

NATIONAL REPORT OF LATVIA

United Nations conference Istanbul+5

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Introduction

Latvia has gained significant success in transition process to market economy and democracy. Since 1996 there is observed further improvement of economy, financial sector in Latvia. Stable growth of economy has been achieved. Democratic institutions, which have put in action democratic principles in different areas, have more and more influence in the politics. In the social area activities to solve society development problems are taking place. Solving these problems is one of the main keystones for development of united society and increase of inhabitants' welfare.

There have been carried out activities to make improvements in the legal framework, central and local management and economics. Also "third counterpart" (NGO's) has become stronger. These organisations have more and more influence on processes of society importance. The role of mass media has risen in discussing different topics and raising information level, education etc. of inhabitants. A lot of activities have been carried out, but there is still need for additional effort to provide sustainable development of Latvia and effective solutions in all main areas, – economy, social affairs, environment, etc.

Priorities set by Action plan of National Report of Latvia (Habitat II) are implemented gradually: development of network of inhabited localities, provision of possibilities for inhabitants to get suitable settlement, activation of new construction and all building branch, harmonisation of environment in small Latvian towns, villages, etc.

In 1996 when National Report for conference Habitat II was worked out the main attention was paid to analysis of processes in housing sector and urban development. Attention was paid also to development of historically occupied areas according to Latvian traditions, habits and mentality. Therefore detailed analysis about different areas has been carried out in order to prepare National Report, – housing issues, social development, increasing of poverty, environment management, economic development, international co-operation. In the National Report there is included overview of present situation and development tendencies since 1996. Problems, achievements in state and municipal affairs, obstacles and solutions in legal framework, institutional capacity as well as several other topics are overlooked. The questions, which are at the prior level for Latvia at the moment, both at state and municipal level are described and analysed deeper.

The multi-institutional approach has been used in preparation of the National Report; there is included information about wide spectrum of questions. Some questions are not analysed deep enough because of the lack of information. In the future there will not be as much problems with getting information as now, because the EUROSTAT system for collecting, analysing and distributing of statistical information will be adopted from EU.

In preparation of the National Report specialists from Ministry of Environmental Protection and Regional Development, other ministries, municipalities, professional organisations and NGOs' have participated.

Chapter 1: Shelter

Increase of living standard has crucial impact on development of Latvia. One of the main criteria for increase of living standard is inhabitants' provision with housing. It is also main prediction to ensure welfare of inhabitants.

In Latvia reforms of the housing sector have started in the 1990s and are continued in fields of privatisation process, denationalisation, housing market, etc. The opinion, more and more significant in the society, is that there should be paid more attention to the process of provision with suitable housing for inhabitants. Therefore a lot of activities have been carried out to develop crediting system and improve the legal framework.

In the beginning of 1999 there was housing with a total area of 53.4 mill. m² (in cities 34.7 mill. m² or 69%, in rural areas 18.7 mill m² or 31%) in Latvia. In the capital of Latvia, Riga, where live approximately one third of all inhabitants, is housing with a total area of 16.2 mill. m² or 30.3% of all.

In the 1990s the average area of housing property per capita has increased from 21.3 m² in 1996 to 22.0 m² in 1999. Mainly this number was achieved because of decrease of population, not because of new construction, which is still very low. In 1990 there were built 5 new apartments per 1000 inhabitants, in 1996 – just 0.6 apartments and in 1999 – just 0.4 apartments.

The question about insulation and renovation of the buildings is priority at the moment as approximately one third of all buildings are built before 1940 and heat resistance and quality of building envelopes for prefabricated panel buildings built after 1958 (another third of all housing) are not according building codes.

1. Security of tenure

Changes in housing fund ownership structure. Ownership structure of the housing fund has changed significant in Latvia because of denationalisation and privatisation processes, which are taking place. In 1996 47.8% of housing was state and municipal property and 46% was private property. In 1999 private property was already 69.9%, public property – just 30.1% (state – 4%, municipal – 26.1%). After prognosis of the Central Statistical Bureau by the end of privatisation process approximately 80% of Latvia housing will be private property and municipalities will maintain only 20% of the housing as rental or social houses.

Transition process from public to private sector in Latvia is rather complicated. In 1990 the Law “On Land Reform in the Republic of Latvia Rural Regions” was admitted, in 1991 the Law “On Land Reform in the Republic of Latvia Cities” was admitted and started process of real estate retrieve to previous owners. In 1995 according to the Law “On Privatisation of State and/ or Municipality Owned Dwelling Houses” privatisation process was started. According to above-mentioned law it was possible to privatise an apartment in dwelling house without privatisation of land under the building. Sometimes land under dwelling houses belongs to previous owner, sometimes it is even more complicated – land can be property of several owners. In these cases owner or owners of the land sign a long-term contract on rent of land.

According to the Law “On Real Estate Recording in Land Book” (1997) all rights concerning real estate (land, houses owned by private persons, houses owned by municipalities/state, housing property, etc.) should be written into land book.

The privatisation process (tenants of the municipal or state owned apartments become owners of these apartments) continues. The apartment can be privatised (bought from state or municipality) using privatisation certificates. In dwelling houses the apartments, which are not privatised, remain municipal property, therefore mixed ownership form of dwelling houses grows up and the questions about maintenance, administration of building and involvement of all inhabitants surface as well. Amendments in the laws and other legal acts, which will ensure that technical conditions in the housing do not become worse, are under preparation at the moment. Owners of the apartments should establish apartment owners association, which is responsible for maintenance and administration of the building. At the moment we are looking for financial sources to stimulate establishment of house owners associations and to ensure ability to pay for these associations.

At the moment municipal enterprises still are carrying out maintenance in major part of housing fund (including privatised part). Establishment process of house owners’ associations is very slow. The main obstacles in house owners’ association establishment process are difference among inhabitants’ income levels, lack of information and education, low responsibility level of inhabitants for common property.

As the result of denationalisation process, 9995 houses are returned to the previous owners with more than 75 000 apartments with total area of 3.5 mill. m². In the cities the private rental housing has been established as the result of this process. It was determined by law that tenants, who lived in these buildings before denationalisation, are “protected” for 7 years. Within this “protection period” it is not possible to evict from apartment without provision of another apartment. Also rental fee should not exceed the “rent ceiling” determined by municipality. After “protection period” new contracts between tenants and owner of building can be signed and owner can have more profitable agreement. Therefore increase of this part of housing do not solve the housing problem for households that do not have enough financial resources for rent and services payments.

Social housing. There is municipal housing fund and assistance system that are used as tools to provide social housing. Issues related to social housing in Latvia are described in Law “On the Assistance Rendered by the State and Municipalities in Order to Resolve Housing Issues” (1993) and Law “On Social Apartments and Social Houses” (1997).

One of the main housing problems in Latvia is high price level for services in comparison with income level. Government has delegated responsibility to set “rent ceiling” to municipalities, which are also responsible for social support, but prices for services usually are nominated by enterprise, which provides the service.

Municipalities are providing following assistance to poor people or people with low income:

- ✓ rent of social apartments (apartments with lower rent in ordinary house owned by municipality or in special social house),
- ✓ subsidies as part of payment for services and rent.

There were 703 social apartments in Latvia in 1998 and there lived 1409 inhabitants. In 1999 there were 38 social houses and 461 social apartments in Latvia and there lived 3026 inhabitants (including 1150 pensioners and 607 children).

There are 5 social dwelling houses with 400 apartments in Riga, the capital of Latvia. There are situated also social assistance and medical offices in these houses. The 75% of rent and 25% of services of these houses are subsidised by municipality of Riga.

In the maintenance and development concept of the Riga housing there is quite a lot of attention paid to develop successful assistance and support system. There are several main objectives mentioned: by the year 2005 there should be 25 social houses and social support for social apartments should be developed (there should not be determined criteria such as ownership or location of building). It is planned that in 2001 the construction of new municipal apartment buildings for rent will be started and each year 2 – 5 new buildings will be constructed.

In spite of activities carried out – development of social housing sector, social assistance and municipal support –, there are groups of people whose rights to suitable housing are not satisfied. **The houses for people, who have lost their homes, are established.**

Eviction from apartment. One of the most essential problems, which are faced by inhabitants in last years, is possibility to be evicted from apartment. In the law “On the Rent for Dwelling” (1993) all aspects connected to renting, eviction, court procedure, etc. are defined. In all cases when somebody is evicted from an apartment, the ruling of the Court should be taken. Ruling of the Court on interruption of rental agreement with tenant, who has debts for rent and services is the legal basis to evict a tenant from apartment. Usually people, who are evicted from apartments, are without high enough income level: pensioners, unemployed people, sometimes even families with children.

In Riga, 860 people, who are evicted from apartments, have applied for social assistance in year 2000. Estimates of the specialists from Apartment Administrative Board show that approximately two thirds from evicted families apply for social assistance. Mainly people, who are evicted from apartment according to the ruling of the Court, are transmitted to the rooms without convenience or hostels. It is planned to include regulations on protection of these people in the legal framework.

2. The Rights to Adequate Housing

Rights on dwelling. One of the main questions for inhabitants after regaining of independence of Latvia was to provide their families with housing.

In Law “On the Assistance Rendered by the State and Municipalities in Order to Resolve Housing Issues” (1993) it is determined that all persons (families) have rights to receive the state and/ or municipal support to solve question of housing and the types of this assistance is described as well.

In the law it is foreseen, that following assistance is provided:

- ✓ rent of apartments;
- ✓ support for rent and service payments;
- ✓ elimination of apartments where more than one family are living.

According to this law the priority of municipalities, state enterprises and institutions is their responsibility to rent apartments from their housing to persons (families) who are in prior status to get housing. Prior status to get housing is to several social groups, such as families with three or more children, disable persons or families with disable persons, pensioners without supporters, people with low income and families with necessity to improve living conditions (e.g. very bad technical conditions of apartment, not enough living area).

The Law sets the groups of people who should receive immediate support for housing as well. These groups are: persons left their apartments because of emergency (fire, flood), people living in emergency houses, motherless children, repatriates, persons returning from jail, persons evicted from apartment according the ruling of the Court and some other groups.

When this law became into force privatisation and denationalisation processes were not started, there did not exist housing market and the social problem was not so hard. At the moment the law does not fit the economic and social situation and real rental relations, therefore the development process of new law is initiated. It is planned that the new approach will be used in new law. Municipalities will be responsible for provision with housing persons disable to work, the poor or families with one or more under age children, pensioners with low income level and without support, motherless children, disable persons and persons returning from jail.

Prices of housing and their ratio to income level. Housing market in Latvia developed irregular and relations in market are still deformed because of the following reasons:

- ✓ low ability of inhabitants to pay;
- ✓ law rent prices that do not cover expenditures for maintenance and amortisation therefore owner can be in red;
- ✓ dependence of maintenance of houses on the rent for the area used for commercial purposes (e.g. workshops, shops, etc.);
- ✓ luck of demand for housing in economically low active regions, especially in rural areas;
- ✓ policy tendencies that do not support housing development.

Therefore there are very significant fluctuations in market value of housing property. In rural areas there can be situations when market value of the housing property is lower than the balance value, sometimes close to zero. In cities, especially in the capital price for equal housing property can be very high.

Main factors, which have impact on housing prices, are type of the housing property, technical conditions, place where housing property is situated, etc. Most expensive apartments are in the centre of Riga. In the end of 1999 average apartment price in this part of the city was 850 – 950 USD per m², sometimes even 1600 USD per m² (In Latvia prices for apartments in housing market usually are set in USD). In suburbs of Riga the price for apartment since 1993 has raised 2-3 times and in 1999 it was between 200 and 375 USD per m². Average apartment price at the moment in suburbs is 8 – 20 thousands USD.

