

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

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Abstract

In the Republic of Latvia for preparation of report on the Madrid International Plan of Acting on Ageing 2002 was established a working group, in which participated representatives from the Ministry of Welfare, Ministry of Health, Ministry of Economics, Ministry for Children and Family Affairs, Ministry of Education and Science, Secretariat of Special Assignments Minister for Social Integration, Latvian University, Latvian Pensioner's Federation, Latvian Employers Confederation and Free Trade Union Confederation.

Integration of society takes a more relevant role which involves also a proportional input of people of all age groups in making harmonic society and development of intergenerational dialogue. Nongovernmental organizations have an essential importance in promoting a dialogue among different society groups and state administration.

Changes in the public finance policy will be required in the future in order to adjust the budget to a substantially different demographic situation. As the demographic load will increase in a more distant future, GDP growth based on growing labour productivity will play a decisive role in the rise of living standards of all population groups. Therefore it is important to ensure training of Latvia's main resources, namely, human resources, in accordance with labour market requirements and create an inclusive labour market.

The demographic situation and ageing of the population was considered as a major problem already when the pension reform was initiated in 1995. The aim of reform was to establish such pension system, which is able to react very flexibly to demographic fluctuations and to provide long-term stability under conditions of progressive population ageing. The pension system in Latvia consists of 3 tiers and it diversifies risks typical both for the schemes of inter-generational solidarity and for pensions schemes saving real capital.

Considering the problems of population ageing and demographic burden, one of the priority of Latvian social policy is to improve competitiveness of social exclusion groups in labour market, inter alia involvement of the people at pre-retirement age in labour market. Currently, several measures and programs are carried out within the framework of various training programs, retraining, temporary public works etc. are offered for retired and people at pre-retirement age.

Specific activities and consultations are carried out also regarding to facilities of lifelong learning. Adult training centers are located in several regions in which the life cycle approach for people at pre-retirement age is carried out successfully, as well as measures to inform about these programs are implemented.

The legislation which is on force according to policy guidelines of World Health Organization "Health 21 – Health for Everyone in 21st century" provides all inhabitants equal rights, equal obligations and common responsibility for health, thus providing equal access to resources to receive health care services with respect to patient's gender, age, race etc. At the same time some of the categories of inhabitants have charge relieves for health care services.

As the result of changes in demographic situation by increasing a number of elderly people inter alia people living alone, as well as due to of migration of giving age people to economically active areas, request for long term social care and rehabilitation services in

institution for elderly people increases, specially in rural regions. Considering that social services for retirees provides local government then each municipality according to needs of elderly people residing in their territory promotes development and improvement of network of services. Since accession to EU the EU Structural Fund resources are available to Latvia that is a good opportunity to attract additional finances for development of social care field.

Priority spheres in gender policy are: promotion of education and information activities at all levels of society on gender equality topics, work and family-life consolidation and capacity and the level of perception promotion in public sector on gender equality topics, as well as sustainable implementation of policy and formation of mechanisms of gender equality.

General information

In the Republic of Latvia for preparation of report on the Madrid International Plan of Acting on Ageing, 2002, was established working group, in which participated representatives from the Ministry of Welfare, Ministry of Health, Ministry of Economics, Ministry for Children and Family Affairs, Ministry of Education and Science, Secretariat of Special Assignments Minister for Social Integration, Latvian University, Latvian Pensioner's Federation, Latvian Employers Confederation and Free Trade Union confederation Above mentioned working group was headed by Jana Muižniece – Director of Department of Social Insurance of the Ministry of Welfare, who is also the national focal point on ageing in Latvia. The development of report was coordinated by Inese Upīte, the Senior Officer of Pension Policy Division of the Department of Social Insurance of the Ministry of Welfare,

Contact details:

Jana Muižniece - Ministry of Welfare of Latvia, 28 Skolas street, Riga, LV – 1331; telephone: +371 7021551; fax: +371 7021560; e-mail: Jana.Muizniece@lm.gov.lv

Inese Upīte - Ministry of Welfare of Latvia, 28 Skolas street, Riga, LV – 1331; telephone: +371 7021556; fax: +371 7021560; e-mail: Inese.Upite@lm.gov.lv

National policy documents on ageing:

- Latvian National Action Plan for Reduction of Poverty and Social Exclusion (2004-2006) (July 23, 2004);
- Latvian National report on Adequacy and Sustainable Pensions (July, 2004)
- National Report on Strategy for Social Protection and Social Inclusion 2006-2008 (September 26, 2006.).

1.Situation, Activities and Priorities related to Ageing

Latvia faces swift ageing of the population characterised by low birth rates and increasing average life expectancy. Demographic forecasts indicate that the numbers of labour force should generally remain stable until 2010, yet a sharp drop can be expected between 2010 and 2030. This decline will go hand in hand with significant changes in the age structure, as the number of young people between 15 and 24 years of age will deplete, while the number of people aged 45 to 64 will increase thus giving a boost to the pool of elderly people by 2050.

The demographic situation in Latvia is negative already for several consecutive years. The natural growth of population has remained negative since 1991. Although the total fertility rate is gradually increasing (from 1.237 in 2000 to 1.309 in 2005), this falls short of the levels required for generation change and is one of the lowest in Europe.

Improvements in living conditions and in the general health state of the population raise in the life expectancy at birth and for people over working age. The forecasted life expectancy at birth in 2005 is 71.8 years (for males – 65.6 years and for females – 77.4 years). As in other European countries, the life expectancy at birth for females in Latvia is higher than for males. The considerable difference between these two figures is determined by the higher male mortality, especially due to external death factors and tumours. However, when the critical periods of life are over prospective life expectancy for males who reached the age of 60 in 2005 is 14.99 years and for females – 21.8 years. Demographic forecasts testify that the prospective life expectancy will continue to increase and it will gradually promote the ageing of population even more.

To overpass the demographic crisis and its consequences in the Declaration of the Intended activities of the Cabinet of Ministers was stated the following priorities in demographic area - promotion of increase in birth rate, inter alia – by ensuring good-quality children care services and increasing the prestige of families with children, development and implementation of a comprehensive and complex programme for overcoming the demographic crisis, significant improvement of public health, inter alia – by promoting healthy lifestyle, promotion of longer working life by continuing the introduction of funded pensions and not expanding opportunities of early retirement and etc.

