.41	88.7	64.2	0.2
2002	2.3	0.42	80.2	58.9	0.3
2003	2.1	0.38	76.2	63.0	0.3
2004	2.9	0.42	76.0	71.2	0.4

Employment

	Employed, % of total population ¹	Distribution of employed, % of total number of employed ¹			Income growth among employed inhabitants, %	Proportion of unionised labour among the employed, % ²	Length of work week, hours ¹
		Agriculture	Industry	Services			
1995	...	...	...	...	25	...	...
1996	48.3	17	27	56	10	...	40.1
1997	50.6	21	26	53	22	...	41.2
1998	50.5	19	27	54	11	...	41.0
1999	49.6	17	26	57	6	19.0	41.2
2000	48.2	15	26	59	6	18.9	41.4
2001	49.2	15	26	59	7	17.8	41.3
2002	54.4	15	26	59	9	...	40.1
2003	55.4	14	27	59	11	...	40.0
2004	56.1	13	27	60	9	...	39.4

¹ Labour Force Survey. Persons aged 15 and older 1996–2001, or aged 15–74 from 2002 onward.

² Information of the Association of Free Trade Unions.

Unemployment (end of year)

	Number of unemployed, in thousands	Unemployment rate, %		Unemployed youth aged 15–24, % of total unemployed persons	Payment of unemployment benefits, % of total State expenditures	Percentage of long-term unemployed (more than 12 months)
		Total	Women			
1995	83.2	6.6	7.0	20.2	1.7	25.5
1996	90.8	7.2	8.1	20.0	1.1	31.2
1997	84.9	7.0	8.5	18.1	1.1	38.1
1998	111.4	9.2	11.0	16.4	1.6	26.3
1999	109.5	9.1	10.7	14.8	1.6	31.1
2000	93.3	7.8	9.2	14.8	1.2	29.0
2001	91.6	7.7	9.0	14.6	1.0	26.6
2002	89.7	8.5	10.5	13.9	1.1	26.4
2003	90.6	8.6	10.5	13.2	1.1	26.1
2004	90.8	8.5	9.6	12.8	1.0	25.6

Defence Expenditures and Expenditure Disbalance

	Expenditures on defence, % of GDP	Expenditures on defence, % of total expenditures on education and health
1995	1.0	9.1
1996	0.8	7.7
1997	0.7	7.4
1998	1.0	9.4
1999	1.0	8.9
2000	0.9	9.1
2001	1.0	9.6
2002	1.3	12.1
2003	1.3	13.4
2004	1.2	13.3

Natural Resources

	Area, thousands of sq. km	Population density, inhabitants per sq.km (at year's end)	Arable land, % of total area	Forests, % of total area	Reclaimed land, % of arable land	Internal renewable water resources per capita, in thousands of cubic metres	Annual water consumption per capita, in cubic metres
1995	64.6	38.2	39.3	44.6	...	8.0	183.3
1996	64.6	37.9	39.0	44.3	62.0	5.3	174.4
1997	64.6	37.5	39.0	44.9	62.0	8.1	166.1
1998	64.6	37.1	38.7	44.2	62.8	10.9	161.9
1999	64.6	36.9	38.5	44.2	62.9	9.6	143.2
2000	64.6	36.6	38.5	44.2	62.9	7.7	126.2
2001	64.6	36.3	38.5	44.4	62.9	8.6	126.3
2002	64.6	36.1	38.4	44.5	62.9	...	127.6
2003	64.6	35.9	38.3	44.5	63.0	...	121.9
2004	64.6	35.7	38.2	44.9	63.1	...	113.9

National Income Indicators

	Gross Domestic Product (GDP), in millions of LVL	Agricultural production, % of GDP	Industrial production, % of GDP	Services, % of GDP	Private consumption, % of GDP	Domestic investments, % of GDP	Tax revenues, % of GDP	State expenditures, % of GDP	Exports, % of GDP	Imports, % of GDP
1995	2580,1	9	25	61	63.5	13.8	33.2	24.4	42.7	44.9
1996	3076.2	7	24	64	68.5	16.7	31.2	21.6	46.8	54.3
1997	3562.9	5	25	66	67.4	17.2	33.1	20.8	46.8	54.7
1998	3902.9	4	21	68	64.9	25.1	36.3	23.5	47.2	59.6
1999	4224.2	4	18	71	63.5	23.2	34.3	22.7	40.4	49.9
2000	4685.7	4	17	72	63.0	24.6	31.6	21.0	42.2	49.5
2001	5168.3	4	17	73	62.9	25.1	30.2	20.6	41.6	51.7
2002	5689.4	4	17	73	62.7	24.1	30.8	21.1	41.1	51.2
2003	6317.8	4	17	73	62.9	24.4	28.2	21.6	42.3	55.1
2004	7333.0	4	17	73	62.8	26.0	27.6	20.1	43.9	59.8