If the tenant is privatising his/ her apartment he/ she “buys” it from state and “pays” with privatisation certificates. In this case price for m² is approximately 2 certificates (nominal value of certificate is LVL 28) or USD 33,6 per m².

· Here and after calculations are carried out using currency exchange rate 1 USD = 0.60 LVL

Construction of new housings. In 1999 only 4% of all construction works was construction of housings and mainly inhabitants financed these works. Private investments for housing construction in 1996 were LVL 38.9 mill. In 1999 this number reached LVL 40.9 mill. Average costs for construction of single family houses since 1996 have not changed and are approximately 207 LVL per m².

Mostly construction of new housing and reconstruction of existing housing is carried out in Riga and Riga region (42%). In rural areas this process is very passive.

The description of situation in Riga is used to evaluate ratio between of inhabitants' average income level and market prices for housing. According investigation about household income in Riga carried out by the Central Statistical Bureau of Latvia, average disposable income per one person of household is LVL 78.2 what makes average income per one household per year LVL 2252. Ratio between average income and price of housing property is 1.5, which is rather good figure if compared to other Central and Eastern European countries; but it should be taken into account that real minimum for living is LVL 83.18 per months and only 8% of inhabitants announced that they are able to purchase better apartment.

In spite of positive tendencies in growth of inhabitants' income level, big part of inhabitants is not able to purchase housing. New families mostly are not able to get their first housing without credit or another support. Very good and remarkable is fact that in Latvian commercial banks in year 2000 long-term credits are offered and interest rate is lower – approximately 10 – 14%.

3. Equal Access to Land

Rate of land prices compared to inhabitant income. In Latvia land market was established in 1991 when Laws “On Land Reform in Republic of Latvia Cities” and “On Land Privatisation in Rural Regions” became into force. In these laws free land market was not defined and only in 1996 the amendments to these laws became into force and the liberalisation of land market occurred.

In Latvia it is possible to trade land only in case if it is registered in Land Book. It is allowed to be an owner of the land for citizens of Latvia, state and municipal enterprises and some additional categories of enterprises registered in Enterprise Register of the Republic of Latvia. For other private persons and legal entities it is possible to get land with some restrictions and municipality is making decision in each separate case.

Land and real estate market similar to housing market is more developed in Riga, Riga region and Jurmala. Higher demand is for land for construction of single family houses with developed infrastructure, good transportation to city centre etc. In Riga average price for 1 m² of land is 5 – 25 USD.

Factors, which determine value of land, are level of economic development and density of inhabitants. Taking into account that there is rather low density of population, the value of land in rural areas and small cities is low in Latvia. It is difficult to evaluate average rate of land price compared to income level because of very big fluctuations of these two indicators.

4. Equal Access to Credit

One of the main circumstances for stimulation of new construction in Latvia, repairs and reconstruction in existing housing, development of housing and real estate market, provision with opportunity for inhabitants to get suitable housing is development of crediting system.

According to the Concept “On Latvian Housing Policy”, which is accepted by the Cabinet of Ministers in 1996, the main objective is development of housing crediting system. In the end of 1997 several documents linked with each other were accepted: the Concept “On Development of Mortgage Crediting System”, the Concept “On Long-term Crediting of Housing Construction, Reconstruction, Renovation and Modernisation”, the law “On Commercial Mortgage” and the law “On Mortgaging Bonds”.

“Suggestions for usage of fiscal policy in development of crediting system for construction, reconstruction, renovation and insulation of housing” were prepared and government in June 13, 2000 accepted “Crediting programme for housing development”. At the moment the preparation of first stage of this programme is carried out.

According information provided by Latvia Central Bank, in the end of 1999 there were 23 banks, which offered possibility to get commercial credits for housing crediting. Of course conditions for getting credits, terms and interest rates in these banks are different, but there is a provision required in all cases – the repayment monthly should not be more than 30% of total income. In 1999 interest rate for purchasing or renovation of housing was approximately 12 – 16%. According investigations of housing specialists, the housing market in Latvia could become active if the interest rate would be 9 – 10%.

Obstacles to get credits are: not sufficient conditions (terms, interest rate), low ability of inhabitants to pay, it is not possible to get enough co-financing and offered gage do not fit criteria of commercial banks.

In 1998 crediting portfolio of Latvian banks reached amount of LVL 622.4 mill. In the year 1999 Latvian banks provided LVL 831 mill for credits and only LVL 59 mill. or 7.1% of those had real estate mortgage. Credits guaranteed with real estate mortgage in 1999 were only 1.6% compared to GDP. This indicator shows that real estate and housing market in Latvia is still at the development stage.

There is tendency for crediting portfolio of Latvian banks to increase slowly, but in real figures this amount is too low to secure improvements in housing of Latvia.

5. Access to Basic Services

Landscape of housing and availability of communications. It is not a problem for inhabitants, especially in cities, to get access to basic services. These services are usually included in housing landscape.

93.7% of apartments in Latvia in 1999 were connected to the water supply network and this density has not changed significantly in last years.

In Latvia cities major part of apartments are connected also to wastewater system (92.7%), electricity network (100%), telephone communications (59.8%), central heating (83.7%), gas supply network (85.4%) and hot water supply network (77.3%).

Landscape level of apartments in cities is higher than in rural areas.

In Latvia availability of communications is not a technical problem anymore. Sector of telephone communications is developing rapidly, there are provided both opportunities – fixed and mobile services. In the end of 1998 the total amount of fixed telephone connections was 482 thousands. 66% from this amount were connected to analogue network and 249 thousands (34%) to digital network. In the year 1999 digital connection was already for 412 thousands fixed telephone connections. In 1996 there was 28.5 thousands mobile connections and in 1999 number of mobile connections reached 278.9 thousands.

Conclusions

There are carried out a lot of activities in last years to develop ownership structure. Privatisation and denationalisation processes are in the final stage. Amendments in existing legal acts are worked out and the new are developed in order to develop social assistance system. More and more attention is paid to opportunities of housing provision to people from social groups. The income level increases slowly; housing crediting system becomes more active and available for inhabitants.

Nevertheless at the moment situation of inhabitants' provision with housing is not enough satisfactory both in quality and quantity sense. There are still a lot of things to be done in housing sector and housing financing sector both in state and municipal levels.

Macroeconomic and real estate market development will have significant impact on further development of housing sector in Latvia. Development of housing sector is close connected to development of economics. Big role in this game will play government plans and reforms in housing sector.

Chapter 2: Social Development and Eradication of Poverty

Social and economical changes in Latvia are large-scale comparing to western countries. Shifting to principles of market economy has changed relations between individual person and state; responsibility of person for his/ her family social and economical situation becomes more significant. Social policy of the state is developed taking into account needs of inhabitants; new principles and approaches are implemented. At the moment the main objective of the state is to provide opportunity; the main objective of person is to use opportunity provided.

6. Equal Opportunities for a Healthy and Safe Life.

Health. There are several factors that have impact on the health of individual: social, economical, surrounding environmental and life style. From combination of factors

mentioned before depends health of all society. All factors can be divided into two groups: dependent on individual (healthy life style, healthy food, etc.) and independent on individual (environment risk, hygiene safety, etc.).

In 1999 death rate was lower than in 1998 and per 100 000 inhabitants it was 1340.8. Usual reasons are disease of blood vessels, cancer, injuries and intoxication. Death rate of nurselings decreased from 15.8 per 1000 in 1996 to 11.4 in 1999. Nevertheless this indicator is still very high. There is observed decrease of death caused by infections and increase of death caused by pathology formed in gestation. This indicator shows that there is unfriendly environment for expectant mothers.

Distribution of infection diseases is close connected to social and economic situation in the state. In spite of the fact that there is high rate of tuberculosis in Latvia, this rate in 1999 decreased to 68.4 per 100 000 inhabitants and death caused by tuberculosis decreased to 12.8 per 100 000 inhabitants. Activities to provide better medical assistance in case of tuberculosis are carried out at the moment in Latvia.

Monitory system of health insurance in Latvia has been established. This system provides guarantee that every person is able to get minimum of health services. In addition to monitory system there is also voluntary health insurance system and it provides opportunity for individuals to sign agreements with different provisions.

In order to ensure that medical services are available for individuals and to use financial resources more efficient the reforms in this field was started in the middle of 1990s in Latvia. In 1999 there was jump in the process of reforms and now there is developed efficient primary medical service network and 73.9 of inhabitants have already chosen doctor for primary medical service.

Violence. Similar as in another countries, violence against women and children also is actual problem in Latvia. Term “violence” can be described as involving of individuals in all kind of illegal acts.

In the international level this problem surfaced in 1996 in Stockholm when first congress on sexual employment of children was held. Since 1997 there have been carried out activities in Latvia to establish a system for social and medical recover of these children.

In 1999 regulations on co-operation of different institutions in described cases was approved. In regulations it is determined that in these cases the support should be provided and it should be financed from the state budget. In the years 2000 and 2001 it is planned to carry out training courses financed from state budget to 60 psychologists, specialists in psychotherapy and social problems in order to insure this assistance.

Ministry of Interior of the Republic of Latvia carries out activities, where society is involved, to decrease violence against women and children.

In 1999 the project “preventing of violence against women” was initiated. Soros fund in Latvia is involved in realisation of this project as a partner. In 1998 there were established crisis centre “Skalbes”, UNHCR, Centre of NGOs’, International Institute of Practical Psychology and European Council. The aim of the project is to recognise violence problem and to inform society about this problem.

At the moment the system for assistance to women abided of violence is not so co-ordinated and effective as it can be. In the Ministry of Interior of the Republic of Latvia it is planned to establish the first special team for dealing of this problem. Policemen, doctors, representative of municipalities, representative of court and specialists of affairs social will be included in the team.

7. Social Integration and Support for Disadvantaged Groups

Poverty. Poverty is situation when individual or social group can not afford basic needs (food, housing, and clothing) and can not participate in the society events because of the lack of financial and social resources.

At the moment the income level in Latvia is one of the lowest in Europe. Gini rate, which shows irregularity in distribution of income from 1996 increased and in 1999 reached 0.33. 20% of households with lower income more and more fall behind 20% of households with higher income. In 1997 the difference was 3.3 times and in 1999 this difference reached already 3.8 times.

If fluctuations of disposable income in different groups of income level (quintiles) are analysed it can be easily concluded that growth of income in lower income groups is slower than in higher income groups. In 80% of households income per person is lower than living wage. Moreover, in 20% of households income per person is lower than half of the average income per person in the state – LVL 62.33 in 1998 and LVL 64.73 in 1999.

In Latvia, similar to other transition countries, there is common “poverty of low salary”. It means that there is rather high density of low income working places and income often is not high enough to ensure living wage even for one individual. If fluctuations of disposable income in different demography groups are analysed it can be concluded that in households with children disposable income is lower than in average in the state and also grow rate is lower comparing to households without children. Therefore the poverty risk in Latvia is higher for families with children, especially in cases if there is just one of the parents.

There is system of social support in Latvia that determines mechanism how social assistance is carried out in case it is not possible to get income anymore or expenditures rise significantly (birth of children, become disabled, age, loss of supporter, etc.). This system ensures independence from social insurance system assistance for individual when it is needed. Expenditures for social assistance rise every year and in 1999 the amount of expenditures was LVL 57.23 mill or 1.5% of GDP. Major part of social assistance is used for family supports – LVL 30.1 mill or 53% of all social assistance.

