



Latvia

Assessment of the 2008-2010 National Reform Programmes for Growth and Jobs from a social inclusion perspective The extent of synergies between growth and jobs policies and social inclusion policies

A Study of National Policies

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Summary

The Latvia National Reform Programme 2008 - 2010 (further referred to as the NRP) was prepared in very different situation than the previous NRP – in the situation of dramatic fall in the economic development and high inflation.

Still, the significant changes in NRP 2008-2010 in comparison with NRP 2005-2008 characterising the strengthening of the social dimension have not taken place – neither from the point of the context of policies implemented at the national level nor from the point of the coordination of the role of the involved policies. The relations between the economic and the social strategy have not been presented clearly and consequently. No reference has been made in the NRP 2008-2010 to the social protection and social inclusion process neither in the description of the situation, nor in the plan of measures. Still, NRP includes some implicit references to the process of social inclusion in Latvia. It's more referable to education and employment policies.

The authors of NRP have shown reaction to the comments of the European Commission's 2008 recommendations and points to watch and have presented measures for the problems to be solved.

The NRP includes measures and activities in several policy areas (education, including. lifelong learning, active labour market policies, the re-conciliation of work and family life, active ageing, improving accessibility to health care etc.) that should be viewed as promoters of economic growth and social cohesion, although the assessment of proposed measures in job creation allow to forecast that such more vulnerable groups as jobless households, working poor, lone parents, people with a disability will gain little from the creating of new workplaces upon the implementation of the NRP.

Ensuring an adequate income from work is not properly addressed in NRP. Taking into consideration of measures undertaken by the government to reduce the budgetary deficit (the wage freeze) and the high inflation rate in the conditions of the economic crisis, measures planned by the NRP will fail to have any significant impact on the reduction of the ratio of the working-poor.

Family policies that promote re-conciliation of work and family life are mostly connected only with such a measure as the construction of kindergartens, play grounds. Even, taking into account the topicality of this problem in Latvia, there is a potential risk to ensure the accessibility of these services for families with low and even medium incomes; childcare possibilities are also limited due to the waiting lists as well as in view of the required financial investments.

The universal character of policy measures and the absence of the assessment of regional needs do not allow assessing territorial differences and thus also the potential impact of proposed measures on the reduction these differences.

The most significant failing in applying the active inclusion approach is lack of a coherent approach in the planning of measures. There is a high risk that the current policy will lead to increased poverty among those who are standing furthest away from the labour market, as well as living in less advanced regions.

In comparison with other areas of activity in education the NRP offers a much more extensive range of measures that are focused on inclusion issues, inter alia on social exclusion risk groups.

As additional NRP failures should be mentioned: no adequate attention has been paid to gender dimension; the solution of problems - poverty of families with children in NRP is related only to the entry of parents into the labour market while other aspects are not considered; employment possibilities in the social economy are not developed.

- One of the problems that should be emphasized regarding governance is the weak cooperation among institutional mechanisms, responsible for the monitoring, evaluating and coordination of the NRP and social inclusion policy.

1. Overall assessment of the implementation of the 2005-2008 NRP during the past year from the social inclusion perspective

In comparison with the assessment for the previous year, significant changes characterising the strengthening of the social dimension have not taken place – neither from the point of the context of policies implemented at the national level nor from the point of the coordination of the role of the involved policies. To a certain extent, a positive step that should be noted, is the initiative of the Ministry of Economy in undertaking an independent assessment “Assessment of the Progress in Implementing the Latvia National Lisbon Programme”, which was undertaken by the Ltd “Konsorts” in 2007. However, it must be pointed out that the said assessment is not directed towards the analysis of the social dimension (the feeding in and feeding out aspects), but describes more the actual situation and provides recommendations within the frame of the areas of the activity of the NRP.

In the new Report (like in the previous one) policy measures and policy descriptions are not considered from the “feeding out” perspective. It is important to point out that, focusing the attention on the trends in the economic development and characterising the economic indicators, the NRP Report fails to reveal the link with issues of social cohesion. For example, such an important problem of Latvia as the growth of the poverty risk does not appear anywhere in the Report. Data show that until now the economic growth of Latvia has not promoted social cohesion.

