



## Conclusion

This **Human Development Report** represents a continuation of the process of analyzing, discussing and advocating people-centred development in Latvia begun by the 1995 and 1996 **Reports**. The focus of this **Report** is social cohesion as a pre-requisite for economic growth and sustainable human development. As elaborated earlier, creating and maintaining social cohesion requires efforts on a wide front: addressing inequality, poverty and social exclusion; reducing gender, ethnic and regional disparities in development; and enhancing public participation.

The preparation of this **Report** was a process of intellectual discovery. Such a process of discovery often fills in certain gaps in existing knowledge, but often leads to a realization about the scope of what remains to be learned. This **Report** revealed substantial gaps in existing research which need to be filled for decision-makers to be able to make well-informed choices regarding Latvia's human development. As elaborated below, there is an urgent need for more comprehensive, independent social research on a wide range of issues, including the shadow economy, poverty, income inequality, gender disparities, the impact of social welfare reform, the integration of minorities and non-citizens, and regional development.

High quality, independent research can play a critical role as an input into the policy-making process, leading to more effective policy. Moreover, through the direct and indirect participation of

experts in a policy dialogue with government, the policy-making process becomes more inclusive and democratic, and the quality of governance can improve markedly. More effective governance is particularly important in the context of a "shrinking state" that has divested many of its previous functions to civil society and the market.

Like the previous two **Reports** for Latvia, this work was prepared by an independent team of researchers from a variety of professional backgrounds, some from within the government, others from the world of academia and NGOs. UNDP and this year's team hope that this **Report** will be widely read, discussed and used as a resource by students, teachers, activists, journalists, parliamentarians and the general public, as well as by Latvia's international partners. Like earlier **Reports**, this one will be available on UNDP Latvia's homepage on the internet (URL:<http://www.undp.riga.lv>).

Like last year's **Report**, each chapter in this **Report** contains a number of policy recommendations. These are aimed not only at government, but also at NGOs, the media, academia, the private sector, and Latvia's international partners. Indeed, sustainable human development requires partnerships between all these actors, ongoing dialogue and action. It is to be hoped that the policy recommendations from each chapter, which are reiterated below, will spur discussion and alternative proposals for putting and keeping people at the centre of Latvia's development process.

## Major Policy Recommendations

### Chapter 1,

#### *Human Development, the Economy and the Transition:*

- Promote public debate on the significance of paying ones taxes, the link between taxes and benefits, and ways of making the tax system and resulting services more efficient.
- Undertake regular monitoring of the size and dynamics of the informal or shadow economy.
- Gear education spending toward teacher training, curriculum development and modernization of Latvia's education infrastructure.
- Focus investments in health on primary health care and preventive measures such as public information and health education programmes in schools.
- Encourage private savings through continued effective regulation of the banking system, which, in turn, will facilitate the future development of Latvia's private pension system.

- Accelerate privatization of land and housing by certificates.
- Pay more attention to supporting small and medium sized businesses, especially new businesses, by establishing a credit guarantee scheme for small loans, expanding and improving the support network for enterprises so that it becomes a one-stop information and consulting agency.
- Make all efforts to join the World Trade Organization (WTO), as this would enhance market access, provide security against the arbitrary imposition of trade barriers, and send a signal internationally about progress in economic reforms and openness to trade and investment.
- Provide financial and other resources that encourage rural enterprises and assist rural households to start up new, non-traditional businesses and create employment for those who are unable to compete in the farming sector.