There is system of municipal social support in Latvia that determines mechanism how social assistance is carried out in case individuals become poor or in other social risk situation. The amount of money used for social support from municipal budget has risen from LVL 13.5 mill in 1997 to LVL 13.7 mill or 0.4% of GDP in 1999.

In order to achieve higher efficiency it is planned in future to change the system and to leave just municipal support system, where will be included also cases supported from state budget.

Therefore it will be easier to meet the main objective of the support system – to provide support for inhabitants of municipalities in case of social problems.

More than 40% of municipal assistance is used to provide their inhabitants with housing. Number of inhabitants receiving assistance for housing increased from 243.5 thousands in 1997 to 200 thousands in 1999. At the same time number of inhabitants, whom the support is rejected to because of lack of financing possibilities of municipality have risen as well and reached 3 thousands individuals. It indicates that in the state number of inhabitants needing assistance for housing increases. From the other hand the amount of money provided for municipalities for housing assistance has been decreased from LVL 5466.5 thousands in 1997 to LVL 5015.6 thousands in 1999. Amount of support provided to individual for housing (rent and services) assistance has increased as well. It can be sign that municipalities are not able to cover difference between income of inhabitants and expenditures for housing.

There are more and more persons who are transferred to social houses. The total expenditures for social housing (covering part of the expenditures for rent and services) in 1999 were LVL 300.5 thousands or in average LVL 111 per one inhabitant of social house. In comparison for housing assistance the municipalities have used LVL 25 per one person who received support per year.

Integration of disable persons in society. Beside integration of poor families in society since 1998 the integration activities for disable persons are carried out. In 1998 at the state level concept “On Equal Opportunities to All” was approved. In the concept there are included different activities, which should be carried out, in order to eliminate factors, which are on the way of integration of disable persons in society.

One of the main integration problems of disable persons in society is professional rehabilitation of them. Professional rehabilitation provides possibilities for disable persons to familiarise with new profession according to the mental and physical factors of individual and to get back to labour market. In the LVL 1999 614 thousands (approximately three times more as in 1998) have been used for professional rehabilitation of disable persons. In 1998 only 9.2% of disable persons got sufficiently into labour market.

8. Promotion of Gender Equality

Equal conditions for both genders (males and females) means that there are equal opportunities to be joined into all public and private activities. Equal conditions and opportunities should not be defined as legal existence beside each other. In the legal framework defined opportunities and rights should be realised in everyday life.

In 1999 Latvia joint the convention of the UNO “On Elimination of All Kind of Female Discrimination” (accepted in December 18, 1979), the declaration “On human rights” (1948), and the international pact on human rights. In the Constitution (Satversme) of the Republic of Latvia there is chapter 8 “On basic human rights”, where it is set that both genders have equal opportunities and rights. Relations of employer and employee are regulated by the codex “On employment” where equal opportunities for all without reference to gender, age, religion, political and social position, nationality, etc are guaranteed.

In the legal framework equal opportunities for both genders are guaranteed and also in the labour market number of females (53.7%) is equal to total rate of females in Latvia. Educational skills of females are even a little bit higher comparing to males. In spite of these facts the average income for females is by 22% less than for males. This tendency (bigger salary for males) can be observed in all groups of professions. There are two main factors that affect this situation. Mostly the division of time between work and household does not support career – females more time and attention in comparison with males pay to house and children. Second important factor is that in the professions with lower salary (teachers, social affairs, culture, etc.) the rate of females is higher in Latvia.

In the government institutions the rate of females should be higher. In the municipal institutions the rate of females is higher than in central government institutions. This fact indicates that in local municipalities, where people know each other better and is not so important to have brilliant election campaign, possibilities for females are higher.

In the last years there are established or re-established several female NGO's and their importance in society is increasing.

Conclusions

Among different problems, which should be solved by the state, social problems are very important issues because they affect all inhabitants. In development of social policy needs of inhabitants are taken into account and there are several good examples and experiences from already carried out reforms. Lack of financial resources for social assistance often is crucial obstacle to make significant improvements. Nevertheless it can be said for sure than in terms of reforms and improvements of legal framework carried out a lot of work have been done and a lot of improvements achieved.

Chapter 3: Environmental Management

Beside social and economic indications also important is quality of surrounding environment, which describes development of state and society. Good surrounding area and pure environment are faced as very valuable.

In last years there are achieved improvements in different fields of environment in Latvia. Fields, where improvements are reached, are wastewater sector, usage of environment resources, exhausted CO₂ emissions. The environment in Latvia is better than in many EU member countries. Admittedly the reason for it can be also low density of inhabitants in major part of Latvia.

At the moment activities to improve legal framework on environmental issues are carried out in Latvia. New laws, amendments in existing laws are worked out. Demands set by EU are taken into account when laws are developed.

9. Promotion of Geographically Balanced Settlement Structures

Fluctuation of number of inhabitants. Demographically situation in Latvia is affected by several factors: social and economic situation, development and perspectives of economy, as well as other aspects. Demographically situation in Latvia can be described as unfriendly in last years. Since 1991 there is negative natural growth of population (number of deceased is bigger than number of born). In 1998 this number was – 15.8 thousands.

In the 1990s direction of migration process has significantly changed. Emigration became very big and was more times bigger than immigration. This process mainly was caused by emigration of Soviet military persons with families.

Caused by described processes – migration process and demographic situation, number of inhabitants in Latvia decreased by 8.5% since 1989. In 1999 total number of inhabitants in Latvia is 2439.5 thousands. In last years there are no changes in inhabitant rate between inhabitants living in cities and those in rural areas (69% of inhabitants are living in cities and 31% - in rural areas). Population of Latvia is concentrated in the Riga region, where is concentrated economic, social and culture potential. 1.01 mill. inhabitants are living in Riga region what makes 41% of all inhabitants.

Tendency of negative natural growth has become lower in the last years. Nevertheless according investigation of the Demography centre of the University of Latvia number of inhabitants will slowly decrease by 300 thousands or 12% till 2025. This tendency is forcing to seek for development possibilities, which are based in science, education, technology and usage of resources to compensate negative tendency.

10. Supply and Demand for Water in an Effective Manner

Water consumption. In Latvia it is rather easy to supply water to inhabitants from natural underground resources. Total natural underground water resources and potential underground fresh water resources are significantly bigger than water consumption. According prognosis in 1999 in Latvia water resources are approximately 2.2 km³ per year and the total consumption is just 1.7% of existing resources.

Taking into account that there was restructuring in economy and decrease of water consumption caused by it, at the moment it is possible to provide water only from the best protected underground fresh water resources and to use these resources more rational. Hydrological investigations show that in all cities it is possible to provide water for inhabitants from underground resources, and practical activities to ensure it are carried out.

In Latvia the average water consumption per capita in 1993 was 195 litres per day and in 1998 it was 167 litres per day. Decrease in average water consumption is caused by saving of water resources, installing of water meters in apartments, more efficient use of water and other saving activities. In 1997 in Riga the process of installing of water meters in all apartments begun. In the years 1998 and 1999 municipality of Riga have installed hot and cold water meters in 18.4 thousands household apartments, where lives pensioners and families with 3 or more children. Installing and maintenance of these water meters is paid by municipality of Riga. In 1999 there was installed water meters in 60% of all apartments and the process of installing of water meters continues. There is huge positive impact for mentioned activities

because water resources are used more efficient; expenditures for water decreases and inhabitants should pay less.

In all cases quality of water is equal or very close to standard set by state. Nevertheless there are cases when quality of supplied water for inhabitants is lower than standard because of several circumstances: bad technical conditions and not enough safety of historically developed water supply system, lack of financial resources, in some cases old technologies used for water preparation, educational level and motivation of inhabitants to save water resources, rational usage and maintenance, etc.

One of priorities of the Environmental Protection Policy approved by state in 1995 is increasing of water quality. A lot of municipalities of Latvia have included "water maintenance" (increasing of water quality, elimination of pollution sources, sustainable usage of water resources) as priority in municipal development plans as well.

There should be invested rather big financial resources in water sector of Latvia in order to achieve obligations mentioned in EU directives. Local municipalities usually do not have financial resources for improvements, renovation and designing of new water supply systems. Taking into account financial possibilities of municipalities in water sector, state invests money. Several projects are realised in water sector with support from international funds and organisations. In the middle of 1990s projects on improvements in water supply sector have been initiated in bigger cities of Latvia (Riga, Liepaja and Daugavpils) and it was planned to finish those projects by year 2000. All three cities mentioned above are members of programme "Hot points" developed by Helsinki committee (HELKOM) for Baltic Sea region.

In 1996 the international project was started in Riga. In framework of this project it is planned to carry out reconstruction of water supply system in Riga. The aim of the project is to increase quality of water and water supply system in Riga. It is planned to finish the project in 2001.

In order to solve water supply and wastewater problems in small and medium cities of Latvia the state programme "800+" (development of "water maintenance" in Latvia) was launched. Aim of this programme is to carry out projects on modernisation of water supply and waste water systems in cities of Latvia.

In 53 from 77 Latvia cities (66% of total inhabitants live in these cities) the projects in water supply and wastewater sector are launched. In these cities it is planned to finish projects till year 2005, in rest of the cities till 2010. Aim of the projects is to reach EU standards and to provide inhabitants of Latvia with good water.

Price of water. The average price for water in Latvia is LVL 0.177 per m³. Price can be different in different regions and cities of Latvia; it can be even differentiate (Price for water in Latvia depending on region and circumstances varieties between LVL 0.07 and 0.33 per m³).

Total expenditure for water supply and wastewater systems are between LVL 0.63 and 4.45, in average it is LVL 2.3 per household per month. This amount of money fits criteria of World Bank (not more than 4% from inhabitants income), but these expenditures should be analysed together with rent/ maintenance costs and expenditures for other services. These costs in Latvia are rather high.

11. Reduction of Urban Pollution

Control of air pollution. Good quality of air is necessary to ensure health and welfare of inhabitants in cities and for stable ecological system. One of the most essential problems in cities is quality of air. Number of enterprises, making air pollution, increases in Latvia annually, but total amount of pollution, comparing with level in 1996, in 1998 decreased by 15%. Emissions from stationary pollution sources in 1998 were 82.3 thousands tons (80% from this amount was produced in boiler houses).

Legal acts about pollution are synchronised with EU demands on quality of air as Latvia is in preparation process for joining EU. In 1999 the ordinance of The Cabinet of Ministers "On the quality of air" was worked out according to the EU directives. According to ordinance mentioned above Latvia is responsible to carry out programme for improving of air till the year 2003 if the normative of air quality is exceeded.

Transport emissions (from cars, railroad, ships and aeroplanes) makes 67% of total pollution. The main transport in Latvia is "transport on roads" and the tendency of increase of this kind of transport is observed annually. Major part of transport emissions is NO_x emissions, carbon oxide (CO), carbon dioxide (CO₂) and fragile organic compounds. Content of exhaust gasses from transport depends on fuel used. Minimal emissions are from natural gas used only in 0.02% of cars. Limitations about number of emissions from cars are calculated according type of engine and year of production. For new cars amount of emissions is less, but 81% of cars registered in Latvia in 1998 were older than 10 year.

Main reasons connected with high rate of pollution of air in cities are as follows: level of street infrastructure and traffic organisation, quality of public transport service, information about environment pollution and its impact to human, ecological types of transport, data exchange about pollution between different state and municipal organisations. All these reasons are not developed and implemented at acceptable level.