A shortcoming that should be mentioned is the fact that neither the Latvia NRSPI 2008-2010, nor the NRP 2008-2010 show a clear link between both planning documents concerning the mutual interaction between economic, employment and social policies. In view of the available information, coordination between the developers of both documents has been weak and insufficient. It might be explained by the fact no in-depth impact assessment has been undertaken for any of the documents that would enable to better understand the mutual link of these policies and their impact and to ensure a better coordination of the activities of the involved parties and the planning of measures.

Information given in this Report on the procedure of the implementation of measures does not present a clear picture of the achieved outcomes. The main failing that must be mentioned is that the plan of measures does not show results that should be achieved in a specific year; the plan shows those measures that have already been implemented without any explanation concerning their further status and role.

Unfortunately, the Report fails to present any concrete examples of “feeding in” or “feeding out” that can be highlighted as examples of good practice. Although within the frame of the 2004-2006 programming period comprehensive labour market studies were conducted during the period of 2005-2007 that might serve as the analytical basis for assessing the impact of policies however, they have not been used in assessing the implementation of the NRP.

2. Assessment of the 2008-2010 NRP from the social inclusion perspective

For Latvia the 2008 recommendations and points to watch was set up: “The policy areas in the Latvian National Reform Programme where weaknesses need to be tackled with the highest priority are: more concrete measures to secure macroeconomic stability in the face of overheating pressures; further development of the R&D strategy to improve prioritisation and increase private sector involvement; and stronger measures to increase labour supply and strengthen the skills of the labour force. Against this background, it is recommended that Latvia:

- pursue a more restrictive fiscal policy, with a careful prioritisation of expenditures and wage developments that are in line with productivity, in order to contribute to correcting overheating pressures and reducing the risk of macroeconomic instability;
- make faster progress in the implementation of the research and innovation policy reforms, in order to meet the ambitious targets set. This concerns especially policies to stimulate partnerships between research and education institutions and businesses;
- within an integrated flexicurity approach, intensifies efforts to increase labour supply and productivity by improving regional mobility and, enhancing the responsiveness of education and training systems to labour market needs, by putting in place a lifelong learning system and pursuing active labour market policies.

In addition, it will be important for Latvia over the period of the National Reform Programme to focus on: improving further the regulatory environment, notably by means of an explicit better regulation policy; and improving access to childcare.”

Recommendations that should be most closely related to social dimension aspects pertain to the balancing of educational and labour market needs and the improvement of the lifelong learning policy. However, there are no grounds for maintaining that any increased awareness could be observed in the given areas. Until now activities in the field of lifelong learning have been related to the formulation of the policy planning documents and the improvement of the normative regulation, however, until now no other measures have been identified and no significant changes in the situation have taken place. Information provided by the NRP about measures planned for enhancing the availability of lifelong learning confirms that the main attention is focused on individuals with unfinished primary or secondary education.

In the context of the NRP support to social exclusion risk groups has been more provided and is also planned to be provided to ensure the integration of these groups in the general educational system, paying less attention to increasing the availability of lifelong learning for risk groups. As it

has been pointed out by experts, until now lifelong learning opportunities have been more extensive used by the population with a higher educational level and with average or high incomes. Measures planned by the NRP do not concentrate on changing the current trends. Moreover, in the conditions of the economic decline and the high costs of food products and utility services, it cannot be expected that representatives of social exclusion risk groups will be able to put aside resources for acquiring lifelong learning, taking into account the fact that measures that are free of charge are very limited.

Progress concerning the balancing of educational and labour market needs is more characterised by the development of the institutional mechanism and the assigning of responsibility at the ministry level. Measures of the NRP for providing this recommendation are much more extensive than in the area of lifelong learning and they emphasize the coordination of labour market demands with curricula offered by general, vocational and higher education. However, it is still too early to assess if the planned measures are going to ensure the implementation of the said recommendation as the established system will give tangible results in 2009-2010 and in a longer term.

Likewise measures projected for improving access to childcare cannot be considered sufficient, in particular in the conditions of the economic decline when employment options for families with children become even more topical.

The NRP for 2008-2010 does not plan any specific measures for social exclusion risk groups to address the negative impact of the slowdown of the economy, higher oil and commodity prices, and the ongoing turbulence on financial markets.