The reforms carried out in the country and joining the EU have had a positive impact on the economic development. Of late years there have been observed rapid rates in GDP increase. Since 2001 GDP has grown every year on average by 8% while in 2005 the growth was even faster – by 10.2%. Economic development in Latvia has made a positive impact on the situation in the labour market increasing wage and amount of pensions on a regular basis.

Along with economic growth the income of citizens grows as well. In 2006 the actual income of employed increased by 40% in comparison with 2002. Increase in the disposable household income could be observed as well. In comparison with 2002, the disposable household income has grown by LVL 30.30 per one household member per month reaching LVL 110.30. Although income levels have increased for all types of households, marked income disparities exist between urban and rural areas, as well as between Riga and its region and other regions.

In 2005, the indicators characterising employment and unemployment situation continued to improve. In the age group 15-64 the economic activity has grown considerably thus reaching 69.9%. In this age group economic activity of females has reached 65.1%, of males – 74.4% in 2005. Economic activity has grown considerably also in the age group 55-64 (by 6.5 percentage points, reaching 53.8% in 2005). The differences in economic activities in regions can be observed.

Comparatively a high employment rate in elderly people group may be justified with legislation in pension's field (increase of retirement age to 62, which was reached for men already in 2003, for women will be reached in 2008); possibility to work, as well as receive a full pension; involvement of pre-retirement age unemployed in active employment measures (specially in the measures of retraining, improvement of professional skills, modular vocational training), rendering of professional guidance and consultations; implementation of projects involving integration of people at pre-retirement age in labour market with attraction of European structural funds' resources.

In 2004, a marked negative tendency could be observed regarding to the risk of poverty for retired persons. In 2002, the poverty risk of retired persons was 13% (for females – 14%, for males – 9%), while in 2004 the poverty risk has reached already 24% (for females – 28%, for males – 17%). The highest growth directly for retired persons (65 years and over) living alone could be observed. In 2002, it was 17%, while in 2004 it reached already 53% thus increasing by 36 percentage points. Social transfers inter alia pensions have an essential role in reduction of poverty.

The National Development Plan (NDP) is a key state medium-term planning document for the 2007 – 2013. The aim of the plan is to facilitate a balanced and sustainable development of the country, as well as to ensure an increase in Latvia's competitiveness. NDP's strategic goal cannot be reached within the next seven years, but it is important to make the right decision now so that the state works in a coordinated and purposeful manner to ensure welfare and a high standard of living in the future. Provision of living quality involves accessibility of health and social services a possibility to live a long and healthy life participating in the country's political life, as well as by eliminating any discrimination.

Since 2002 Latvia aims to implement the EU social inclusion strategy to reduce considerably poverty and social exclusion in EU until 2010. In pre-accession political document „Joint Memorandum on Social Inclusion” and in the following documents in social inclusion field „National Action Plan for Reduction of Poverty and Social Exclusion (2004-2006)” and “National Report on Strategy for Social Protection and Social Inclusion (2006-2008)” elderly people (both retired persons and persons at pre-retirement age) are identified as group of people subjected to the risk of poverty and social exclusion to whom are defined specific measures to be implemented to improve their situation. For preparation of mentioned political documents in the field of social inclusion there were established working groups involving representatives from NGOs representing interests of elderly people. Also in committee whose one of the task was to monitor implementation of the „National Action Plan for Reduction of Poverty and Social Exclusion” (2004-2006) an NGO representing interests of elderly people was included.

In 2006 like the other EU member states also Latvia elaborated the “National Report on Strategy for Social Protection and Social Inclusion” (2006-2008). It's main goal is to facilitate a more efficient coordination of policies implemented in the social protection sphere by

developing coordinated policies in three certain activity fields – social inclusion, pensions and health and long-term care. One part of the Report is the “National Action Plan for Social Inclusion 2006-2008”. Within the Plan there were interposed three prior policy tasks to be implemented until 2008. And one of the tasks is to improve the accessibility of resources and services to retired persons subjected to the risk of poverty, in particular to those living alone. For this priority there were defined various measures to be implemented in social and health care services as well as culture and ICT fields.

Since accession to EU the EU Structural Fund resources are available to Latvia that is a good opportunity to attract additional finances for development of social care field. An essential step is taken in 2004 by launching an implementation of national programme “Improvement of infrastructure and equipment of social care and social rehabilitation institutions” by European Regional Development Fund which will ensure the provision of services corresponding to the needs for persons with mental disorders by modernizing and adjusting state social care and social rehabilitation institutions. In the programme there is included one cooperation project of municipality and the state social care institution from the each region of the state (in total 5 projects) which envisages to provide additional services to clients of social care institutions such as “halfway homes”. It will create the opportunities to clients who are placed in these institutions but who do not need a long-term social care to return to independent life in their municipality by involving in the labour market within limits. By implementing this project there will be facilitated opportunities for independent life and development of working skills and employment for disabled people as well as opportunities for their family members to work.

Measures related to implementation of the Madrid International Plan of Acting on Ageing are financed from the state and municipal budget resources, foreign financial aid resources, as well as via application of the European Union policies` tools.

2.Methodology of in-depth Evaluation of identified Priorities

The Madrid International Plan of Acting on Ageing was developed using quantitative, as well as qualitative information, which includes also “bottom-up” approach. Above mentioned approach was used by involving representatives from organizations such as Latvian Pensioners` Federation, Free Trade Union Confederation, as well as from academic part already in the beginning of the report’s preparation.

In order to prepare as possible more qualitative report during preparation of the report there were carried out discussions and consultations with representatives from above mentioned organizations whose opinion was taken into account.

As a result of discussions the working group agreed on two priority areas, which would be evaluated in-depth in this report (see Chapter 4):

- 1) Participation and integration of elderly persons;
- 2) Enabling labour markets to respond to the economic and social consequences of population ageing.