In Environment Strategy of Riga accepted in 2000 air pollution is mentioned as one of the main problems to be solved. Aim in this field according to the strategy is to make improvements in surrounding area that will prevent risk for health of inhabitants and will secure functions of normal ecological system. The nature therefore will compensate pollution produced by humans. Taking into account aim of the project several programmes and projects are worked out (e.g. according EU regulations – programme for improvements of air quality; improvements in transport concept of Riga; decrease of pollution; increase of number of environment friendly transport).

Purifying of wastewater. There are good results achieved in protection of water, which is one of the priorities of Latvia environment protection policy. Financial resources are attracted to water projects successfully and significant improvement of wastewater purifying is achieved. As the result of good metering and water saving total amount of wastewater has decreased from 331 m³ in 1996 to 186 m³ in 1999.

In Latvia there are more than 1200 collecting and purifying systems for wastewater of different size. But unfortunately there is no settlement where all inhabitants are involved in system. The best situation is in big cities, but unfortunately number of apartments connected to water supply system is bigger than number of apartments connected to wastewater system.

In Latvia there are 159 purifying systems where the process of purifying is mechanical and 805 with purifying in two steps. In 721 of purifying stations carrying out also biological purifying activated mood is used. Other purifying technologies (e.g. biological filters, biological pools) are not used very often.

There are several positive tendencies in last years in this field:

- ✓ significant decrease of wastewater both from manufacturing and household consumption;
- ✓ decrease of pollution of rivers and lakes with wastewater;
- ✓ amount of heavy metals in the mood produced in process of wastewater purifying has decreased therefore this mood can be used as dung in gardens. Each year approximately 35 – 40 thousands tons mood are produced.

Nevertheless there are still some problems in this area: not all produced wastewater is purified, technical conditions of wastewater systems can be dangerous to environment, pre-purifying is not carried out in some production enterprises.

Projects for improvements in wastewater sector are started after initialisation of programme “Hot points” developed by Helsinki committee (HELKOM) for Baltic Sea region. Within the framework of this programme several projects on improvements in water supply sector are initiated in bigger cities of Latvia (Riga, Liepaja and Daugavpils).

With support from Phare programme, the state programme “800+” (development of “water maintenance” in Latvia) was launched in order to solve water supply and wastewater problems in small and medium cities of Latvia. Aim of the programme is to carry out projects on modernisation of water supply and waste water systems in cities of Latvia. It is planned to finish the programme in 2005.

Collecting of waste. Taking into account that the amount of produced waste increases there is negative influence not only on environment in waste polygons but also in wide region around polygons. Therefore the waste management is one of the priorities both in municipal and state level.

In Latvia at the moment there does not exist unitary waste management system available to all producers of waste. This service is provided to 80% of inhabitants in cities and only for 20% of inhabitants in rural areas.

There are 558 waste polygons used at the moment in Latvia and approximately 160 not used anymore. Total area of all polygons is 853.5 ha. Only in 14 of 28 biggest polygons the investigation about impact on surrounding environment is carried out. Big problems are caused also by illegal settling of waste in forests, grasslands and other places. In Latvia there were 550 waste polygons not under control and illegal in 1998. Comparing to year 1997 number of illegal waste polygons has increased only by 8.

Accounting of waste is carried out only in waste polygons near biggest cities. At the moment in Latvia approximately 2.4 mill m³ are buried annually if it is presumed that density of waste is 0.2 tons per m³. Amount of waste produced depends on an area of settlement. In 1998 approximately 800 000 inhabitants lived in Riga and they produced 240 kg waste annually per capita. In settlements with 5 000 – 10 000 inhabitants average amount is 200 kg and in places with less than 100 inhabitants – just 40 kg.

According prognosis about number of inhabitants and economic development in 2015 the total amount of waste produced in Latvia will be 889 thousands tons or 311 kg per capita – significantly more than at the moment.

At the moment information about content of the waste is not available, but there are several indications showing that in cities organic components in waste are more than 50% and in rural areas – less than 10%.

Sorting of waste mainly is carried out in waste polygons. Fractional sorting before collecting is carried out in Riga and two other cities. Less than 5% of produced waste in Latvia is revised and reused.

At the state level the main problems in this sector are huge number of waste polygons, impact of polygons on environment, search of new polygon places and establishment of them. The main objective for the state at the moment is to decrease bad impact on environment by establishing new waste management system which will ensure collecting and burying of waste according sanitary and environment demands.

In 1998 Latvia accepted long-term Strategy on Waste Management till 2010, where following priorities were described:

- ✓ preventing of production of waste in production places;
- ✓ decrease of amount and danger of waste;
- ✓ revision and reusing of waste;
- ✓ usage of waste, which can not be reused, as energy source.

According to this strategy the programme “500-“ (decreasing of number of waste polygons which do not fit environment demands) was launched in 1999. Implementation unit of this programme is situated in state project agency “Vides projekti”. It is planned to establish 10 – 12 waste polygons designed according sanitary and environment demands. In order to ensure adequate use of invested financial resources each polygon in 20 years period should receive at least 500 thousands tons waste and the territory with at least 100 – 125 thousands inhabitants should be covered.

12. Prevention of Disasters and Rebuilding of Settlements

Big risks for environment catastrophes do not exist in Latvia. Unlike other seismic active regions in Latvia the seismic situation is stable, very rarely very weak seismic activities can be observed.

There exists bigger risk for inhabitants to become a victim of flood, storm or fire. In last 5 years the number of fire according data provided by Fireman and Rescuer Service has redoubled. Main reasons for fire are incautious action with fire (52%), problems in electrical equipment (13.2%), problems with boilers etc. (8.7%).

System for civil defence, legal and organising aspects of it are set by the law “On Civil Defence” (1992). Civil defence is state system of technical, economical, social and rescue activities, which is established to provide help to inhabitants and environment of Latvia from potential danger and effect caused by extreme situations. This system should provide help to the injured party, to decrease losses and to ensure maximal possible safety of economics in

case of extreme environmental situations (storms, whirlwind, flood, rainstorm, hail, big cold, epidemic danger, etc.)

Already several years one of the biggest state stock company "Latvenergo" provides LVL 200 000 to special fund used to cover possible losses in case of floods caused by the biggest river of Latvia – the Daugava.

In case of extreme situations also other state institutions, army and even inhabitants help to municipalities to avoid losses caused by extreme situations.

13. Effective and Environmentally Sound Transportation Systems

National Transport Development Programme (1996 – 2010) is carried out in Latvia at the moment. Programme was accepted in the Cabinet of Ministers in November 14, 1995. One of the main sub-programmes in this programme is on development of environmentally sound transportation system.

Aim of mentioned sub-programme is development of environmentally sound transportation system. Restructuring of transportation system is carried out in order to meet following criteria: accordance with economic and social development as well as environment possibilities, sustainability, providing safety for society in case the dangerous cargo is transported.

At the moment several activities are carried out to develop environmentally sound infrastructure of transportation, to decrease emissions, to develop regulation of transit process especially if dangerous cargo is transported, etc.

One of the main air pollution producers is vehicular transport (approximately 90%). Every year number of cars increases in Latvia. Significant increase of number of cars as private property can be observed. In the end of 1996, 470 000 cars were registered in Latvia. By the end of 1999 number of registered cars increased to 627 000. There were 141 private cars per 1000 inhabitants in the end of 1996 and by the end of 1999 this number increased to 218.

In spite of the fact that number of cars increases rapidly the importance of public transport is increasing because effective public transport scheme is the only possibility to decrease the amount of traffic. With public transport activation and decrease of traffic it is possible to reach the main task – to promote safety of the traffic and protection of environment. First of all public area should be re-planned and more space there should be provided to public transport, pedestrians and ecological transport (e.g. bicycles). A lot of municipalities in Latvia have included in their development plan more priorities to public transport comparing with other transportation. A number of events are carried out to increase the competitiveness of public transport. They are as follows: increase of speed, safety, regularity, comfort and frequently. In the last years there are carried out a lot of activities to rehabilitate public transport. There are several pilot projects to develop bicycle ways (also in Riga and Riga region) in different stages of realisation.

14. Support Mechanisms to Prepare and Implement Local Environmental Plans and Local Agenda 21 Initiatives

Environmental protection policy and participation of society. Questions related to environment become more important in Latvia. Responsibility for overall development of their territory is delegated to municipalities. Development of planning of legal activities at the national level and praxis based on sustainable and democratic principles on this topic started to develop in the beginning of 1990s. According to mentioned regulations municipalities of Latvia started to develop long-term development programmes and plans for development of territory. In these documents a lot of attention was paid to sustainable and integrated development of environment.

The development plan of Riga first “advanced” development plan in Latvia (also in other Baltic states) determines that aim of city development is to form “healthy environment” and pay special attention to maintaining of existing environment and to vitalisation and improvement of degraded environment.

151 development programmes and 96 territorial development plans were worked out in the years 1996 and 1997. In 1998 101 development programmes and 52 territorial plans (30 financed by targeted grants from state) were worked out. The Ministry of Environmental Protection and Regional Development provides large methodological and financial support in the development process of these programmes. Special training courses, organised in co-operation with Training Centre of Local Governments, for municipal specialists are carried out. In many cases development programmes and territorial plans are worked out in co-operation with international partners.

Experience of environmental protection planning in municipalities of Latvia is very various – some municipalities are experts and some are beginners in this field. In the last years there are several cases when neighbour municipalities together are planning to improve specific sectors of environment (water supply, waste management, tourism industry, etc). At the moment in Latvia there are just some municipalities where environment protection policy plans and action programmes are developed.

Project “On strategy of environment of Riga” prepared in the framework of the project financed by EU Phare programme “Environmental Centre of Riga AGENA-21” prepared in co-operation with Sweden can be mentioned as good example. In the development of the project representatives from different departments, institutions, ministries, Latvia universities and NGO’s participated. Project was accepted in Riga City Council in the middle of 2000.

In the last years the attention is paid to participation of society in decision - making process about environmental issues. Responsibilities and rights of society as well as mechanism how possibilities to participate should be provided are described in legal framework. Procedure of making assessment of impact on environment is one of the newest and best developed systems at the moment. Possibility to participate in solving the questions related to environment is provided to society. Amendments in the law “On Environment Protection” were developed and accepted in 1991. In the law regulations to stimulate sustainable development and participation of society in decision making process are included. The Ministry of Environmental Protection and Regional Development has worked out the National Strategy on Environment and Education for the period till 2005.

Other good and useful initiatives to improve process society participation in decision making should be mentioned. The Ministry of Environmental Protection and Regional Development has worked out several handbooks and information materials on this topic in co-operation with several NGO's (e.g. Regional Environment Centre of Central and Eastern Europe Countries).

Since 1996 different environmental education contests and programmes are organised for pupils, students and teachers.

Rather high level of involvement of society in decision making process is achieved both at national and local levels. Nevertheless there still are a lot of activities to be carried out to involve society deeper in sustainable development questions and increase of activity. There is not sufficient legal framework yet, motivation, education, interest and skills of society to be involved. These are problems that can be solved only in co-operation between state, municipal and NGO sector. Examples of society involvement in different projects in Latvia are evidence that rather good level is achieved in this field.

Local Agenda-21 initiatives in Latvia. Municipality is playing big role in supporting sustainable development of society education and mobilisation, because it is closer authority to ordinary inhabitants than the state.