The only measures, which resolve, in part, the above problems for social exclusion risk groups, are the raising of the minimum wages, the monthly non-taxable minimum and reliefs for dependents.

Measures included in the NRP for reducing consequences of the economic decline, do not impact on changes in the situation of those groups of the population exposed to the social exclusion risk, due to several reasons. Firstly, the fiscal policy and taxation policy implemented in Latvia is not focused on a differentiated approach according to the income level of the population. The said approach retains the situation that a higher tax burden is laid on recipients of low and average salaries. As it has been pointed out by authors of the "Assessment of the Progress in Implementing the Latvia National Lisbon Programme", "... the application of taxes on equal terms also to the socially vulnerable groups may significantly lower the already low living standards. Therefore it is necessary to assess the taxation policy more carefully, seeking solutions for their more efficient administration"¹. However, the NRP does not plan any tax changes concerning the above groups.

Secondly, although the reduction of the budgetary deficit and government spending is important in the present situation, still some implemented measures may have a negative impact on social exclusion risk groups. A particularly significant issue in the context of the social exclusion and poverty reduction policy is the issue of freezing wages of employees working in education, health and social care. The insufficient number of health care employees, teachers and policemen has been discussed in the country already for several years, as it has a direct and immediate impact on the performance of socially relevant functions in the society and the quality of public services.

¹ Assessment of the Progress in Implementing the Latvia National Lisbon Programme, Riga, 2007, p.5

The current decision of the government in such way to drastically decrease national budget expenditures may have a negative impact on decisions already taken to increase the scale of services as well as the accessibility of these services to social exclusion risk groups.

The positive impact of measures undertaken by the government to reduce the budgetary spending in the social inclusion context is weakened by the fact that there are no compensation measures and targeted measures for social exclusion risk groups.

Problems related to reducing the negative impact of the economic decline, could be, in part, resolved by active employment policies planned by the NRP. However, an unsuccessful solution in the current situation that should be mentioned is the proposed changes in the procedure of paying the unemployment benefit. The differentiation of the benefit amount, the reduction of the payment period for individuals with shorter in-service time may serve as a stimulating instrument during the period of the economic growth with a low unemployment rate and a comparatively high level of the labour demand. However, in the current situation when employment declines and the unemployment rate grows, there is a risk that this effect will be the exact opposite. Under the given procedure when the benefit amount depends on social insurance contribution payments that have been made, the length of service and the eligibility period for the receipt of the benefit has been increased, those who will suffer most, will be young people with little working experience, people with low incomes and people who do not have stable employment relations.

The NRP fails to directly show the link with the social protection and social inclusion process, no references to the NSRSPI 2008-2010 have been given in the description of the situation and the plan of measures. Formally, it is possible to assume that the participation of representatives from the Ministry of Welfare as the institution responsible for coordinating the social inclusion policy in the Supervisory Board of the Lisbon Strategy as well as in the Advisory Working Group of the Lisbon Strategy ensures the coordination of both processes. However, when analysing the NRP and the NSRSPI for 2008-2010, it must be noted that the mutual link of these policy documents should be strengthened to a considerable degree at the level of planning measures as well as assessing the impact. It would allow planning support areas in a more streamlined manner and would ensure the mutual complementarity of measures.

3. Feeding out

3.1. Employment and feeding out

The NRP includes measures and activities in several policy areas (education, including lifelong learning, active labour market policies, the re-conciliation of work and family life, active ageing, improving accessibility to health care etc.) that should be viewed as promoters of economic growth and social cohesion. However, there are grounds to believe that impact of these measures on the promotion of social inclusion, on the whole, is minimal, it can be perceived either indirectly or in respect of specific target groups, for example, in active employment policies.

Flexicurity

The significance of the flexicurity principle in national policy has been discussed by the NRP. The majority of measures planned by the NRP are directed towards the promotion of the flexibility of the labour market, by developing labour market forecasting instruments and by strengthening the

capacity of labour market institutions, among them also the capacity of the controlling institutions. The NRP plans measures that are, to a certain extent, directed either towards security aspects or flexibility aspects; however it is not possible to speak about the coherence of these measures in the context of the social inclusion policy. The Report remains vague as to what the content of such flexicurity policy should be and how this would benefit the social exclusion risk groups.