3.National Capacity for Follow-up to MIPAA/RIS

The responsible institution for implementation of the Madrid International Plan of Acting on Ageing is the Ministry of Welfare whose competence involves areas of labor, social protection, social assistance and gender equality. In the implementation of the above mentioned plan are involved also the Ministry of Health, Ministry for Children and Family Affairs, Ministry Education and Science, Secretariat of Special Assignments Minister for Social Integration, as well as Ministry of Economics.

Cooperation between various nongovernmental organisations and society groups has a substantial role in the development of policy related to ageing. A close cooperation has been developed with organisations such as Free Trade Union Confederation, Latvian Employers Confederation Latvian Pensioners` Federation, Latvian Association of Disabled Persons and etc. In order to implement legislation into practice successfully above mentioned organisations are involved within development of legislation in the same beginning thus enabling them to express their point of view and agreeing on it at the most early period.

Regular and efficient cooperation has been developed with National Tripartite Cooperation Council (NTCC) that coordinates and organizes tripartite social dialogue among employers` organizations, state institutions and trade unions in order to conform the interests of these organizations on social and economic issues thus ensuring a social stability in the state. NTCC ensures and promotes cooperation of all three parties at national level by developing and implementing strategies, programs and legal acts on social and economic issues.

4. Review and appraisal by subject area

4.1. Integration and participation of elderly people (1.priority)

The nongovernmental organizations (NGO) are organizations, that promotes dialogue among different society groups and state administration. Directly participation of NGOs has an relevant importance to decision-making be qualitative and correspond to interests of people and direct NGO are organizations, which enable elderly people to participate in political, economic and cultural activities.

Latvian Pensioners` Federation (LPF) is the umbrella organization, which includes 138 local organizations and 8 individual persons. The Federation`s structure is made in several levels: 5 Organizations of towns, local, rural municipalities various interests centers and groups. Organizations of different levels mutually cooperate however these are not administratively subordinated to each other.

The Federation`s activity is directed to trend such as promotion of voluntary work, protection of pensioner`s interests and improvement of living standards, training and information of elderly people, strengthening of relations of all generations families, organization of cultural measures for retired people.

In the course of time, LPF has provided a substantial contributions in implementation of reform, addressing social assistance issues, submitting proposals and their possible solutions with in fields, that concern not only retired persons, but also other social vulnerable groups.

Owing to successful and constructive cooperation between the Ministry of Welfare and Federation there has been managed a broader understanding of society on social security reform its goals, tasks and achievement methods. LPF cooperation in state administration is implemented at two levels -in local governments and central state administration institutions. In addition to cooperation at the state administration a society has a opportunity to in Latvian Parliament – at legislation level. The local governments are administrative level where implementation of public participation is most easily to manage, as well as it is the most relevant way for people involvement since local municipalities are located to inhabitants most closely and their activities are aimed to improvement of people welfare. Latvian legislation provides public cooperation in central state administration by cooperating in various working groups, councils, consultative structures, as well as submitting statements and proposals.

LPF cooperation with decisions makers is relevant already during decision making, e.g. participation in working groups, that elaborate specific legal acts or other policy documents draft. For example, LPF has a cooperation agreement with the Ministry of Health, LPF also participates at monthly working meetings by the Minister for Health. Meeting and conferences between pensioner`s and deputies of Latvian Parliament and representatives from state administration institutions are organized regularly. Latvian pensioner`s organizations is carried out in Riga, as well as seminars of various projects are organized.

Currently, the state programs "Integration of Society in Latvia" and "Strengthening of Civil Society 2005 - 2009" (Programs) are being implemented from the part of state administration for provision of public integration policy.

To ensure an efficient monitoring of programs the Statutes for Civic Society Council are approved. Civic Society Council is a consultative institution established to debate on strategically relevant decisions, provision of consultations and monitoring of programs' implementation. The participation of NGOs is provided in the above mentioned Council.

According to above mentioned programs the support for NGOs is implemented for their involvement and participation in development and implementation of the state integration policy. In this regard there are opened various subsidies' programs – "Support to rural NGOs" and "Support to regional resource centres", as well as "Support to social integration NGOs". Among project's applicants there are several organisations, whose participants are retired persons. Majority of these organisations take part in subsidies' program "Support to rural NGO". Subsidies' program has been carried out from 2004 and many organisations take part in announce competitions repeatedly and have become regular cooperation partners.

Since December 5, 2003 a national cooperation's net for protection of elderly people's interests operates in Latvia. Currently, it involves 23 nongovernmental organizations from all regions of Latvia. The net has been established with the support of international elderly people organization "Help the Aged" (in London). Organizations involved in the net have launched active work, its participants see each other in seminars and trainings on regular basis, participate together in projects. In the framework of project "Society net – investment for changes" its participants have acquired necessary skills and knowledge, have developed an ability to plan prepare recommendations for the state institutions, to cooperating with other NGOs and nets at Latvian and European level.

October 1– a day of elderly people announced by the World Health Organization. In the European Union it is emphasized to remember and activate the celebration this day also in Latvia. One of the aim of the net is to popularize this day, thus paying attention of society to elderly people.

In 2006, the project "Lets participate!" was implemented. The project is like a continuation to the work done before, by implementing a further work whose basic goal is to draw public attention to Latvian elderly people problems and their solutions. During previous years an emphasis was laid on cooperation with public and municipal institutions. Follow-on development of cooperation among elderly people would be significant by activating ever more people. In order to activate the elderly people's day there were published informative postcards which were distributed in public and municipal institutions, as well as in public places in October 1. At the same time the project's closing event was organized, by introducing a tradition for celebration of elderly people's day in Latvia.

4.2. Promotion of equitable and sustainable economic growth in response to population

On October 19, 2005 the Cabinet of Ministers approved the National Lisbon Programme of Latvia for 2005-2008 (the Programme) aimed at promotion of national growth and employment. Lisbon Programme points out five main economic policy directions to reach the Lisbon goals in Latvia - securing macroeconomic stability; stimulating knowledge and innovation; developing favourable and attractive environment for investment and work; fostering employment; improving education and skills.