Activities in framework of local Agenda are supported both at national and local level. In the years 1999 and 2000 6 cities of Latvia supported by Union of Local Governments entered the "Local Agenda 21" project. The project "Local Agenda 21" is financed by International Development Agency of Sweden. Objective of the project is development of "Local Agenda 21" plans in these cities. In the framework of the project the handbook of Local Agenda 21 issues and best initiatives in Latvia (e.g. development web page) was prepared. Participants of the project gain experience and skills for initiation and realisation of this process.

At the moment in co-operation with specialists from Sweden and Denmark the network of National Agenda 21 in Latvia is established.

In the framework of the project "Environment Centre of the Riga Agenda 21" was established in the end of 1999. During the project the concept of the centre was developed and it was set that the centre should:

- ✓ be intermediate among administration of the city, inhabitants, NGO's, consulting and research institutions. Centre should ensure information and opinion exchange among mentioned parties;
- ✓ play the central role in discussions about environment development, sustainable development principles, etc.;
- ✓ prepare informational materials on environment topics;
- ✓ carry out functions of information provider and councillor in some environment development issues.

At the moment board of Agenda 21 has been formed in Riga. Nevertheless there should be paid more attention to improvement of connection with inhabitants, increase of their motivation and awareness in sustainable development issues.

Conclusions

One of the aims for Latvia environment policy, a basis for sustainable development in future, includes environment protection questions in overall development of economics. In Latvia more and more attention is paid to problems connected with quality of surrounding environment. Evidence for increase of attention is development of national strategy for environment protection, activities of state investment programme, etc.

Chapter 4: Economic Development

Since regaining of independence huge changes occurred in Latvia economics. Basics of market economy and macroeconomic pre-conditions for growth of economy are reached as the result of consequent economic policy in short period.

In the last years the GDP has increased in Latvia and economic situation of inhabitants has improved. Very successful development was from 1996 till the middle of 1998. In this period the average growth of the GDP was 6%. The average growth of the GDP from 1995 till the middle of 1999 was 3.9% because of bank crisis and financial crisis in Russia. Similar to other countries in the second half of 1998 and beginning of 1999 there was impact of complicated economic situation in the World on the economic of Latvia and GDP growth rate. It should be mentioned that since the middle of 1999 the GDP started to increase and in the 2000 growth rate exceeded 5%.

Inflation rate in Latvia is one of the lowest among transition countries. The average annual inflation rate in 1999 was 2.4%. Also government debt is small – at the moment approximately 14% from GDP.

Since 1994 national currency LVL is fixed to SDR. It helps to avoid currency risk and to provide stable basis for planning of entrepreneurship and setting up prices. It should be admitted that net external reserves of Latvia Bank are enough to ensure money base.

Potential of economic development is described by increase of investments. In 1996 and 1997 investments in Latvia increased by 20% and in 1998 – by 44%. There are more factors stimulating increase of investments: increase of foreign investments, high Latvia credit rating of international organisations, decrease of interest rate, stable bank sector and increase of economic activities in all fields. Latvia has come closer in the economic field to the Central and Eastern European countries, which are leaders in attracting of investments.

One of the main economic problems in Latvia at the moment is high deficit of current account. The deficit in the last two years was a little bit above 10% from GDP. It should be admitted that deficit at the moment is covered by net foreign investments and long-term credits therefore the level of deficit is not critical.

Since regaining of independence the main investor countries in Latvia are Denmark, USA, Germany, Sweden, United Kingdom, Russia. 3 main areas where investments are attracted are transport and communications, financial area and industry.

It can be foreseen than in future there would be investments in these sectors, which are more advantageous. Advantages can be good geographical situation, availability of natural resources and cheap but skilled labour market.

Gradually amount of state investments increases (mainly for the financing of infrastructure). In 1999 total financial resources from the state budget for state investment programmes were 3.8% of GDP (in 1998 – 3%, in 1997 – 2.7%). In the 2000 the amount of investments is approximately 5% from GDP.

Role of Latvian commercial banks in provision of financial resources for economic increases. Credits of private persons and local enterprises in 1997 increased by 77%, in 1998 – by 52% and in 1999 – by 15% faster than GDP. Increase of credit amount is reached because of activating of economy, decrease of credit risk and improvements in entrepreneurship environment.

There are carried out a lot of activities to improve entrepreneurship environment by making amendments in normatives and elimination of bureaucracy obstacles. To meet this target government is carrying out following activities: simplification of custom procedure and taxation administration, facilitating of real estate market and issuing process of building certificates, etc. Activities carried out should leave positive impact on decision making processes for investments in Latvia.

Promotion of entrepreneurship has started by decrease of real estate tax and social tax and differentiation of income tax, etc. It is planned to harmonise excise and VAT rates in the Baltic states.

Taking into account that competition on direct foreign investments increases in the Central and Eastern Europe countries the Cabinet of Ministers has accepted the concept “On Support of Investments for Economically Important Projects”. In the concept it is planned to support investments without breaking of EU support conditions.

There are set priorities for state supported projects: investigations about external market, participation in international exhibitions and fairs, getting of patents, introduction of new technologies, energy saving technologies.

Basic approaches of the economic system of Latvia are described in short and long-term concepts for economic development. Most important objectives are described in 15 national programmes, which are middle and long-term target programmes. To make closer the target annual growth rate of GDP till 2003 should be at least 5 – 6% and inflation rate less than 3%.

Of course, development of the economic is close connected to the EU entering activities, because entering EU can provide possibilities for further strengthening of state and development of economics.

15. Small And Medium Enterprises

Small and medium enterprises (SME) are one of the basic elements of economic policy. In the world does not exist common definition of SME. In Latvia SME are defined in the Law “On

Control of Municipal Support for Entrepreneurship”. Definition given in this law is different from EU definition, but it fulfils EU recommendations.

SME:

- ✓ employees less than 250;
- ✓ neto turnover less than LVL 2,000,000;
- ✓ assets less than LVL 1,000,000;
- ✓ less than 25% of shares belong to other enterprise or enterprises.

The main part of SME (77%) in the beginning of 1998 was micro enterprises with 1 – 9 employees. 18% from SME were enterprises with number of employees between 10 and 49 and only 5% of SME were enterprises with more than 50 workers. A little bit more that 50% of all working places are concentrated in small and medium enterprises.

In September 2000 there were registered 37 860 SME in Latvia. If analysing division of enterprises according to number of employees it can be concluded that the picture is similar to EU countries. More than 99% of total number of enterprises are SME. There is accumulated more than 70% of labour force and produced more than 50% of GDP in SME. In comparison to EU countries the number of enterprises per 1000 inhabitants in Latvia is lower – only 15 (in EU countries – between 40 and 60). The fact that number of enterprises has increased also in crisis period should be taken into account. If additional attention to SME will be paid level of economic activity of EU countries in Latvia could reached in 5 years.

Mainly SME at the moment provides services but in the last years tendency of increase of number of enterprises carrying out production activities can be observed.

Development of small and medium enterprises is stimulating development of economic situation. Basis for support of small and medium enterprises in Latvia is National Programme of Small and Medium Enterprises Development for 1997 – 2001 (accepted in 1997).

SME development as priority is mentioned in following strategic documents:

- ✓ National Programme On EU Integration;
- ✓ Medium Term Strategy of Economic Development;
- ✓ Concept On State Support for Entrepreneurship;
- ✓ Development Programme of Rural Areas;
- ✓ Project developed in the framework of National Development Plan On Attracting of EU Pre-structural Funds.

In order to achieve harmonised development of economic and SME development in all levels the structure of mentioned documents is balanced and objectives synchronised. Mentioned documents are basis for SME development policy and co-ordination of support in Latvia.

In development strategies of regions of Latvia big attention is paid to assistance in SME issues as well. Usually privileges for SME development are provided (assistance in establishment, support for already established enterprises).

Overall understanding about importance of SME in economic and social development is achieved. Nevertheless there should be planned wider support for development of this sector and assistance for SME.

The main activities to provide planned state support mechanism are implemented. In 1999 there was established division of SME development in the Ministry of Economy. Latvian Guarantee Agency is established and state support instruments for SME support are developed.

One of the main problems for SME development is lack of opportunities to attract financial resources. In 1999 the Cabinet of Ministers approved the project of SME crediting. Aim of the project is to increase competitiveness of Latvia SME and to help in solving of financial problems for starting the business. Latvia Land and Mortgage Bank implements this project and in the framework of the project it is planned to develop crediting scheme for starting the business. It is planned to involve commercial banks in this project. Involvement of commercial banks will secure effective realisation of crediting system.

According to National programme of SME development, which is worked out by the Ministry of Economy, there are two main activities that should be carried out in 2002 – 2006. These activities are as follows: there should be developed necessary improvements in National programme and provided unified structure of state support fund.

In order to achieve maximal effect of the state support and use both direct and indirect mechanisms of support it is planned to make amendments in SME definition. It is planned to separate micro enterprises, small enterprises and medium enterprises.

In new National programme there will be included all activities crucial for support:

- ✓ increase of entrepreneur skills;
- ✓ provision of qualified employees;
- ✓ access to get necessary information;
- ✓ possibility to get financial resources.

Only if all four activities are carried out the output will be growth of SME sector in Latvia.

Big attention should be paid to financial support because at the moment state support in this field is not sufficient. In order to increase effective use of state and other donor resources the structure of state support fund will be reorganised.

There should be mentioned the fact that Hansabank Latvia entered agreement with Nordic Invest Bank. In framework of this agreement the first programme on supporting of female entrepreneurship is started. Programme will be implemented in all three Baltic states and total amount of crediting resources is € 1 mill. Enterprises managed by female who participates in strategic decision making process or enterprises owned by female are able to apply for credits.

Unofficial employment. In Latvia unemployment and unofficial employment problems are not investigated enough at the moment. Investigation on these problems can help to understand why the registered unemployment is lower than the real. For example, in May 1999 14% of economical active inhabitants were looking for job but only 10.2% of those were officially registered. In spite of the fact that in last years unemployed inhabitants are more active in registration in the State Employment Bureau the unemployment rate is evidence that there exists unofficial employment.

There are a lot of inhabitants who do not understand what kind of processes are in labour market happening and how unofficial employment will affect their welfare after becoming

pensioners. This is the reason why it is necessary to provide information to inhabitants about processes in labour market in order to change their approach about “unofficial status” in labour market.

16. Public - Private Sector Partnership. Promotion of entrepreneurship

Public - private sector partnership. In the 1990s in Latvia the legal framework for development of private sector was established, the central planning system was removed and the prices became liberal. Because of these changes new motivation of economic activities formed. Private sector formed on basis of ideas and initiatives of individuals. First of all new owners were employed, gradually opportunities to employees and other members of society became wider. Private sector provided working opportunities and salary for persons lost their job positions in public sector and persons not satisfied with lower income in public sector.

Private sector in Latvia is ready to get more social responsibility about development of society but there is need of support of state economic policy and knowledge of society about role and possibilities of this sector.

Strengthening of entrepreneur organisations is good precondition for transfer of some responsibilities from state administration to entrepreneur associations. Entrepreneur organisations can be involved in development of laws and normatives and performance of expertises by establishing of entrepreneur consulting boards, which are working in close connection to state institutions.

Domestic product in cities. Total division of added value among types of activities in the state and in the cities is changed significantly. From the beginning of 1990s the role of industry decreased. Previously in this sector there were technologies with high energy consumption and high material capacity, high production expenses and low quality. Expenses for industrial production and prices of products were high because of transportation costs. There was need to transport resources and distribute products in very wide area.

In the last years role of services has increased significantly in the added value division. In 1999 total amount of services in division of added value was 68.4%. Nevertheless, the development of services, which has important role in development of the economy of Latvia, is affected by external factors. Therefore, there is need to increase percentage of industry using high information technologies in the domestic products in cities.