Job creation

Although the Report describes measures aimed at integrating social exclusion groups of the population into the labour market (active employment policies), still there is no mention of the creation of new jobs outside the active employment policies (more specifically – subsidized work places). The establishment of subsidized work places planned within the frame of active employment policies should be assessed positively in the context of promoting employment for the most vulnerable groups. Still these measures do not provide any medium-term or long-term solution of the problem because after the expiry of the public support the employer does not have the obligation to retain the subsidized work place. Not only creating subsidized working places but making temporarily jobs accessible to the most vulnerable seems to be the crucial issue for the NRP.

The majority of measures included in the NRP in the area of business activity and employment are more focused on developing an environment favourable for business and various support instruments for entrepreneurs. The implementation of the said measures may have a favourable influence on the creation of new work places in general. However, they have a universal character, no specific target groups (including the vulnerable groups) are highlighted in these measures. It can be assumed in relative terms that measures supported within the frame of the EU Structural Funds and the Cohesion Fund (hereinafter – the EU Funds) for the improvement of business activity will indirectly promote support to social exclusion risk groups as in several activities of the EU Funds more support will be provided to projects where it is planned to involve or to employ groups of the population that are exposed to the social exclusion risk. However, it is not yet possible to objectively assess the impact of these measures on the most vulnerable groups.

In view of the above, it is possible to forecast that such social exclusion groups as jobless households, working poor, lone parents or people with a disability will gain little from the creating of new workplaces upon the implementation of the NRP program.

Adequate income from work

Ensuring an adequate income from work in the Report is reduced only to measures focused on raising the minimum wages and tax reliefs, while no special attention is paid to the most vulnerable groups. Information about ensuring an adequate income from work that has been provided in the present Report, does not at all discuss such a topical issue as the “working poor”. In comparison with the average indicator for the EU 25 Member States (8), in 2006 the ratio of the working-poor in Latvia was one of the highest (11). Both the above NRP measures in this area would be significant in the formal sense not only for the promotion of employment but also for stimulating getting out-of-poverty of the low-income population. However, the comparatively low minimum wage and the non-taxable minimum amounts should be mentioned as the main factor

diminishing the effectiveness of the said measures to really improve the situation of social exclusion risk groups.

In view of the fact that the rate of the working-poor has increased in comparison with 2005 (9), as well as taking into consideration of measures undertaken by the government to reduce the budgetary deficit (the wage freeze) and the high inflation rate in the conditions of the economic crisis, measures planned by the NRP will fail to have any significant impact on the reduction of the ratio of the working-poor.

Reconciliation of work and family life

The NRP lists such measures as the development of kindergartens, play centres and development centres as well as active employment policies for people after the child-care leave and the development of alternative care services as measures that are directed towards the reconciliation of work and family life. It must be pointed out that parental leave opportunities are further expanded.

A very positive development is the inclusion of such a measure as the construction of kindergartens into the NRP, taking into consideration the topicality of this problem in Latvia. However, at the same time it must be pointed out that there is a potential risk to ensure the accessibility of these services for families with low and even medium incomes. Childcare possibilities in kindergartens are also limited due to the waiting lists as well as in view of the required financial investments.

Another significant aspect that influences employment in families with children, for example, possibilities of using a flexible working time schedule or part-time options, the development of baby-sitter services, the development of distance work, i.e., an insufficient development of a family-friendly infrastructure have been given a minimal reflection in the plan. The role of employers themselves and their involvement in this context are practically not shown at all.

Older workers and active ageing

Although the NRP recognizes the necessity of measures to keep older workers in the labour market, this statement does not result in adequate measures. The Report discusses active ageing aspects only in the description of active employment policies, more specifically – when providing information about new active employment measures implemented by the SEA. Besides, issues of active ageing are discussed in a very one-sided manner as the proposed solutions concern only the unemployed of the pre-retirement age.

Although motivation mechanisms for a longer stay on the labour market have been incorporated into the pension system in Latvia, they are oriented towards employees while no thought is given to the motivation of employers to keep the employee in the labour market longer.