The Program for 2005-2008 defines the main tasks for fostering employment: to promote inclusive labour market; to encourage economic activities in the least developed regions; to reduce undeclared employment. At the Lisbon program employment promotion, active employment measures and preventive measures of unemployment reduction are provided, improving competitiveness and retraining of the unemployed and promoting qualification, achieving measures for promoting of modular vocation training, inter alia for state language training, diversifying active employment measures in keeping with regional requirements. The Programme particularly focuses on the measures related to inclusion of young people, pre-pension age people and women (especially after childcare leave) as well as the disabled and people from other social exclusion risk groups in the labour market.

As the Priority Lisbon Programme sets the task to ensure sustainability of public finances as a priority. Assessment of sustainability of Latvian public finances is positive and, according to the assessment by the ECOFIN Council, Latvia is among the countries with a low risk of sustainability of public finances.

From a long-term perspective, sustainability of public finances will be mostly affected by the population ageing process resulting in decreased number and proportion of the able-bodied people and in increased demographic load. Initial calculations of financial sustainability show that the population ageing will have an impact on Latvian society, national economy and public finances but, due to the implemented pension reform, this impact will not create insurmountable consequences.

Changes in the public finance policy will be required in the future in order to adjust the budget to a substantially different demographic situation. As the demographic load will increase in a more distant future, GDP growth based on growing labour productivity will play a decisive role in the rise of living standards of all population groups. Therefore it is important to ensure training of Latvia's main resources, namely, human resources, in accordance with labour market requirements and create an inclusive labour market.

Economy based on knowledge and innovation is a precondition for development and competitiveness of the Latvian economy. The Programme envisages several measures for improvement of innovation support structures in order to promote transfer of knowledge and technologies and encourage development of new products and technologies.

Life-cycle approach to employment, improvement and diversification of active employment measures along with development of labour market institutions, employment partnerships and social dialogue are the basic elements that make up the set of employment policy measures of the Programme.

Investment in human capital – improvement of education and skills – is a decisive factor for raising the productive capacity in order to promote progress towards knowledge-intensive economy. The Programme envisages for improvement of education and skills in 2005-2008 to increase availability of life-long learning and motivation of population in this area and to raise the overall level of technological skills and natural science knowledge, improve the professional orientation system and ensure availability of professional orientation services for all population in the context of life-long learning.

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

The ageing of the population was considered as a major problem when the pension reform was initiated in 1995. As a result of the reform a new pension system was created in Latvia, which is able to perceive the demographic fluctuations with maximum flexibility and to provide long-term stability under the circumstances of progressive ageing of the population. The pension system in Latvia consists of 3 tiers and it diversifies risks typical both for the schemes of inter-generational solidarity and for pensions schemes saving real capital. Income redistribution elements are also present – between poor and rich people, as well as between generations.

Notional defined contribution pension scheme is subject to Low On State Pensions (come into force January 1, 1996). Operation of the State mandatory funded pension scheme is stated by the State Funded Pension Law (come into force July1, 2001) and the Voluntary private pension scheme – by the law “On Private Pension Funds” (come into force July 1,1998).

Notional defined contribution pension scheme (NDC PAYG) has been operating since 1st January 1996. Socially insured persons (employees, self-employed etc.) making social insurance contributions provide pensions for current pensioners, while simultaneously accumulating pension capital for their own pensions. The number of socially insured persons is growing on yearly basis and in 2006 their proportion of the economically active population was 79%.

State mandatory funded pension scheme is operating since 1st of July 2001. The main objective of the state mandatory funded pension scheme is to achieve the increase in pensions' amounts without increasing the total social insurance contribution rate for state old-age pensions (20% of wage) by investing a part of the contributions in the financial capital market, where the funds will create interest profits. The number of participants in this scheme from the start of it's operation has increased for 3.3 times and in 2006 it was 900,1 thousands or 60% of all inhabitants in the working age (46,1% - males and 53.9 - females). There are two opportunities for earning funded pension. First, pension capital is transferred to the life insurance society chosen by the person, which ensures life annuity pension. Second, pension capital is added to the capital accumulated in the NDC PAYG scheme.

The contribution rate for this scheme is 2% of wage, but it will gradually increase and reach 10% by 2010. State funded pension scheme's investing plan actives in 2006 were 1.1% of GDP.

Therefore by participating both in the first and the second level of pension system there is a greater opportunity to accumulate higher pension capital and thus ensure higher income replacement level during the old age.

Voluntary private pension scheme is operating since 1st of July 1998 and the purpose of this scheme is to accumulate and invest the voluntarily made contributions of its participants by means of private pension funds thus ensuring additional pension capital in old age.

Within private pension scheme in 2006 6 private pension funds were operating in Latvia – 5 open and 1 closed, offering 15 pension plans with 99.6 thousands of participants or 6.7 % of

all inhabitants in the working age. In 2006 63% from the contributions to pension funds were made by employers and 30% - by individual participants. Private pension scheme's net capital in the end of 2006 was 0.45% of GDP.

The ideology included in the Latvian pension system is focused on incentives for population in the working age to remain in the labour market as long as possible continuing working after reaching the defined minimum retirement age. The old age pension amount within the NDC PAYG scheme is dependent not only on the accumulated pension capital, but also on the retirement age and forecasted life expectancy after retiring.

Gradual increase in the minimum retirement age is carried out in Latvia both for men and women in order to reach 62 years. Men already reached this age in 2003, but for women the gradual increase in minimum retirement age will continue until 2008. Retirement age for women from July 1, 2006 is 61 years (from July 1, 2007 - 61,5). Each year the average age, when inhabitants interrupt their economic activity, is gradually increasing - in 2002 this age was - 59.48, but in 2006 - 60.76.

The state guarantees a defined minimum amount or minimum pension, the number of persons received minimum pension is 57 759 (63% - females and 37% males) in 2006. If compared to 2002 the number of persons received the minimum pension increase by 56%. Improvements in state economic situation and increase in wage gradually rise the state pensions amount - on average Ls 62.81 in 2002, but on average Ls 96.80 in 2006.

In order to compensate for the decrease in pensioners' purchasing power caused by inflation and to ensure real increase of pensions, pensions (depending on their amount) are indexed by consumer price index and real with actual growth of wage.