Unemployment. In Latvia at the moment unemployment is actual problem. Registered unemployment level was affected by crisis in Russia and it reached the peak in the beginning of May 1999. Total registered unemployment in May 1999 was 10.2%; in some regions of Latvia unemployment was very high (in Rezekne region – 26.9%, in Balvi region – 22.6%, in Kraslava region – 22.3%). According investigation of the Central Statistical Bureau, which was carried out using methodology of international employment organisations, in the may 2000 the number of people looking for job was 14.4%. Level of real unemployment is stable for last years and it is approximately 13 - 14% (registered level of unemployment is between 7 and 9%).

31.2% in 1996 and 31.0% in 1999 of the total amount of unemployed persons were long-term unemployed persons. Another factor that leaves significant impact on welfare of inhabitants

beside unemployment level is duration of unemployment of individuals. High long-term unemployment is reason of low welfare level of unemployed persons. It is difficult to indicate characteristic factors creating high rate of long-term unemployment. Without special support group long-term unemployed people will not decrease.

20% in 1996 and 14.8% in 1999 of the total amount of unemployed persons were persons aged between 15 and 24. Tendency of decrease of this indicator can be observed, but this rate is still very high. This indicator shows that it is not easy to transfer from education process to labour market in Latvia. There is need for wider information about vacancies and opportunities to find them. Opportunities to get easier information about vacancies should be provided. It will help young people to choose their education and career.

There exists inequality between males and females in access of working positions. In 1999 57.4% of total number of unemployed persons were females (in comparison – in 1996 54.7% were females). It can be concluded that number of unemployed females increases.

Labour market and unemployment level are affecting welfare of households therefore in poverty elimination policy the unemployment issues should be included. If the unemployment level do not decrease, protection of unemployed persons do not improve and problems of long-term unemployment are not solved, it is not possible to achieve significant improve and sustainability in decrease of poverty.

The State Employment Bureau is responsible for unemployment problems and improvement of this system in Latvia. The bureau carries out activities connected to registration of unemployed persons and achievement of lower unemployment level. The bureau organises professional training courses for unemployed persons and provides help to get working position.

High unemployment rate and situation in labour market forces to set new objectives for development of unemployment policy in Latvia. In the process of employment stimulation it is essential to point out provision of help to change role in the labour market instead of social support, which allows to receive unemployment contribution and to be passive.

Following priorities in development of employment policy are set in Latvia:

- ✓ increase of skills of workers;
- ✓ facilitation of employment of young adults;
- ✓ increase of long-term unemployment level;
- ✓ development of special employment policy for integration of unemployed people aged just before pension in the labour market.

In the end of 1999 the National Employment plan for 2000 was developed. In the plan there are included 37 activities for promotion of decrease of unemployment. Activities are divided into 4 basic directions:

- ✓ improvement of workers;
- ✓ development of entrepreneurship;
- ✓ stimulation of adjusting between workers and enterprises;
- ✓ policy to ensure equal opportunities in labour market.

Taking into account high unemployment rate and high long-term unemployment rate it can be concluded that it is necessary to activate employment policy (experience of other European

countries can be used). In solving the unemployment problem following factors can help: positive changes in economy, regulation of taxation and social support system and development of labour market infrastructure.

Conclusions

Taking into account overall economic situation of Latvia it is possible to be optimistic about future. In spite of the fact that tendencies in growth of economic indicators there are achieved, there is not enough increase of welfare in society. There is wide segment of people with low living standard and formed middle segment of society is too narrow because of macroeconomic growth and structural developments.

In spite of fact that there are still a lot of problems to be solved it can be concluded that policy of government is stimulating economic growth. Therefore there are generated basis for increase of welfare of society, safety and further development of democracy.

Chapter 5: Governance

Public administration in Latvia is realised by higher institution the parliament (Saeima) which is elected by citizens of Latvia and government – the Cabinet of Ministers, which is nominated by the Saeima.

Elections of the Saeima, the Cabinet of Ministers and rules for development of legal framework are described in constitution (Satversme). The law “On Cabinet of Ministers” determines operation of the Cabinet of Ministers and Ministries and other legal acts on operation of the Cabinet of Ministers and Ministries.

Regulations on operation, responsibilities, economical basis, assembly, chairman (major) responsibilities, relations with the Cabinet of Ministers and Ministries, relations among municipalities and the law “On Municipalities” determine operation of municipalities.

In Latvia there are two kinds of municipalities, – local and regional. Citizens of Latvia elect both local and regional municipalities. Municipalities are dealing with local management and should implement functions foreseen in legal acts, given by the Cabinet of Ministers and local initiatives. Municipalities should be aware about interests of inhabitants living in municipality.

Regional municipalities carry out regional management by forming municipal institution – regional council. Regional council is responsible to carry out functions described in legal acts and delegated by local municipalities taking into account interests of inhabitants living in municipality.

Councils of Municipalities are authorised to make rules for enterprises dislocated in municipality, to get and to expropriate real estate and property, to nominate dues and amounts of dues, decide about taxation exceptions etc in order to implement their functions.

17. Decentralisation and Strengthening of Local Authorities

Tendencies of democratising in Latvia are close connected to reform on management and regional restructuring, which is already started. The aim of reform is to ensure strengthening of municipalities' effectiveness and decentralisation of roads. It will help to provide inhabitants with necessary services and form strong and independent municipalities. The law "On territorial reform" regulates the reform and it is foreseen that municipalities will be merged till 31st of December 2003.

Other important decentralisation aspect is delegating of responsibilities. This question is defined by regulations of the Cabinet of Ministers. Institution, which is delegating responsibilities, is state-managed enterprise or institution.

Level of decentralisation. Municipalities in their everyday work are independent and the Cabinet of Ministers controls municipal activities through ministries. At the moment there is the Minister for special assignment on public administration reform, who can stop resolution of municipality if it is not according legal acts (in case if the municipality do not agree with minister resolution, the question is decided in court).

In 1991 municipalities of Latvia decided to establish the Union of Local Governments. The aim of the Union is to make common policy of municipalities and to protect interests of municipalities. At the moment 507 of 589 municipalities are taking part in the Union of Local Governments. Role of the Union in protection of municipal interests became greater, when in 1994 the Saeima elaborated the law "On Municipalities". Mentioned law defines relations between the Cabinet of Ministers and municipalities. According to the law "On Municipalities" all questions connected to municipality should be accorded with this municipality.

All questions connected to all municipalities or great part of them should be accorded with organisation, where more than half of all municipalities is associated. At the moment the only institution, which fits this criteria, is the Union of Local Governments.

In order to defend specific interests better, municipalities have established several groups of municipalities (the Union of Latvia Cities, the Union of Small Cities of Latgale Region, etc.) and professional organisations (the Association of Latvia Managing Directors of Municipalities, the Association of Building Maintenance Companies, etc.).

In last years between national government and municipalities annual co-operation contracts are signed. In 1998 new negotiation form between the Board of Union of Local Governments, Presidium of the Saeima and the Heads of Committees of Saeima was implemented.

Municipal budgets are composed and followed according the law "On Municipal Budgets". Municipalities compose, approve and follow their budgets by their own. Government administration does not barge into this process. Municipalities have rights to set tax exemptions set according laws and to determine dues and amount of dues according legal acts. In Latvia tax on real estate at national level is set according the law "On Real Estate Tax". Amount of this tax can not be changed, municipalities can only approve deductions if they are in accordance with mentioned law. Municipalities by their own can set tariffs for services by making resolutions of municipality. Types of dues are described in the law "On

Taxes and Dues” (1995), municipalities can only set amounts for these dues. In this case municipalities should prepare regulations conformed by the Board of Municipal Affairs.

In accordance with legal acts it is allowed for municipalities to borrow money from the Central State Pay-office, in some cases also from the Environmental Investment Fund and the Municipal Crediting Fund. If the Minister of Finance accepts it is possible to borrow money also from commercial banks. It is in conflict with the Municipal Charter, where is foreseen, that municipalities can make free choice deciding source of credit. This is the only point of the Municipal Charter not implemented in Latvia, because there was need of tight control of financial trades of municipalities. At the moment rate of interest in the Central State Pay-office is lower than in commercial banks. In the year 1998 the amount of money for municipal credits was LVL 23 mill in state budget.

In all cases, when services or goods for municipality are provided it is obligatory to take into account regulations described in the law “On State and Municipal Orders”. For example, if there are carried out construction works for total amount more than LVL 50 000, municipalities should carry out auction or contest tender.

Municipal budgets in Latvia are approved after the state budget is approved. The main problem faced by municipalities in development process of budget is circumstance that it is hard to make prognosis about income part (it is very difficult to make prognosis on income tax, grant from the Municipal Equalisation Fund and real estate tax). This is the main reason why municipalities are able to plan budget only for one year. Different situation is only in Riga and Ventspils, where all administration functions about income tax are carried out. Experience of two cities mentioned above show that it is more efficient in comparison to system, which is in other cities and regions.

18. Support for participation and civic engagement

Several guarantees for transparency of municipal work are described in legal acts on municipal administration. In the law “On Municipalities” it is foreseen, that municipality has responsibility to inform society about new regulations, major ordinance and financial situation after auditing. Minutes of meetings of municipality should be available for inhabitants. Inhabitants, who live and/or work in municipality, should be able to get these minutes free of charge. Municipal council should provide possibility, that mentioned materials are available for all inhabitants.

In Latvia there are several legal acts, which describes how to get access to different documents (long-term strategies, plans, programmes, projects, discussions about buildings important for society, etc.).

In the law “On Territorial Planning” (1998) there are described opportunities of inhabitants, rights to participate in territorial planning and provide opinion. Municipalities should organise events, where it is possible to discuss municipal plans. There should be published annual report on development plan or realisation of it.

In ordinance of the Cabinet of Ministers “On Territorial Planning” (1998) it is described more detailed how information should be published, what should be included in published material, etc. It is described how deep inhabitants should be involved in territorial planning processes

and levels of territorial planning (national, regional, district, city, municipality, etc.). It is described how deep inhabitants should be involved in each level, how information about possibilities to participate, etc should be distributed.

In ordinance of the Cabinet of Ministers “On Public Discussions of Building” (1997) possibilities to provide opinion about new construction works are described. According to this ordinance it should be possible to take part in preparation phase of designing process. According to “General Building Regulations” discussion should be carried out in the preparation phase, as soon as the idea for building has been developed.

In the law “On Estimation of Impact On Environment” (1998) it is foreseen that all involved persons have right to participate in discussion and provide suggestions in kick-off discussion about project development, make proposals and participate in further decision making process.

At the national level there are a lot of regulations, but sometimes there are difficulties to implement them, mainly because of lack of resources (time, financing, education, etc.). Therefore at the moment process of involvement of inhabitants does not function properly. Also awareness, motivation and interest of inhabitants to be involved in these processes are very low.

Nevertheless it should be remarked that role of society in development of projects, programmes and action plans becomes more important. Different society groups more and more are involved in process of development of programmes and projects and society recognise their possibilities to impact them and defend their interests in future. Developers of programmes and projects realise importance of involving of society in these processes because it helps to prepare and to implement programmes and projects more efficient and successful.

19. Transparent, accountable and efficient governance of towns, cities and metropolitan areas

Municipality together with municipal institutions is part of public management in Latvia. Rights to develop legal framework in Latvia are delegated to the Saeima. Central government and court system is responsible for carrying out control together with local representatives of government; local municipalities elected by inhabitants carry out local management. Municipalities are responsible for making local rules with overall view for inhabitants living in municipality.

