Social inclusion policy in Latvia

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FORMER: PRIME MINISTER, MINISTER OF LABOUR, MINISTER OF WELFARE OF LATVIA
SOCIAL POLICY 1990-1995

- Development of administrative capacity
  - WORLD BANK
  - UNDP
  - EU- PHARE

- Design of social policy
  - Social insurance
  - Social assistance
  - Participation and motivation
In 2000 in Lisbon EU heads of state defined EU long-term development goals where reduction of poverty and social exclusion until 2010 was one of the long-term goals interposed.

Goal of the Lisbon strategy – increase standard of living for EU citizens, successfully coordinating economics, employment (overall employment level 70%), education and other fields of sectors with social policy.
EU common objectives within social inclusion field

- Promotion of employment
- Facilitating access to resources, rights, goods and services
- Preventing the risk of exclusion
- Support for the most vulnerable groups
- Mobilization of the bodies involved in reduction of social exclusion
# Development of social inclusion policy in Latvia

<table>
<thead>
<tr>
<th>Document/Action</th>
<th>Description</th>
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<tbody>
<tr>
<td>Memorandum of Understanding</td>
<td>Between government of the Republic of Latvia and European Commission on Latvia's participation in the Community Action programme to combat social exclusion (2002-2006)</td>
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<td>Joint Memorandum on Social Inclusion</td>
<td>Prepared by Latvia together with European Commission (JIM) (signed on December 18, 2003)</td>
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<tr>
<td>Informative Reports on implementation of Latvian National Action Plan for Reduction of Poverty and Social Exclusion</td>
<td>In 2004 and 2005 (annually by 1st July)</td>
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Economic preconditions for social development in Latvia

- Functioning liberal and open market economy
- The majority of entrepreneurs have learned to work in market conditions and benefit from advantages of the market economy
- Stable macroeconomic environment, improving business environment
- The accession to the EU has created momentum for accelerating economic reforms in Latvia and positively influenced the investment and employment process and consequently will increase growth potential
GDP growth: between 1997 - 2002 by 5.7% in the average per year (1995 = 100%)
Investments
between 1997-2002 fixed investments went up in the average by 16% every year

Promoted by the:

- Liberal foreign trade and foreign investment policy
- Stable macroeconomic environment
- Inflow of foreign investment
- Consistent policy to improve business environment:
  - Effective dialog mechanisms with the Foreign Investors’ Council in Latvia (more than 80 measures approved since 1999)
  - Decrease of tax rates
FDI Track Record – FDI Inflows

FDI stock at the end of period, LVL mio

<table>
<thead>
<tr>
<th>Year</th>
<th>FDI Stock (LVL mio)</th>
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<tbody>
<tr>
<td>1995</td>
<td>330.5</td>
</tr>
<tr>
<td>1996</td>
<td>520.5</td>
</tr>
<tr>
<td>1997</td>
<td>750.2</td>
</tr>
<tr>
<td>1998</td>
<td>886.2</td>
</tr>
<tr>
<td>1999</td>
<td>1,046.7</td>
</tr>
<tr>
<td>2000</td>
<td>1,277.4</td>
</tr>
<tr>
<td>2001</td>
<td>1,487.5</td>
</tr>
<tr>
<td>2002</td>
<td>1,617.7</td>
</tr>
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### Common objectives in Joint memorandum on Social Inclusion (2003)

1. Overcome problems related to access and quality of education and achieving education to be more relevant to the modern labour market;

2. Formation of an inclusive labour market and promotion of employment, develop active employment measures for persons subjected to long-term unemployment;

3. Ensuring an adequate income for all through a combination of wages, tax policy and the social protection system;

4. Provision of access to an adequate housing;

5. Ensuring a state-guaranteed health care minimum and access to required medicine;

6. Strengthening family solidarity and protection of children’s rights by building a healthy and favorable social and economic environment for family development;

7. Developing social services providing an opportunity for people to receive social services according to their needs and as close to their place of residence as possible;

8. Building networks of cooperation between institutions and non-governmental organizations and increasing the capacity of organizations.
Problems, groups, statistics

- In Latvia 19% inhabitants are subjected to poverty risk. Most of all – single pensioners – 53%.

- **Groups mostly subjected to risk of poverty and social exclusion:**
  - Large families (2 adults with 3 or more children)
  - Single parent families (predominantly women) with children
  - Disabled people
  - Unemployed persons (long-term unemployed people; young people unemployed; unemployed at pre-retirement age; disabled unemployed)
  - Persons released from imprisonment
  - Old people (especially lone old people living in large cities)
  - Homeless people and vagrant children
  - Ethnic minorities (mainly Roma people)
  - Victims of human trafficking

- **Key problems:** low income of inhabitants, high unemployment level including long-term and youth unemployment, mismatch of education and skills for labour market demands, high level of undeclared work, considerable regional and local disparities, poor health status of inhabitants.

- Elaborated for 2004.-2006 basing upon objectives and priorities defined in JIM. Included measures contain employment, education, housing, health, social services, transport, legal assistance, culture and other spheres.

- Task of Action Plan – until 2006 develop common and integrated social inclusion policy and to ensure its realization at all the levels (use cooperation opportunities between the state and municipal institutions, NGOs, social partners, private sector and particular initiatives of individuals).
Declining poverty and income inequality by improving labor market indicators
Cross-Country Poverty Comparisons: Latvia and Selected European Countries

![Graph showing the relationship between Headcount Poverty Rate and Consumption per capita (PPP USD) for various countries. The graph includes points for countries such as Moldova, Albania, Turkey, Romania, Serbia, Russia, Bulgaria, Poland, Lithuania, Estonia, Macedonia, Hungary, Latvia, and Croatia. The countries are plotted along the vertical axis representing Headcount Poverty Rate (%) and the horizontal axis representing Consumption per capita (PPP USD).]
Strategie for Social Protection and Social Inclusion 2006-2008

1. **Introduction** (social situation evaluation, overall strategic approach and overarching messages).


4. **National Strategies for Healthcare and long-term care** (characterization of health care and long-term care systems, availability of services and quality and sustainability of systems).
GDP Forecast

(percentage, 2001=100%)
Lessons learned for successful social policy

- Political consensus on developments
- Political stability and approved strategic goals
- Economic stability and predictability
- Timely made reforms
- Investment in administrative capacity and framework
- Technical assistance
Thank You!