## Chapter 2,

### ***Addressing Poverty, Inequality and Social Exclusion:***

- Undertake a comprehensive poverty assessment including disaggregated data by region, gender age and social group.
- Develop an anti-poverty strategy that targets groups according to the poverty indicators and addresses the labour market aspects of poverty, including job creation through re-training, small and medium sized business development, and increasing labour mobility.
- Incorporate issues of gender equality into a poverty alleviation strategy.
- Combat discrimination in the labour market, particularly in terms of discrimination in job advertisements.
- In the countryside, ensure access of the poorer segments of the population to credit and training.
- Encourage the creation of private pension funds to supplement state pensions.
- Consider introducing a targeted family allowance for low-income families with children.
- Make a sustained effort to measure income inequality in order to better monitor current social reforms and develop future well-targeted social development policy.
- Undertake more detailed analysis of the causes and dynamics behind the alarming number of children not attending school.
- Give greater priority to extra spending on primary education, as the returns are substantially higher than for higher education.
- Introduce health studies as an obligatory subject in primary and secondary schools and teach children how to look after their own health.
- Encourage independent social policy research to continually monitor and assess the impact of the social welfare reform programme.
- Revive the "Link With the Citizen" programme to inform society about how tax revenues are spent and the availability of benefits, as well as to raise awareness of human rights issues.
- Facilitate the establishment and functioning of NGOs across the whole of Latvia, especially in small towns and rural areas.

## Chapter 3,

### ***National Integration and Social Cohesion:***

- Grant citizenship to all children born in Latvia after the restoration of independence.
- Abolish the naturalization "window system" that stretches the process out to 2003 and permit all non-citizens born in Latvia to apply for naturalization in 1998 and all those born outside Latvia to apply in 1999.
- Encourage public discussion on the readiness of citizens and non-citizens to integrate.
- Create special broadcasts on Russian language television and radio regarding naturalization and organize special events in Russian and other minority schools aimed at familiarizing non-citizen youth with the requirements of the Citizenship Law and explaining the advantages of citizenship.
- Integrate citizenship-related issues into the civics course, which is obligatory for all in the ninth grade.
- Abolish restrictions on non-citizen employment in the private sector.
- Rescind Cabinet regulations stipulating Latvian language proficiency for receiving unemployment benefits.
- Review the mandatory ethnicity entry in passports and abolish it altogether or make it voluntary.

Within the framework of the National Programme for Latvian Language Training, create a special expanded sub-programme for Latgale.

- Create a special Latvian language sub-programme for people in closed institutions (prisons, mental hospitals, children's shelters etc.).
- Provide increased support for policy-oriented scientific studies on ethnopolitical and integration issues.
- Discuss any legislative changes affecting minorities with minorities and consider the views of the Consultative Nationalities Council.
- Reestablish a special minority schools section with staff including minorities within the Ministry of Education and Science.
- Establish a permanent secretariat for the Consultative Nationalities Council with research, legislation drafting and public outreach capacities.

## Chapter 4,

### ***Regional Development:***

- Ensure that all territorial and administrative reforms are consistent with Latvia's obligations under the European Charters on Local Government and Regional Development.
- Improve the local infrastructure in less developed areas through well-formulated public investment projects.
- Solicit external assistance to promote increased co-ordination of the activities of different state institutions in regional development, work out a monitoring system for regional development projects and develop capacity within Latvia to undertake these tasks.
- Expand training of all officials involved in regional development issues and project management.
- Support the work of newly created Latvian Regional Development Council and ensure participation not only by politicians and civil servants, but also of non-governmental experts.
- Develop further and publish statistics on socio-economic conditions at *rajons* and *pagasti* levels.
- Reexamine the method of calculating local authority financial "equalization" to discourage dependency.
- Encourage the formation of NGOs in the *rajoni* and *pagasti* through improved access to information, training and financial resources and establishing regional information centres or networks for NGOs
- Develop capacity within local authorities to co-operate with non-governmental organizations in addressing local issues.
- In co-operation with academic specialists, the Ministry of Environmental Protection and Regional Development should publish a special handbook to assist in the design of social and economic development programmes and projects for the territories of Latvia.
- The Ministry of Economy should develop capacity for regional economic policy analysis to enable the implementation of special assistance for those regions requiring it and to assist the relevant regional authorities and business community.