The feminisation of poverty is also typical to Latvia. Women are affected by the risk of poverty more than men. As women on average receive lower wage, are outside the labour market during pregnancy and parental leave, take care after sick and old family members, work part-time more often than men, lower social insurance contributions are made on behalf of women. It results in lower pensions (in 2006 the average amount of old age pension for women was by 13.93 LVL lower than for men). Situation is being worsened by the fact that many women are single (divorced, widows) and their pensions are often inadequate for satisfying their needs (rental, food, medicine and other costs).

The return to the labour market of women after parental leave is being hampered by the depreciation of skills and qualification after the parental leave as well as by low accessibility of child care institutions (especially in Riga). Employers are of the opinion that the care for children decreases the productivity of the women and at the same time they are not motivated to allow women to work part-time or at home. After the parental leave women are more active than other groups of population in using active employment measures and job-placement services offered by the state. Childcare period, until the child reaches 1.5 year age, is included in the social insurance record.

As forecasted life expectancy for women is much higher than that for men, the planned period of old age pension disbursement (G) is being calculated as an average indicator for both men and women, thus ensuring gender equality and solidarity as well as stability of the system.

Within NDC PAYG scheme (together with accumulated funded pension capital), in case of participant's death, the whole pension capital, registered until the death of the scheme's

participant, is taken into account for calculation of survivor pensions for the deceased scheme's participant's family members, who are incapable of work. However, by purchasing of the life insurance policy for accumulated funded pension capital, there is an opportunity to make co-insurance (mentioning the spouse). Within private pension scheme, in the case of participant's death, rights to the accumulated pension capital transfer to his heirs including also the surviving spouse.

4.4. Enabling labour market to respond to the economic and social consequences of population ageing (2.priority)

There are identified several groups subjected to the risk of social exclusion in Latvia which face difficulties already now to fully involve in labour market or who could face the problem in future. People at pre-retirement age (55-64) is one of social groups subjected to the poverty and social exclusion risk who could have a need for support in education, employment, health care, social services and other fields.

If compared to 2002 the employment rate for people at pre-retirement age has increased by 7.8 percentage points (reaching 49.5% in 2005). Employment rate for women in this age group has remarkably increased - by 10.1 percentage points, it has reached 45.3% in 2005. However, the employment rate among men has decreased by 4.7 percentage points (55.2% in 2005).

Unemployed people at pre-retirement age is also one of the main target groups affected by unemployment also one of the risks of social exclusion. The mismatch between education and skills and the labour market requirements are the main reason of unemployment for the above mentioned group supplemented by the lack of professional skills. This group (also young people) have a greater risk to become long term unemployed in comparison to other population groups.

According to survey by Central Statistical Bureau unemployment level (in economically active population) in revive period has decreased (by 5.2 percentage points if compared to 2002) and in 2005 it reached 8.9% (in the age group 15-74). For pre-retirement age group this indicator has decrease considerably more – by 10.3 percentage points reaching 8.0% in 2005.

In the framework of the national program „Support to implementation of active employment measures” there were carried out the following projects – “The unemployed retraining and further education”, “Trainings to promote competitive capacity for unemployed and job seekers”, “Training provision for social exclusion groups including support of information and communication technologies for disabled.

Involving activities co-financed by European Social Fund in 2005 in State Employment Agency (SEA) there were implemented the following active employment measures: vocational training of unemployed retraining and improvement of professional skills (275 pre-retirement unemployed or 3.2% from total number of engaged), measures for the rise of competitiveness (10853 pre-retirement unemployed or 7.4% total number of engaged), temporary paid works (1453 pre-retirement unemployed or 15.1% total number of engaged), measures for special groups (379 pre-retirement unemployed or 15% total number of

engaged). The people at pre-retirement age can engage in all above mentioned active employment policy measures but there are a couple activities for seen directly for this target group.

In the framework of measures for special groups “Subsidized workplaces for pre-retirement age unemployed” was implemented. This measures are organized for unemployed who have left not more than 5 years until reaching age required for allocation for the state old pension and who have obtained vocational education or acquired profession skills at working place being employed in this vocation not less than 2 years or who have completed unemployed vocational training or retraining courses, but can’t find a job.

A specially for pre-retirement age group there is organized a measure “Prolongation of active life for seniors” where retired and people at pre-retirement age who have left 5 years until pension are offered modular vocational trainings programs. It is a possibility to prolong a working life for these who can not or do not want to work in their professions for several reasons but are ready to enquired new skills and knowledge.

This measures is implemented within framework of modular vocational training, where training programs (babysitting, housekeeping, catering jobs etc.) have been offered specially for people at pre-retirement age along with others training programs (language training, driving courses etc) provided for all target groups.

In parallel with active employment policy measures offered by SEA people at pre-retirement age have a possibility to participate in activities offered by Professional Career Counseling State Agency (PCCSA) like the others.

PCCSA provides group and individual consultations on career choice and planning, vocational adequacy definition, as well as on issues job seeking and stay at job for young people and adult including employed specially for people with increased socially excluded risk. This institution provides partly also information necessary for decision taking and carries out psychological evaluation of training abilities for unemployed.

In comparison with 2003 a number of people advised by PCCSA on professional choice issues has increasing by 46.8% and reached 53 463. A number of people at pre-retirement age who have received PCCSA services have particularly increased – 145 (or 0.4% from total) in 2003 and 1085 (or 1.9% from total) – in 2006 which is almost 7 times more than 4 years ago.

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

In order to arrange institutional system and determine life long learning policy for next 7 years, the Ministry of Education and Science has developed Guidelines of Lifelong Learning Strategy for 2007-2013. In the guidelines the emphasis are laid on adult training that is the weakest link in the education provision process in Latvia and is not clearly reflected in legal acts. Basically it is informal education that may ensure new knowledge, skills and competences according to needs of employers, employees and individuals at rapidly changing labour market and new technologies` circumstances.

Trend of actions defined in Guidelines of lifelong learning strategy for 2007-2013 will promote people at pre-retirement age training: providing flexible second chance education according to needs (by training place, contact form (e-training, evening, external training), by content, by duration) strengthening establishment of educational support structure involving necessary specialists and provide information and consultations for all people for choosing education, professions and career: adjusting territorial access of life-long learning. At the determinate proceeding ways inter alia will training, second chance education keeping with.