Economic Development Trends

	Annual GDP growth rate (in comparative prices of 2000), %	Annual GDP growth rate per capita (in comparative prices of 2000), %	Annual inflation rate, % compared to previous year	Annual export growth rate, % of GDP (in actual prices)	Budget surplus or deficit, % of GDP (in actual prices)
1995	-0.9	0.5	125.0	6.3	-3.1
1996	3.8	5.0	117.6	11.0	-1.4
1997	8.3	9.4	108.4	6.4	1.2
1998	4.7	5.7	104.7	4.4	0.1
1999	3.3	4.1	102.4	-3.2	-4.0
2000	6.9	7.7	102.6	5.6	-2.8
2001	8.0	8.8	102.5	3.4	-2.1
2002	6.4	7.2	101.9	3.3	-2.3
2003	7.5	7.8	102.9	5.3	-1.6
2004	8.3	8.9	106.2	7.5	-1.1

Violence and Crime

	Prison inmates per 100,000 inhabitants	Juveniles, % of total convicted criminals	Reported number of rapes per 100,000 inhabitants	Drug-related crimes per 100,000 inhabitants	Premeditated homicides or attempted homicides a year by men per 100,000 males	Reported number of rapes per 100,000 females
1995	255.2	10.8	6.4	10.9	18.2	11.8
1996	253.7	11.9	5.3	14.7	18.4	9.8
1997	256.4	13.1	4.9	17.6	15.6	9.1
1998	242.7	13.0	3.4	16.1	16.7	6.4
1999	216.4	14.0	4.2	21.4	14.5	7.8
2000	209.4	14.2	5.6	27.6	12.0	10.5
2001	201.7	13.8	5.1	35.2	15.6	9.5
2002	199.0	14.2	4.5	27.0	13.4	8.7
2003	213.6	13.5	5.3	43.0	18.7	9.8
2004	215.5	13.5	13.8 ¹	49.8	14.5	25.61

¹ In January-July 2004, additional criminal offence episodes were registered separately in one criminal case of rape.

Prosperity, Poverty and Social Expenditures

	Real GDP per capita, in European currency units, according to standards of purchasing power parity ¹	Proportion of industrial production in GDP, %	Income ratio between the richest 20% and the poorest 20% of inhabitants	State expenditures on social security, % of GDP	State expenditures on education, % of GDP	State expenditures on health, % of GDP
1995	4300 ¹	25	...	15.1	6.9	4.0
1996	4700 ²	24	5.0	14.8	5.8	3.9
1997	5200 ²	25	4.8	14.0	5.7	3.8
1998	5720 ³	21	5.4	15.0	6.9	4.1
1999	6070 ³	18	5.1	16.1	6.8	4.1
2000	7000 ⁴	17	5.5	13.1	6.8	3.6
2001	7600 ⁴	17	...	11.9	6.8	3.4
2002	8200 ⁴	17	5.5	11.4	6.5	3.3
2003	8700 ⁴	17	6.1	10.7	6.1	3.3
2004	9700 ⁵	17	6.0	10.0	5.9	3.4

¹ Statistics in Focus. Economy and Finance. Theme 2-XX/1999. National Accounts. Gross Domestic Product. First results for 1998. Eurostat.

² Statistics in Focus. Economy and Finance. Theme 41/2002. National Accounts. Eurostat.

³ Statistics in Focus. Economy and Finance. Theme 2-20/2003.

⁴ Data from the European Union Internet home page "Economy and Finance" and "Eurostat News Release 75/2005", 03/06/2005.

⁵ Prior assessment.

Communications

	Cinema attendances per capita	Museum attendances per capita	Daily newspaper copies per 100 inhabitants	Book titles published per 100,000 inhabitants	Number of letters posted, per capita	Automobiles per 100 inhabitants
1995	0.4	0.5	12.4	79.2	6	13.4
1996	0.4	0.5	9.2	80.0	9	15.5
1997	0.5	0.6	13.2	95.4	11	17.8
1998	0.6	0.6	12.6	107.7	11	20.1
1999	0.6	0.6	12.4	110.9	11	22.1
2000	0.6	0.6	8.3	107.3	19	23.5
2001	0.5	0.7	9.0	107.4	19	25.0
2002	0.5	0.7	9.4	108.1	21	26.6
2003	0.5	0.7	10.8	112.0	25	28.0
2004	0.7	0.8	10.9	112.0	27	29.7

Urbanisation

	Urban inhabitants, % of total population (at year's end)	Annual urban population growth rate	Population in largest cities, % of all urban inhabitants (at year's end)	Population in cities with more than 40,000 inhabitants, % of all urban inhabitants (at year's end)
1995	68.6	-1.4	72.7	49.9
1996	68.6	-1.0	72.5	49.7
1997	68.6	-1.0	72.4	49.6
1998	68.5	-1.0	72.2	47.8
1999	68.1	-1.3	72.4	47.7
2000	68.0	-0.9	72.4	47.5
2001	67.9	-0.9	72.3	47.5
2002	67.8	-0.7	72.2	47.3
2003	67.8	-0.5	72.2	47.4
2004	67.9	-0.4	72.2	47.4