Still another factor stimulating active ageing that should be mentioned is the availability of life-long learning. As already pointed out in Chapter 2, the use of the opportunity of lifelong learning is, to a large extent, dependent on the individual's income level as well as the interest of the employer in ensuring the training of employees (often those of a younger age). Thus there is a risk that lifelong learning measures will encompass a comparatively limited range of people and

will not reach those groups of the population who would most of all need such measures for upgrading of their qualifications.

In the context of Lisbon Goals it would be of paramount importance to analyse the availability and quality of health care services, in particular, taking into consideration the aging of the population and in the context of active ageing. It must be noted that basic tasks of health care mentioned in the Report have not changed and have not lost their topicality already for at least 10 years. In order to assess the effectiveness of measures included in the NRP and their impact on the achievement of Lisbon Goals, it would be necessary to identify considerably more specific priorities for a time period 2008-2010 and to outline specific measures that were to be achieved during the given period.

SMEs and the creation of employment for those distant from the labour market

Measures planned by the NRP to support small and medium enterprises may influence the employment of social exclusion risk groups only in relative terms. Formally it can be assumed that principles for the selection of projects, incorporated within the frame of the EU Structural Funds and the Cohesion Fund, for the implementation of the horizontal priority of equal opportunities will, to a greater or lesser extent, promote the inclusion of social risk groups into the project. However, no support measures are outlined in the area of business activity that would be specifically directed towards the employment of social exclusion risk groups.

3.2 Economic growth, financial sustainability and feeding out

The impact of "fiscal consolidation" on the modernisation of social protection systems and on their ability to ensure greater social cohesion

One of the tasks of the NRP is the implementation of a restricted fiscal policy and ensuring the efficiency of budgetary spending. The decision not to reduce the current social benefit amounts should be mentioned as a positive aspect in the social cohesion aspect, when assessing government implemented measures for reducing the budgetary deficit.

In the conditions of the economic crisis it is possible to forecast that decisions that several social benefit amounts will not be raised as envisaged by the plan, will have a certain negative impact on social exclusion risk groups. In the conditions of the reduction of the budgetary deficit there is also a certain risk concerning the implementation of such a measure planned by the NRP, which is aimed at ensuring a sustainable social security system (Section 1.3.1. in the plan of measures), by formulating a Concept on More Effective Use of the Financial Resources of Social Insurance. There has been a discussion going on already for several years concerning the necessity to establish provisions of social insurance payments to ensure the development of accruals in the long-term and to address problems generated by the demographic situation in future. However, the government has postponed the review of this particular issue already several times and likewise opinion has been voiced among politicians that the accrual in the social insurance budget should be channelled for addressing the current needs.

Fiscal policies and their impact on social inclusion

The fiscal policy and taxation policy implemented in Latvia is, in essence, not focused on a differentiated approach according to the income level of the population. The taxation system does not ensure equal improvement of living conditions of people with high and low income. During the reporting period there have been no discussions raised about the possible change of approach to differentiate personal income tax payments. The said approach retains the situation that a higher tax burden is laid on recipients of low and average salaries.

Territorial differences and their impact on social inclusion

It must be pointed out that the NRP practically does not provide in-depth analysis of regional differences and planned measures do not address a specific problem in a region. The universal character of policy measures and the absence of the assessment of regional needs do not allow assessing territorial differences and thus also the potential impact of proposed measures on the reduction these differences and their topicality. Only one of the directions of activity identified in the plan of measures "To promote the start of business activity and geographic mobility in underdeveloped regions" (3.4.3.) is related to addressing social inclusion policy issues.

The liberalisation of services (energy utilities)

It is not possible to speak of any liberalisation of services of energy utilities in Latvia, as heating, electricity and gas are provided to the population by monopolies and it is not possible to choose a more suitable service provider. This situation has a negative impact on individuals with low and average incomes because over the recent years the increase in the prices of the above services has significantly increased household expenses for utility services. In this respect the NRP does not provide any measures to reduce the negative impact of the price rise on the population, including also the social exclusion risk groups. In part it is planned to address this problem within the frame of the NSRSPSI, providing a benefit for the coverage of housing costs as a mandatory benefit payable by local governments, however, only individuals that have been officially recognised to be poor, are eligible for this benefit.