In Latvia state administration institutions do not have rights to delegate functions or tasks to municipalities without additional financing. Responsibilities of municipality are described in special regulations worked out and approved by municipality. In mentioned regulations it is described which institutions are responsible for carrying out activities determined in laws as well as linkage between among municipal structures, administration, enterprises etc.

In 1995 the law “On Prevention of Corruption” became into force. The aim of this law is to ensure transparency of administration activities and activities of municipal officials in municipalities, to prevent situation when municipal officials become illegally controlled and to forbid realisation of municipal officials’ interests in conflict situations. The Concept on

State Administration Organisations, which is already prepared, defines differences between enterprises founded by state, commercial enterprises and state institutions.

Entrepreneurship carried out by municipalities is separated from municipal enterprises. Difference between these activities is described in the legal framework. Nevertheless entrepreneurship carried out by municipalities is important economic sphere, which is close connected to municipal financing through investments, guarantees, credits, municipal securities, etc.

In the law "On Municipalities" is mentioned that there should be carried out obligatory external audits in all municipal enterprises and institution. Every year control of financial situation and other municipal affairs is carried out in 50 municipalities. According to the Civil law and the Codex on Administrative Affairs there are sanctions against municipal workers in case the illegal affairs are found.

Income and expenditures of local administration. Average income in municipal budgets has tendency to raise annually in Latvia. In average (1996, 1997, 1998) municipality income in Latvia was USD 1250 mill, in the Riga region USD 520 mill (per capita USD 228 and 186). Average amount of expenditures in these years was USD 1252 mill, in Riga region USD 495 mill (per capita USD 225 and 173).

Conclusions

It is possible to say that there can be observed development of municipalities, contacts between government and municipalities are constructive, and every year agreements between national government and municipalities are signed.

Chapter 6: International Co-operation

Since the Republic of Latvia regained independence international co-operation by joining activities of different international organisations started. From 1991 Latvia is member of the United Nations Organisation, is taking part in work of the Cabinet of Ministers of the Nordic States and the Cabinet of Ministers of the Baltic States.

Since June 1996 by now Latvia has entered 8 international co-operation agreements on housing, social development, decrease of poverty, administration of environment. There are 7 additional bilateral agreements on following issues: with Estonia and Lithuania – building, housing and environmental protection: with Estonia, Poland, Finland and Ukraine – social securities.

Taking into account, that there is availability to use financial tools of EU and economy of Latvia is liberal, one of the priorities is co-operation of Latvia with international financial institutions.

In 1998 there was international support for Latvia in amount of LVL 59.95 mill, which was invested mainly in state and municipal sector (23.67%), environmental sector (21.95%) and development of human resources (21.03%).

International support provided to Latvia includes bilateral, multilateral programmes, international financial institutions, private funds, and foreign assistance. To ensure that mentioned support is used in best way, co-ordination of international support has been developed.

Objectives of the UNO in Latvia, similar to other counties, are to provide support and assistance for realisation of state strategy and to develop and strengthen human and technical resources. This support is provided by several funds of the UNO, administrated by special programmes and agencies.

In Latvia at the moment there are carried out multilateral programmes, provided by the United Nations Organisation, EU programmes, the Cabinet of Ministers of the Nordic States programmes.

Programmes with the highest volume are programmes provided by EU. EU Phare programme at the moment and till the year 2006 is oriented on following priorities:

- ✓ 30% of total amount of financing as support for government administration to introduce EU directives, to prepare co-operation in several EU policy areas – especially institutional development and social cohesion.
- ✓ 70% of total amount of financing is provided to 2 main areas. 1) Development of administrative framework, synchronisation of Latvia legislation with EU norms, introducing of EU standards. 2) Investments in social and economic cohesion by carrying out activities which are also implemented in EU member countries administrated by the European Regional Development Fund and the Europe Social Fund.

Activities supported by the Cabinet of Ministers of the Nordic States in 1998 were oriented to promotion of democratic development, sustainable use of resources and transition to market economy.

The suggestions for improvements of legal framework are worked out in framework programmes provided by the Building Committee of the Cabinet of Ministers of the Baltic States taking into account EU experience.

Latvia has entered bilateral programmes with many countries and Denmark, Sweden, Norway and Germany provide the main international assistance.

Assistance for Latvia is provided also by the World Bank, the European Investment Bank, the European Bank for Reconstruction and Development and other financial institutions and private funds.

The Union of Local Governments has entered several international co-operation programmes. The Union of Local Governments has the main co-operation with the Association of Local Municipalities of Denmark and Sweden. Substantial support in EU integration activities was provided in framework of project “Integration of Baltic States in Europe” and supervised by Ministry of Foreign Affairs of Denmark. At the moment it is planned to start realisation of pilot projects and initiation of legal framework in municipalities. In the middle of 2000 the Latvia Union of Local Governments and Region of Stockholm signed letter on co-operation purpose. The aim of this co-operation is to make wider co-operation between Latvia and Sweden at municipal level. The Latvia Union of Cities, a member of the Union of Local Governments, at the moment is seeking for opportunities to make closer contacts with cities

in other states. Two Latvia cities – Saldus and Jurmala have entered the project “Healthy cities”. At the moment the Union of Local Governments is going to establish a database about realised projects and co-operation. Riga, the capital of Latvia, is very active in international co-operation.

International co-operation is wider in last years and in many cases the institutions, involved in international co-operation, do not have enough capacity. At this stage the priorities for local municipalities in international co-operation are integration aspects in EU.

Conclusions

International co-operation of Latvia should be appreciated, because Latvia has entered the international area in both state and municipal levels. Latvia has proved that in international market it is “on a level” and has joined main international agreements. Latvia has used international experience in development of legal and institutional framework.

Chapter 7: Future Action and Initiatives

Priorities for shelter development

1. To continue amendments in legal acts, which will improve legal framework and stimulate new building, improvements in existing housing, development of housing market and provide access to sufficient housing.
2. To make improvements in institutional framework, which will help to carry out state housing policy.
3. To promote good maintenance, renewal and modernisation of privatised part of the housing using crediting system.
4. To develop and fulfil state support programme for different social groups.
5. To promote development of assistance system in housing sector. Responsibilities of state, municipality and a person should be clear defined.

Priorities for Sustainable Urban Development

1. To continue evaluation of environmental, economic and social situation in cities. It will help to define precise tendencies for sustainable urban development.
2. To carry out investigation about criteria for sustainable urban development.
3. To introduce new solutions and methods in cities. There should be involved new participants, which will help to ensure better co-operation between among sectors and society levels.
4. To carry out evaluation and monitoring of urban development policy.
5. To promote involvement of different society groups in planing of city development and realisation of developed plan.

Priorities for capacity building and institutional development

1. To promote mobilisation of state and municipal internal resources in order to increase efficiency of events carried out.
2. To promote usage of good experiences and new ideas in further work of institutions.
3. To facilitate education as continuous process to ensure that knowledge on obligations described in legal acts is updated.
4. To increase knowledge on usage of pre-structural and structural funds of EU.
5. To facilitate co-operation among state, municipalities and NGO's.

Priorities for International co-operation

1. To facilitate integration of Latvia in EU.
2. To expand international co-operation in realisation of national and international projects and programmes, achievement of objectives set by Habitat programme. Attention to other international programmes (technical and financial support programmes, institutional co-operation activities etc.) should be paid as well.
3. To facilitate exchange of information and experience on important questions related to sustainable development of state and cities with international institutions.
4. To continue started co-operation with international organisations, joining international agreements, using international experience in improvement making in legal and institutional frameworks.

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APPENDIX 1

Table 1

Housing of Latvia (m²)

	1996	1997	1998	1999
All housing, mill. m ² (total area)	52.8	53.0	53.2	53.4
Per capita, m ²	21.3	21.5	21.8	22.0
Housing in cities, mill. m ²	34.3	34.4	34.6	34.7
Per capita, m ²	20.0	20.3	20.5	20.8
Housing in rural areas, mill. m ²	18.5	18.6	18.6	18.7
Per capita, m ²	24.1	24.4	24.6	24.8

Source: *Housing of Latvia 1999. Statistical bulletin. The Central Statistical Bureau of Latvia, Riga, 2000.*

Table 2

Ownership structure of the housing (%)

	1993	1996	1998	1999
All housing	100.0	100.0	100.0	100.0
Public sector	54.2	49.1	47.4	30.1
Private sector	45.8	50.9	52.6	69.9
Housing in cities	100.0	100.0	100.0	100.0
Public sector	71.8	64.4	62.1	37.8
Private sector	28.2	35.6	37.9	62.2
Housing in rural areas	100.0	100.0	100.0	100.0
Public sector	23.7	20.5	19.9	16.0
Private sector	76.3	79.5	80.1	84.0

Source: *Housing of Latvia. Statistical bulletin. The Central Statistical Bureau of Latvia, Riga, 1998;*
Housing of Latvia. Statistical bulletin. The Central Statistical Bureau of Latvia, Riga, 1999.

Table 3

Credits provided by Latvia banks (1999)

	1994	1996	1999
Credits provided for inhabitants to purchase housing	5.909	4.549	40.766
in LVL	4.458	3.686	18.807
in USD	1.451	0.863	21.959

Source: *the Bank of Latvia.*

Table 4

Income per member of household, (Ls)

	1996	1997	1998	1999
All households	51.50	55.45	62.33	64.73
Households situated in cities	53.11	57.80	67.26	70.93
Households situated in rural areas	47.71	49.86	51.40	50.93
Households situated in Riga region	55.81	61.64	73.98	76.37

Source: Statistical information about poverty 1996. – 1999.

Table 5

Gini rate in Latvia

	1996	1997	1998	1999
All households	0.30	0.31	0.32	0.33
Households situated in cities	0.30	0.31	0.32	0.32
Households situated in rural areas	0.27	0.30	0.30	0.33

Source: Statistical information about poverty 1996. – 1999

Table 6

Division of inhabitants in Latvia (%)

	1996	1997	1998	1999
Poor	15.1	16.4	18.2	18.6
Deprived	7.9	8.4	9.2	9.6
Group of people with risk to become deprived	9.9	10.50	10.1	9.1

Source: Statistical information about poverty 1996. – 1999

Table 7

Demographic situation

	1996	1997	1998	1999
Number of inhabitants, 1000	2501.6	2458.4	2458.4	2439.5
In cities	1725.7	1697.7	1683.5	1683.6
In rural areas	775.9	760.7	755.9	755.9
Fluctuation of number of inhabitants, 1000	-21.8	-21.5	-19.0	-18.9
Inhabitants				
In cities (%)	69.0	69.1	69.1	69.0
In rural areas (%)	30.9	30.9	30.9	30.9
Birth rate per 1000 inhabitants	7.9	7.6	7.5	
Death rate per 1000 inhabitants	13.8	13.6	14.0	
Migration saldo, 1000	-7.2	-6.8	-3.2	-3.2
Natural increase of population per 1000 inhabitants.	-5.9	-6.0	-6.5	

Source: Demographic yearbook of Latvia, 1999.