In response to regional requirements during next period of utilization of structural funds there will be provided a strengthened support for education and further education of pre-people at age as well as there will be implemented measures unrecognizing obtained competences in informal education.

“Adult training” centers elaborate trainings programs in pre-retirement age people’s education to help them enquired both basic skills and knowledge according to needs of changing life. A module is compulsory for vocational education’s pedagogues and its framework pedagogues acquire trainings methods in work with adults of different age.

At Regional Tripartite Sub-councils where educational sector cooperates with local municipalities employers and employees there are being addressed employment promotion’s issues also for people at pre-retirement age including planning of measures for increase of education of these people.

It must be acknowledge that only now Latvia actively turns to addressing of this problem. A work is planed to be managed at state and regional level an implementation of activities is launched but first quantitative results will be available in the middle 2008.

Regardless of fact that only now Latvia turns to addressing of problems of people at pre-retirement age at several regional centers e.g. at Ventspils University, Jelgavas Adult Training Center already for the second year there are being successfully implemented life-circle approach for people at pre-retirement age as well as there are being successfully implemented people awareness measures about these programs. At both institutions above mentioned measures are implemented in cooperation with employers and local municipality.

Owing to Guidelines of lifelong learning such centres will be developed in each planning region (in 2006 4 regional Adult training centres operated, in 2007 there are planed 6 centres, in 2008 – 7) and a work with people at pre-retirement age will be implemented in long-term period.

4.6.String to ensure quality of life at all ages and maintain independent living including health and well-being

The health care system of Latvia is based on the principle of social solidarity, that means that all inhabitants of the Republic of Latvia have the rights to receive health care services which are paid by state compulsory health insurance. The legislation which is in force according to policy guidelines of World Health Organization “Health 21 – Health for Everyone in 21st century”, do not intend to privilege several groups of inhabitants on receiving health care

services, but provides all inhabitants equal rights, equal obligations and common responsibility for health. Though taking into account the economic situation there are some relieves to some of the categories of inhabitants. For persons who are older than 80 years the patients' payment for the visit of family doctor home visit is 2 LVL (for other persons this family doctor home visit service is more expensive and the amount of this payment is nominated according to price list which is confirmed in corresponding medical office). For those persons who receive old-age pensions and whose old-age pensions amount is less than 60 LVL, patient payment amount for secondary ambulatory visit is 1 LVL (for other persons the amount of the payment for secondary ambulatory visit is 2 LVL).

There are draft version of Healthy food recommendations for people who are older than 60 years, made by the Ministry of Health. These Healthy food recommendations encourage elderly people to be physically active, to use certain amount of cereal products and potatoes, vegetables and fruits, milk products with decreased fat ratio and other products rich in protein in their everyday menu. At the same time this document includes recommendations on decrease of sugar, salt, fat and alcoholic drink usage, increase usage of water in their everyday life menu and in case of problems with health to consult their family doctor. After approval of mentioned recommendations, they will be distributed in brochure format with help of health care and health promotion office network as well as with help from Latvian Pensioners Federation so that these brochures would be available to the target group. The Healthy food recommendations will be placed in the web site of the Ministry of Health.

To promote the involvement level of society in the decision making process in the field of patient rights and to make proposals for already made legislative acts in the year 2005 there was established Advisory Council of Patient Representatives. This Advisory Council encompass representatives from different unions of disabled persons, The Centre of the Protection of the Rights of Disabled Persons, The Latvian Pensioners Federation and The Association of Politically Repressed Persons of Latvia. The aims of mentioned organizations are connected with protection of rights of disable persons and elderly people.

In the year 1996 the Strategy of Healthcare Development of Latvia was accepted. One of the fundamental principles of this Strategy is to lengthen the full-fledged lifetime of inhabitants of Latvia. Two of the sub-aims of the Strategy plan to provide equal health possibilities and healthcare availability for inhabitants of Latvia as well as to create preconditions which would provide environment where every inhabitant of Latvia could take care of his/her health and to promote it. At the same time the Strategy contains plans on improvement of life quality of disabled people and to maintain the health of elderly inhabitants of Latvia.

One of the aims of the Strategy of the Health of Society until the year 2010 is on the one hand to increase the possibilities for persons to reach greater age and to maintain the good quality of life, and on the other to give opportunity for persons who have reached age of 65 to fulfil their health potential as well as to participate in social life. The Strategy points out that it is essentially necessary to increase the proportion of those people who have reached age of 80 and whose health conditions let them maintain independence, self-esteem and their status in society by 25%.

In 1996 a reform of social assistance and social service system was launched in Latvia were amongst its main aims was to change the service financing system – by changing over from the funding of social care institutions to the principle “money follows the client” (service demander pays to service provider) and to decentralize social services so that municipalities

would be interested in developing the types of services alternative to the institutional care. It must be noted that legislation provides distribution of responsibilities between the state and municipalities in provision of social care services to inhabitants.

Administrative-territorial reform is of great importance in introduction of the principle “money follows the client” and realization of all reforms of social policy. Municipalities with a small number of inhabitants usually are economically weaker and for administration there is used major part of budget than in great municipalities. Poorly developed infrastructure, fewer resources which can be allocated to the development of social care, lack of professional social work specialists or overwork of current staff are the reasons which in small municipalities hinder the development of effective social services, corresponding to the population needs. Protracted implementation of administrative-territorial reform hinders functioning of optimal social care system in municipalities.

Of late years the demand for social care services in Latvia has substantially increased. To a great extent this trend can be explained with ageing of society. Considering that social services for retirees provides local government then each municipality according to needs of elderly people residing in their territory promotes development and improvement of network of services. Namely, if following evaluation carried out by relevant municipal social work specialist it is defined that a person is in need of social care or social rehabilitation then a possibility to provide this service at the place of client’s residence is evaluated first of all but if an amount of such service is insufficient only afterwards the municipality provides this service at the long-term social care and social rehabilitation institution (hereinafter – institution). Taking into account that the demand for services in social care institutions increases every year wherewith forming the queues among the persons who claim for this service then municipalities strive to develop care services alternative to social care institutions.