Access to the Internet of those experiencing poverty and social inclusion

Measures of the NRP are mostly focused on the development of the required infrastructure in all regions of Latvia as well as the alignment of the normative environment and information systems at the public administration level but it refers to a very slight degree to the increased use of the ICT by specific target groups. The target group is clearly outlined only in measure 3.6.5, i.e., the disabled. However, here only one aspect of using the ICT is discussed (professional education and professional rehabilitation), but not the use of the ICT in a fully inclusive meaning for the given target group.

Promotion of financial inclusion

The NRP does not plan measures that consider ensuring that people at risk of poverty and social exclusion have access to bank accounts and banking services, access to credits or measures to address over-indebtedness amongst people experiencing poverty and social exclusion.

Improving access to housing of those experiencing poverty and social exclusion

The NRP fails to analyse housing policy issues from the point of their accessibility, including for those experiencing poverty and social exclusion; neither are these issues reflected in the plan of measures. The renovation of municipal social housing and the improvement of energy efficiency provided by the plan of measures may have a positive impact on the living conditions of social risk groups, however, these measures do not influence in any way the availability of housing for those experiencing poverty and social exclusion.

4. Feeding in

Among the five main basic directions of the economic policy that were set out in the Latvian National Lisbon Reform Programme 2008-2010 those with the strongest link with social protection and social inclusion are as follows: the promotion of employment and the improvement of education and skills.

The consistency of the NRP strategy with the NSRSPSI in part ensures the complementarity of planned activities in terms of target groups or the area of activity/ objective. In their turn, activities for reducing social exclusion partially overlap in both documents. In most part it applies to active employment policies and the improvement of the availability of education for social exclusion risk groups.

Active Inclusion

In the NRP active inclusion is used more in a formal sense and the measures planned more or less encompass employment activation as well as an adequate minimum income and access to supporting services. However, the most significant failing in applying the active inclusion approach is lack of a coherent approach in the planning of measures. For example, support to businessmen bears a universal character and no special measures are planned for the establishment of work places for social exclusion groups. In their turn, active employment policies that are directed towards groups of the population exposed to the social exclusion risk, do not project the establishment of any new work places and are limited only to the establishment of subsidized work places during a restricted period of time. Measures planned for ensuring adequate incomes, like the raising of the minimum wages and the non-taxable minimum, are directed to all groups of the population and in essence they cannot be treated as measures targeted to risk groups.

Education, training and lifelong learning

In comparison with other areas of activity in education the NRP offers a much more extensive range of measures that are focused on inclusion issues, inter alia on social exclusion risk groups. Measures of the NRP pay considerable attention to improving the quality of vocational education, improving the accessibility of career guidance, to providing basic education to risk groups and the respective infrastructure. The planned measures are relevant for improving the competitiveness of social exclusion risk groups on the labour market and their social integration. Measures planned by the NRP overlap, to a certain extent, with measures planned by the NSRSPSI and no new policy initiatives are envisaged. As concerns lifelong learning measures planned by the NRP it must be concluded that their accessibility for social exclusion risk groups has not been duly depicted.

One of the important tasks for Latvia is to reduce the number of early school leavers. Until now, efforts to reduce early school-leaving have proven rather ineffective. The indicators point to a stagnation of dropout rates (2002-19,5; 2003-18,1; 2004-15,6; 2005-11,9; 2006-19,0; 2007-16,0). It shows that complex and more effective measures are required that could change the negative trends.

Gender equality

Gender equality aspects are reflected in the NRP to a comparatively limited degree. In most part they pertain to the definition of employment objectives in line with the general objectives set at the EU level. However, in the planned measures gender aspects emerge only in the context of separate measures (active employment policies, the reconciliation of work and family life, and the information about gender equality in the labour market) or in defining the target group of the measures or it ensues from the content of the measure. However, in other policy areas and directions of activity gender aspects do not appear at all.

Anti-discrimination

No specific measures for reducing discrimination on the grounds of gender, religion/ ethnic origin, sexual orientation have been identified in the NRP. A certain positive impact might be achieved by those measures that are focused on support to specific risk groups, e.g., the accessibility of education for the disabled, convicts and ex-convicts as well as active employment measures for social exclusion risk groups. The implementation of the said measures might result in an improved information level of the society and the decline of prejudices and stereotypes concerning specific groups of the population, thus augmenting their employment options.