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Boxes in Chapter 1

Box 1.1 Centre for Regional Studies; Box 1.2 Centre for Regional Studies; Box 1.3 Central Statistical Bureau of Latvia; Boxes 1.4–1.7 2005 Study of Human Capabilities in the Regions; Box 1.8 Letonika Foundation, 2005; Box 1.9 Central Statistics Bureau of Latvia, 1992, 38–42; Central Statistics Bureau of Latvia, 2005, 40–41, 48–58; Box 1.10 Central Statistical Bureau of Latvia., 2004b, 19; Box 1.11 Central Statistical Bureau of Latvia, 2004b, 17–18; Box 1.12 2005 Study of Human Capabilities in the Regions; Box 1.13 Calculations made on the basis of the data from the Latvia Yearbooks of Demographics for the relevant years; Box 1.14 2005 Study of Human Capabilities in the Regions; Box 1.15 Central Statistics Bureau of Latvia, 2004 c, 111; Economic Statistics Bureau of the Latvian SSR, 1940; Boxes 1.16–1.18 2005 Study of Human Capabilities in the Regions; Box 1.19 VSMTA, 2005, 35, 37; VSMTA, 2004a, 54, 80, 82–83; Box 1.20 2005 Study of Human Capabilities in the Regions; Box 1.21 Trops un Upleja, 2005; Box 1.22 Centre for Regional Studies; Box 1.23 2005 Study of Human Capabilities in the Regions; Box 1.24 Latvian Railway.

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Boxes in Chapter 2

Box 2.1 Central Statistical Bureau of Latvia. 2004a, 66; Box 2.2 Bauere, 2004, 37; Box 2.3–2.5.2005 Study of Human Capabilities in the Regions; Box 2.6 Vanags un Vilka, 2005; Box 2.7 Data of the Ministry of Regional Development and Local Government of the Republic of Latvia; Box 2.8 Data of the Ministry of Finance of the Republic of Latvia on April 15, 2005; Box 2.9 PKC, 2005; Box 2.10 Data of Central Statistical Bureau of Latvia; Box 2.11 Nestere, 2005; Grīnuma, 2005; Box 2.12–2.19 Aggregate data of Ministry of Education and Science of the Republic of Latvia, Department of Vocational and Continuing Education, 2005; Box 2.20 Ministry of Education and Science of the Republic of Latvia, 2005, Section 4.6.3; Box 2.21 2005 Study of Human Capabilities in the Regions; Box 2.22 Central Statistical Bureau of Latvia, 2004b, 37; Box 2.23 Central Statistical Bureau of Latvia. 2004a, 130; Boxes 2.24. and 2.25. 2005 Study of Human Capabilities in the Regions; Box 2.26. Library statistical data of 2004 aggregated by the Latvian National Library; Box 2.27–2.31 2005 Study of Human Capabilities in the Regions.

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Boxes in Chapter 3

Box 3.1 Central Statistical Bureau of Latvia. 2004b, 54; Box 3.2 Firere, 2005; Box 3.3 2005 Study of Human Capabilities in the Regions; Box 3.4 The State Regional Development Agency, <http://vraa.gov.lv>; see also Bauere, 2004, 37; Box 3.5 2005 Study of Human Capabilities in the Regions; Box 3.6 Ercmane, 2005; Box 3.7 Central Statistical Bureau of Latvia. 2004b, 54; Box 3.8 LR Central Statistical Bureau of Latvia, 2004b, 54; Central Statistical Bureau of Latvia, 2005b; Boxes 3.9 and 3.10 2005 Study of Human Capabilities in the Regions; Box 3.11 Central Statistical Bureau of Latvia. 2000–2005; Boxes 3.12 and 3.13. 2005 Study of Human Capabilities in the Regions; Box 3.14. The data of the Central Election Commission of Latvia; Box 3.15–3.17 2005 Study of Human Capabilities in the Regions; Box 3.18 LLC Lursoft IT; Box 3.19 LLC The data of Lursoft IT and the Central Statistical Bureau of Latvia; Box 3.20 2005 Study of Human Capabilities in the Regions; Box 3.21 Ministry of Culture of the Republic of Latvia; Boxes 3.22 and 3.23 The Gallup Organization Hungary, 2003; Box 3.24 2005 Study of Human Capabilities in the Regions.

Appendix Brief Overview of the Main Human Development Indicators

The data-base of the European Commission statistics bureau "Eurostat," data-base "NewCronos"; data of national statistics organisations.

Central Statistical Bureau of Latvia 2002. *Latvijas demogrāfijas gadagrāmata, 2002*. Rīga: CSB.

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Calling Cards of the Regions:

Central Statistical Bureau of Latvia. 2004a. *Latvia's Regions in Figures, 2004*. Rīga: CSB.

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