In 2005, 417 persons waited in the queue to the service. One of the reason is a change of demographic situation especially in rural area, increase of elderly and lone people due to migration of giving-age inhabitants to economically more active territories.

For promotion of independent life there are being developed group homes (apartments) where people with mental disorders may receive individual support in addressing social problems. For development of mentioned apartments there are requisite investments for establishment of housing fund and in Latvia currently this service is available for a small number of persons. In 2005 there were 5 group apartments in the state for persons with mental disorders where services received 60 persons. In order to develop these services from January 1, 2007 the state provides a co-funding in amount of 50% for establishment and equipment of group homes (apartments).

Receiving social care services a person has a duty to pay for it except of cases if a person belongs to a category of inhabitants whose services are paid from the state budget resources. While, if due to the lack of resources a person is not able to pay for the provided services, the expenses are covered by the legitimate support defined by legislation of Latvia or municipality.

From the state budget resources a care in long term social care and rehabilitation institution is provided for children with mental disorders, orphans and children left without parental care until 2 years of age, children with mental and functional impairments up to 4 years of age, and

for persons with mental disorders and persons with visual impairments. While from the municipal budget resources services in social care institutions receive persons of pension age and disabled people if the required scope of service exceeds the scope specified for home care or care at day care centre and social rehabilitation institution.

In 2002 there were 66 municipal old people's homes in Latvia for 4728 residents. An amount of municipal old people's homes have increased and in 2005 there were 75 old people's homes in Latvia with 5261 residents. It must be noted that an amount of residents in old people's homes is stable for years and there is a marked prevalence of women against the men, for example, in 2005 there were 2070 men against 3191 women.

4.7. Mainstreaming a gender approach in an ageing society to support families that provide care for older persons and promote intergenerational and intra-generational solidarity among their members

The development of nation and economical sustainability and development of social system is influenced by different factors. One of the preconditions for development of the nation as well as one of the pillar of democratical society is gender equality. Human rights as a legal discipline, which regulates relations between individual person and the state, could not be possible imagined without the principle of gender equality, because unequal attitude to one or another gender as a whole would create inflexible society, where there would be problems with reaction on different social and economical changes.

Formally gender equality is ensured by national legislation of Latvia and international normative acts, which are the basic ground for a real implementation of gender equality principles in all spheres of life. The real provision of gender equality is fundamental instrument for sustainable economics and social development promotion.

Latvia its decision to implement gender equality principles has assured by accession to a number of international agreements which fulminates against any gender discrimination. First strategic steps have been made with analysis of legislation and policies of Latvia from gender equality aspect and following elaboration of Conception for Gender Equality Implementation.

Important precondition for elaboration of the mentioned Conception was Gender Equality Implementation Programme for years 2005-2006. This Programme was elaborated for two year time period. The aim of this Programme un the activities prescribed are directed on education of society, information and change of attitude to gender equality questions in such sectors as education, employment, interior affairs and legal sphere, as well as in all public sector. Evaluating the situation and previous work on the Conception, the priority spheres have been identified, where there is need of solution definition for improvement of situation.

Gender Equality Implementation Programme for years 2005-2006 have defined urgent tasks, which can be performed according to available resources. Priority spheres are: promotion of education and information activities at all levels of society on gender equality topics, work and family-life consolidation and capacity and the level of perception promotion in public sector on gender equality topics, as well as sustainable implementation of policy and formation of mechanisms of gender equality. There is need for strong institutional mechanisms regarding the implementation and co-ordination of policy of gender equality with

relevant sources and resources (both financial and human) with strong influence in all levels of politics. There is need to identify appointment of possible tasks and roles for all interested stakeholders – public sector, private sector and non-governmental organizations for different solutions for different administrative levels.

The most important activities with the highest amplitude have been in frame of European Social Fund and Community initiative EQUAL project, such as information campaigns, seminars, discussions, printed and other kind of informational materials on gender equality topic in context of employment.

Regarding to equal attitude provisions right now there are a number of activities. For example, development of child care services in local authorities so that both parents would have opportunity to work salaried work; there is material provisions for single parents and paternity leave provisions for men. In year 2004 22% of socially insured fathers used paternity leave, in year 2005 25,5% used this possibility and in first quarters of 2006 already 30% of newborn babies fathers used paternity leave. According to legislative acts both mother and father have the rights (one of them or both of them on after another dividing this leave in parts) to use child care leave and to get child care benefit, which is in amount of 70% from their average insurance payment salary. This order promotes more balanced apportion of household and family tasks between men and women in the period of child care.

In co-operation with public sector institutions and non-governmental institutions of Denmark, France and Bulgaria there has been a project “Man – equal, man-different” accomplished. In frame of this project there was a research made, where the main barriers and difficulties were identified, which obstructs men to exercise their father role and to involve themselves in family life and child care process actively. The research tried to recognize how could the fathers role be increased in child care process.

4.8. Support for families that provide care for older persons and promote intergenerational and intra-generational solidarity among their members

Provision of opportunities for reconciliation of work and family life is a vital aspect of social inclusion and gender equality. It is important to proceed with development of day care centre establishment where to provide social care as well as social rehabilitation services for elderly people. Development of such day-care centres is necessary to promote physical and intellectual development of elderly people so that they could acquire different social skills, fulfilling their needs and interests and at the same time facilitating opportunities of other family members for their more successful reconciliation of work and family lives. Altogether in 2005 23 712 persons received services in day-care centres (in day care centres of municipalities and other institutions from which municipality buys this service) including 4402 retired persons in 15 day-care centres). It is indicative of demand for such service in the state and in future the day care centres will become as an alternative to current care in social care institutions.

In order to develop social services at the place of residence of persons with mental disorders, the state provides a co-financing for establishment of day centres and supports them during the first four years of activity, but in after years a corresponding municipality is responsible for the maintenance of day care centre. In 2005 the state provided co-financing for 12 day centers where services were available for 273 persons with mental disorders. Similarly the

state participates also with co-financing in amount of 50% for establishment and equipment of half-way homes in year of its establishment.