Child and family poverty and social exclusion

Reducing of child and family poverty does not appear in the NRP as a separate task or area of activity. It can be assumed in relative terms that measures for persons after the childcare leave may stimulate an improvement of the material situation of the family. A shortcoming that should be mentioned is the fact that the planned active employment policy is directed to persons who, in actual fact, are already in a social risk situation, i.e., the unemployed. Another planned measure is related to increasing the accessibility of kindergartens, playgrounds and development centres.

In actual fact, the solution of problems - poverty of families with children in NRP is related only to the entry of parents into the labour market while other aspects are not considered and no specific measures are planned.

Social economy

For those furthest away from the labour market, employment in the social economy can offer the work experience needed to move on to the regular labour market. The measure planned by the NRP that ensures the establishment of subsidized work places for social risk, may be considered to be a measure promoting employment. However, its main shortcoming is the restriction of this measure in time and lack of guarantees of permanent employment. In terms of policies targeted at achieving social inclusion, the social economy in many EU countries is seen as an important actor. In Latvia social enterprises do not exist and it would be one of the possible areas of activity in future for the integration of the disabled into the labour market.

5. Governance

5.1 Monitoring and assessment

The Lisbon Programme Implementation mechanism for the monitoring of its execution encompasses representatives of practically all involved parties (except wider involvement of non-governmental organisations). The monitoring and assessment mechanism proposed by the NRP provides the establishment of a Supervisory Board of the Lisbon Strategy and the Advisory Working Group of the Lisbon Strategy where NRP related issues are discussed on regular basis (on quarterly basis). Still no more specific information is presented how this assessment would be provided – whether independent studies will be organized or discussions of the involved stakeholders will be held, or analysis will be made of the experience gained in other countries etc. From the formal point of view it is possible to assume that the monitoring and assessment mechanism has been established. However, taking into consideration the experience of the preceding years, there is a risk that the work of the two above groups will be more based on the collation of information provided by ministries and the formulation of the annual report for the government and the European Commission.

5.2. Involvement of stakeholders

Mechanisms have been established in Latvia that prescribe the participation of all parties involved in the planning and implementation of policies in the decision making process and in the implementation of policy measures. The inclusion of parties involved in policy planning and implementation in the decision-making process is regulated by normative acts.

However, as it has been pointed out by the authors of the Report themselves, only public agencies have been involved in the formulation of the NRP and during the period of formulating and coordinating the Report it was not discussed by the general public. The development of the NRP 2008-2010 has been, in actual fact, based on the collation of information provided by ministries, but not on discussions about the required areas of activity, specific objectives that

should be set, the linking of tasks with the specific needs, most topical problems in Latvia. Therefore it is doubtful that, for example, social partners, local governments, NGOs, representatives of the academia could realistically change anything by their opinion or influence the planned measures.

During the process of developing the NRP, the general procedure for coordinating policy documents and normative acts, that would enable all interested parties to study the present document as well as provide their comments and proposals, was not followed. The process was restricted to the coordination of the Report with institutions represented in the Supervisory Council and the Advisory Work Group.

5.3. Coordination

The NRP as well as the NSRSPSI have established institutional mechanisms for the coordination of the policy development and for the assessment of its implementation – the Supervisory Board of the Lisbon Strategy for the formulation of the NRP and the Committee on Coordination of the Social Inclusion Policy for the formulation of the NSRSPSI respectively. Although the Ministry of Welfare, which is responsible for coordination of social inclusion policy in Latvia, was involved in the development of National Lisbon Programme 2008-2010 there was lack of coordination and coherence between both documents.

One of the problems that should be mentioned regarding governance is the weak cooperation among these committees and groups, responsible for the monitoring and coordination of the NRP and social inclusion policy. In the context of the NRP attention is focused on issues of the economic and employment policy, while in the NSRSPSI only social policy aspects are emphasized. Still, unfortunately, a comprehensive purposeful planning and coordination of these policies is absent, and neither of the documents emphasizes the necessity of such coordination, neither is any provision made of the cooperation of these institutional mechanisms.