Table 8

Fluctuations of waste water volume (mill. m3)

	1996	1997	1998	1999
Waste water together, including	331	327	321	286
- "clean" waste water	110	100	92	89
- according legal acts purified waste water	76	87	99	114
- polluted waste water	145	140	116	68

Source: *Environmental indicators in Latvia, Statistical bulletin 1999. The Central Statistical Bureau of Latvia, 2000.*

Table 9

Solid waste

	1998
Solid waste produced by inhabitants, 1000 t per year (density of waste 0,2 t/m ³)	476
Solid waste produced by inhabitants in Latvia, kg per capita per year, including	
- Riga (number of inhabitants 800 000)	240
- Cities with number of inhabitants more than 10 000	216
- Cities with number of inhabitants between 5 000 and 10 000	200
- Rural areas with number of inhabitants between 2 000 and 5 000	180
- Rural areas with number of inhabitants between 1 000 and 2 000	160
- Rural areas with number of inhabitants between 100 and 1 000	120
- Rural areas with number of inhabitants less than 100	40

Source: *Environmental report '98. The Ministry of Environmental Protection and Regional Development, 1999.*

Table 10

Registered vehicles

	1996	1997	1998	1999
Trucks	72 909	76 771	84 942	90 220
Cars	379 895	431 816	482 670	525 572
Busses	5 785	5 977	11 508	11 556
Mini busses	11 490	12 581	are not registered	

Source: *Statistic on registered vehicles in Latvia, 2000. The Road Traffic Safety Directorate.*

Table 11

Cars, which are private property (end of the year)

	1996	1997	1998	1999
Together	349 572	395 779	425 150	472 431
Total number of cars per 1000 inhabitants	141	161	174	195
In Riga	145	159	169	189
In Riga region	157	182	197	218

Source: *the Central Statistical Bureau of Latvia, Transport and communications, 1999.*

Table 12

Income per member of household per month (LVL)

	1997	1998	1999
All households	55.45	62.33	64.73
Households situated in cities	57.80	67.26	70.93
Households situated in rural areas	49.86	51.40	50.93

Source: Report on household budget in 1997, 1998, 1999, the Central Statistic Bureau.

Table 13

Income per member of household per month according demographic situation (LVL)

	1997	1998	1999
Household with one person	66.68	75.99	81.65
One adult and children younger than 16 years	46.82	48.21	53.36
Couple without children	66.24	77.51	80.37
Couple with children	51.72	58.58	60.49
Other	52.06	57.21	57.30

Source: Report on household budget in 1997, 1998, 1999, the Central Statistic Bureau.

Table 14

Income per member of household per month according quintile groups (LVL)

	1997	1998	1999
1 st quintile	22.53	23.05	25.10
2 nd quintile	40.35	44.30	47.53
3 rd quintile	50.57	57.30	60.52
4 th quintile	65.97	73.97	77.43
5 th quintile	117.28	133.87	136.49

Source: Report on household budget in 1997, 1998, 1999, the Central Statistic Bureau.

Table 15

Division of expenditures in households according quintile groups (%)

	Year	Together	Quintiles				
			1 st	2 nd	3 rd	4 th	5 th
Total expenditures	1998	100	9.9	14.7	17.7	21.4	36.3
	1999	100	9.6	14.3	16.9	22.3	36.9
Number of inhabitants	1998	100	25.6	20.9	17.2	18.9	17.5
	1999	100	26.5	21.1	16.6	18.4	17.4
Number of children younger than 15 years	1998	100	37.9	23.2	15.5	14.3	12.1
	1999	100	41.2	22.1	10.0	14.5	12.2

Source: Report on household budget in 1997, 1998, 1999, the Central Statistic Bureau.

Table 16

**Average income of females comparing to average
income of males divided in professional groups (%)**

Basic professional groups	1998	1999
<i>Together</i>	78.1	78.5
Legal experts, Governmental officers, managers.	79.1	78.7
Senior desk officers	78.3	74.7
Specialists	71.3	71.7
Office workers	85.0	82.8
Employees in commercial service field	64.8	65.0
Skilled employees in agriculture and fishing	74.8	70.2
Skilled mechanics	76.0	77.5
Operators of equipment and assemblers	97.6	99.6
Simple professions	74.5	77.0
Army	-	92.6

Source: Survey of professions, the Central Statistical Bureau, October 1999.

Table 17

Cases, when there are decisions about parents rights

	1997	1998	1999
Parents rights are intermitted	1183	1776	2093
Parents rights are restored	135	270	329
Parents rights are intermitted by court decision	116	132	147
Parents rights are restored by court decision	3	3	5

Source: Ministry of Welfare

Table 18

Indicators of economic development

	1996	1997	1998	1999
	Increase comparing to previous year (%)			
Gross Domestic Product	3.3	8.6	3.9	0.1
Private consumption	10.3	5.0	6.2	0.8
Governmental consumption	1.8	0.3	6.1	-6.7
Investments in assets	22.3	20.7	44.0	-10.4
Consumer prices	17.6	8.4	4.7	2.4
	Compared to GDP if is not indicated other (%)			
Fiscal saldo of budget (excluding income from privatisation)	-1.4	0.6	-0.9	-4.4
State debt	14.4	12.0	10.4	13.9
Foreign Trade Balance	-15.6	-15.1	-18.5	-16.3
Payment balance	-5.5	-6.1	-10.6	-10.2
LVL exchange rate compared with SDR	0.7997	0.7997	0.7997	0.7997

Source: Report on economic development of Latvia, Ministry of Economy, June 2000

Table 19

Division of added value (%)

	1996	1997	1998
Together	100	100	100
Agriculture, wood industry and hunting	8.7	5.6	4.5
Fishing	0.3	0.2	0.2
Deriving industry	0.2	0.2	0.2
Manufacturing	20.9	22.2	20.2
Electricity, gas and water supply	5.3	5.0	3.9
Building	4.7	4.8	5.2
Services	59.0	62.0	65.8

Source: Statistical yearbook, Central Statistical Bureau, 1999.

Table 20

Unemployment

	1996	1997	1998	1999
Number of unemployed people, 1000	90.8	84.7	111.4	109.5
Registered unemployment (% from economic active inhabitants)	7.2	7.0	9.2	9.1
Registered unemployment (%)	100.0	100.0	100.0	100.0
- females	54.7	59.4	58.5	57.4
- males	45.3	40.6	41.5	42.6
Unemployed people aged between 15 and 24 (% from total number)	20.0	18.1	16.4	14.8
Unemployed people, who do not have a job more than 12 months (%)	31.2	38.1	26.3	31.0

Source: Latvian statistical bulletin No. 12, 1999, Central Statistical Bureau, Riga 2000.

Table 21

International support in 1998

Sector	LVL, 1000	%
Governmental and public sector	14 192	23.67
Finance sector	3 183	5.31
Economic development	5 977	9.97
Agriculture	3 275	5.46
Energetic	2 712	4.52
Environment	13 157	21.95
Transport and communications	789	1.32
Development of human resources	12 605	21.03
Welfare	3 265	5.45
Culture	793	1.32
Together	59 949	100.00

Source: Overview on international support in Latvia 1998.

APPENDIX 2**INTERNATIONAL CONTRACTS**

From June 1996 Latvia has entered following international contracts:

1) Housing:

- ✓ 1980.gada 21.maija "Eiropas pamatkonvencija par teritoriālo kopienu vai pārvaldes institūciju pārrobežu sadarbību un papildprotokols", ratificēta 16.10.1998. ar likumu "Par Eiropas pamatkonvenciju par teritoriālo kopienu vai pārvaldes institūciju pārrobežu sadarbību un papildprotokolu", spēkā no 02.03.1999.;
- ✓ 1985.gada 15.oktobra "Eiropas vietējo pašvaldību harta", ratificēta 22.02.1996. ar likumu "Par 1985.gada 15.oktobra Eiropas vietējo pašvaldību hartu", spēkā no 01.04.1997..

2) Social development and decreasing of poverty:

- ✓ 1996.gada 28.maija līgums "Latvijas Republikas un Igaunijas Republikas līgums par sadarbību sociālās drošības jomā", ratificēts ar 30.09.1996. likumu "Par Latvijas Republikas un Igaunijas Republikas līgumu par sadarbību sociālās drošības jomā", spēkā no 29.01.1997.;
- ✓ 1997.gada 10.februāra līgums "Vienošanās starp Latvijas Republiku un Polijas Republiku par 1922.-1938.gados noslēgtajiem divpusējiem līgumiem", ratificēts 08.05.1997. "Par Vienošanos starp Latvijas Republiku un Polijas Republiku par 1922.-1938.gados noslēgtajiem divpusējiem līgumiem", spēkā no 22.07.1997.;
- ✓ 1999.gada 11.maija līgums "Latvijas Republikas un Somijas sociālās drošības līgums", ratificēts ar 28.10.1999. likumu "Par Latvijas Republikas un Somijas sociālās drošības līgumu", spēkā no 01.06.2000.;
- ✓ 1998.gada 26.februāra līgums "Latvijas Republikas un Ukrainas līgums par sadarbību sociālās drošības jomā", ratificēts ar 07.05.1998. likumu "Par Latvijas Republikas un Ukrainas līgumu par sadarbību sociālās drošības jomā", spēkā no 11.06.1999..

3) Environment administration:

- ✓ 1972.gada 16.novembra "Konvencija par pasaules kultūras un dabas mantojuma aizsardzību", ratificēta ar 17.02.1997. likumu "Par Konvenciju par pasaules kultūras un dabas mantojuma aizsardzību", spēkā no 26.02.1997.;
- ✓ 1979.gada 16. septembra "Konvencija par Eiropas dzīvās dabas un dabisko dzīvotņu aizsardzību", ratificēta ar 17.12.1996. likumu "Par 1979.gada 16.septembra Bernes konvenciju par Eiropas dzīvās dabas un dabisko dzīvotņu aizsardzību", spēkā no 01.05.1997.;
- ✓ 1991.gada 25.februāra "Konvencija par ietekmes uz vidi novērtējumu pārrobežu kontekstā", ratificēta 11.06.1998. likumu "Par 1991.gada 25.februāra Espo Konvenciju par ietekmes uz vidi novērtējumu pārrobežu kontekstā", spēkā no 29.11.1998.;
- ✓ 1992.gada 17.marta "Konvencija par robežšķērsojošo ūdensteču un starptautisko ezeru aizsardzību un izmantošanu", ratificēta ar 17.10.1996. likumu "Par Konvenciju par robežšķērsojošo ūdensteču un starptautisko ezeru aizsardzību un izmantošanu", spēkā no 10.03.1997.;
- ✓ 1992.gada 27.novembra "Protokols par grozījumiem 1969.gada starptautiskajā konvencijā par civilo atbildību par naftas piesārņojuma radītajiem zaudējumiem", ratificēts ar 01.10.1997. likumu "Par Protokolu par grozījumiem Starptautiskajā konvencijā par civilo atbildību par naftas piesārņojuma radītajiem zaudējumiem", spēkā no 09.03.1999.;
- ✓ 1992.gada 27.novembra "1992.gada protokols par grozījumiem 1971.gada Starptautiskajā konvencijā par starptautiskā fonda nodibināšanu naftas piesārņojuma radīto zaudējumu

kompensācijai”, ratificēts ar 26.02.1998. likumu “Par 1992.gada Protokolu par grozījumiem 1971.gada Starptautiskajā konvencijā par starptautiskā fonda nodibināšanu naftas piesārņojuma radīto zaudējumu kompensācijai”, spēkā no 16.04.1999.;

- ✓ 1997.gada 14.marta līgums “Līgums starp Latvijas Republikas valdību un Igaunijas Republikas valdību par ietekmes uz vidi novērtējumu pārrobežu kontekstā”, spēkā no 14.03.1997.;
- ✓ 1999.gada 1.oktobra līgums “Līgums starp Latvijas Republikas valdību un Lietuvas Republikas valdību par sadarbību vides aizsardzības sfērā”, spēkā no 01.10.1999..