Conclusions and Outlook for the Future

Rapid ageing of the population is observed in Latvia and it is characterised by a low birth rate and an increase in average life expectancy. It can be inferred from demographic forecasts that in general the number of the employed persons will remain stable until 2010, and it could decrease sharply between 2010 and 2030. In order to address socio-economic consequences of demographical changes, various strategic documents, reforms and measures have been implemented.

In 2005, the National Lisbon Program of Latvia 2005-2008 was approved aimed to promotion of national growth and employment.

Already since 1996 in Latvia has been established such pension system which is able to react very flexibly to demographic fluctuations and provide long-term stability under conditions of ageing population.

Cooperatively high employment rate in age group 55-64 in Latvia (53.6% in 2006) has been promoted by pension system (gradual increase in retirement age, pension calculating formula), enlargement of active employment measures, as well, as using of in-formal education.

There have been approved operational of EU Funds which provide several activities for employment promotion which could contribute in managing of the demographic challenge, coordinating them purposefully with other policy fields: the rise of competitiveness of giving age people (15-64) in labour market, inter alia retraining of employed and active employment measures; including retraining and active employment measures of employment; development of short and long-term prognosis and monitoring system of labour market demand; support for searching of better innovative solutions and mainstreaming of best practical examples in labour market policies and implementation set of instruments, as well as promotion of people economic activity.

The Guidelines of Lifelong Learning Strategy for 2007-2013 have been developed. In the Guidelines the emphasis are laid on adult education and it is in-formal education which is capable to ensure new knowledge, skills and competencies according to needs of employers' employees' and individuals in the circumstances of rapid changing labour market and new technologies.

In 1996, the Strategy of Healthcare Development of Latvia has being accepted whose basic goal is to prolong the full-fledged lifetime of inhabitants of Latvia. Two of the sub-aims of the Strategy plan to provide equal health possibilities and healthcare availability for inhabitants of Latvia as well as to create preconditions which would provide environment where every inhabitant of Latvia could take care of his/her health and to promote it. At the same time the Strategy contains plans on improvement of life quality of disabled people and to maintain the health of elderly inhabitants of Latvia.

The Strategy of the Health of Society has been accepted, where one of the goal of the until the year 2010 is on the one hand to increase the possibilities for persons to reach greater age and to maintain the good quality of life, and on the other to give opportunity for persons who have

reached age of 65 to fulfil their health potential as well as to participate in social life. The Strategy points out that it is essentially necessary to increase the proportion of those people who have reached age of 80 and whose health conditions let them maintain independence, self-esteem and their status in society by 25%.

In 1996 a reform of social assistance and social service system was launched in Latvia where amongst its main aims was to change the service financing system – by changing over from the funding of social care institutions to the principle “money follows the client” (service demander pays to service provider) and to decentralize social services so that municipalities would be interested in developing the types of services alternative to the institutional care. It must be noted that legislation provides distribution of responsibilities between the state and municipalities in provision of social care services to inhabitants.

Formally gender equality is ensured by national legislation of Latvia and international normative acts, which are the basic ground for a real implementation of gender equality principles in all spheres of life. The real provision of gender equality is fundamental instrument for sustainable economics and social development promotion.

A more activities have been realized in the field of social integration. There Nongovernmental organizations have an essential importance in promoting a dialogue among different society groups and state administration. In order to promote the participation and implication of above mentioned organizations there are opened various subsidies` programs, where organisations of elderly people also take part actively. Cooperation with several social organisations un social groups has relevant importance in the with ageing related policy making. In order to implement legislation into practice successfully above mentioned organisations are involved within development of legislation in the same beginning thus enabling them to express their point of view and agreeing on it at the most early period.

There are several relives systems for elderly people in Latvia – relives related to purchases` of medical costs and medical remedies, public transports, cultural measures etc. relives of services.

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

- to provide the long-term stability of social insurance system and compensation`s fluctuations in the demographic burden on people at pre-retirement age resources of the social insurance budget have to be accumulated gradually;
- to continue the active implementation of the labour market policy enlarging measures of active labour market for social risk groups specially for people at pre-retirement age at the same time refusing from early retirement;
- ensuring of access to health care and its quality. It is relevant to make such policy of health that people would live as possible as longer healthy, physically active life, without serious illness un disability. In order to ensure healthy lifetime for inhabitants attentions to youth and children prevention and health promotion have to be paid;
- to develop and improve choice of social assistance services, specially considering to care services alternative (Care at home, Day care centre, half way homes, etc.);
- in order to ensure including of elderly people in social life it is important to provide an opportunity to receive social rehabilitation and social services according to their needs and as close to their place of residence as possible and in the shortest time possible, to develop social service networks in local municipalities, and increase the number of professionally educated social work specialists in social services and institutions of

- social service institutions, to develop social service networks in local municipalities, and increase the number of professionally educated social work specialists in social services and institutions of social service institutions;
- education and information of society, as well as change of attitudes to gender equality questions;
 - promotion of tolerance and elimination of discrimination against age, disability and against other vulnerable social groups.

List and contact details of organizations involved in preparing this report and follow-up to MIPAA/RIS

1. Ministry of Welfare
28 Skolas street, Rīga, LV – 1331
2. Ministry of Health
72 Brīvības street, Rīga, LV-1011
3. Ministry of Economics
55 Brīvības street, Rīga, LV-1519
4. Ministry for Children and Family Affairs
14 Basteja avenue, Rīga, LV-1050
5. Ministry Education and Science
2 Vaļņu street, Rīga, LV-1050
6. Secretariat of Special Assignments Minister for social Integration
20 Elizabetes street, Rīga, LV-1050
7. Latvian Academy of Science
1 Akadēmijas place, Rīga, LV-1050
8. Latvian Pensioner's Federation
29/31 Bruņinieku street, Rīga, LV – 1001
9. Latvian Employers Confederation
12-1 Vīlandes street, Rīga, LV-1010
10. Free Trade Union confederation
29/31 Bruņinieku street, Rīga, LV-1001
11. Association of Disabled Persons
64 Raunas street, Rīga, LV-39
12. State Employment Agency
38 Kr.Valdemāra street, Rīga, LV-1010
13. Professional Career Counseling State Agency
11 Jēzusbaznīcas street, Rīga, LV-1050