

Foreword

The past year has highlighted once again that Latvia has accomplished a tremendous amount since the restoration of its independence over six years ago. In terms of economic reforms, the past year marked the beginning of what appears to be an impressive economic turnaround. In 1996 dynamic economic growth was restored with the official rate reaching almost 3 per cent; in the first half of 1997, the official growth rate had increased to almost 5 per cent. Similarly, Latvia's inflation rate continues to decline and remains the lowest in the Baltic States.

The political system has also proved effective in providing stable government; over the last year two new governments were formed with basically the same coalition partners as were in the first government formed after the Sixth Saeima (Parliament) elections. The benefits of democratization are increasingly evident; both the recently organized Valmiera Gender Equality Conference and the first Forum for Non-Governmental Organizations highlight the growing role of NGOs in Latvian society. A number of important external events also occurred this past year, most notably the Madrid NATO Summit and intense discussions and debate on Latvia's readiness to join the European Union.

However, as with all other countries in transition, some inequities have also emerged and it is becoming apparent that a greater sense of legitimacy, more efficient government and more focus on issues of equity are all required as necessary conditions for sustained economic growth. While continued commitment to economic reforms and accession to the European Union remain key strategic goals, it is also important to remember the essence of human development — how these reforms impact on the **people** of Latvia. In other words, low inflation, prudent fiscal management and eventual membership in the European Union are not simply ends in themselves. Rather they are primarily strategically important means to the ultimate end: better standards of living — and greater levels of human development — for all residents of Latvia.

In Latvia today, there is a clear need to not only sustain the now impressive economic growth rates that have been achieved but to also ensure that such growth is used to address some of the inequities that have emerged during the initial phases of Latvia's transformation to a market-oriented democratic system based on the rule of law. In order to strengthen social cohesion, Latvia needs to take concrete steps to address these inequities by enhancing the quality of its economic growth, addressing poverty and socio-economic opportunities, promoting national integration and developing Latvia's regions. This is consistent with other Central and Eastern European countries where **social cohesion** is emerging as one of the major challenges for the next few years. Consequently, the theme for the **Latvia Human Development Report 1997**, as with all other national human development reports produced by UNDP in Central and Eastern Europe, the Baltic States and the CIS, is **social cohesion and human development**.

As in previous years, this year's Report highlights a number of critical issues confronting Latvia today and it is hoped that it will stimulate debate on developing further reform policies. Like last year, UNDP Latvia will sponsor a number of forums to discuss the Report and again would like to encourage various groups — the media; academia; Saeima (parliament); government circles — to discuss the 1997 **Report** any way they see fit. Although UNDP Latvia will try to ensure as broad a distribution of the Report as possible, those who have access to the internet can find this year's Report (as well as the 1995 and 1996 Reports) on UNDP Latvia's homepage on the World Wide Web (<http://www.undp.riga.lv>).

In terms of preparation, as with the first two Reports the process has been a **national** one with the only outside input being from the UNDP Editorial Team. A team approach was again followed whereby each chapter was prepared by a team of people with various professional backgrounds under the guidance of a Team Leader. Drafts of chapters were then reviewed extensively by team members as well as by other relevant commentators, independent readers and the editorial team and then revised accordingly.


As with previous years, the 1997 **Report** is not an official policy document and does not reflect all the views of those involved in preparing it nor necessarily the views of UNDP or its Executive Board. It does though try to provide an independent analysis to stimulate debate on the most pressing human development challenges facing Latvia.

Effort has been made to use the most up-to-date official statistics available. In this context, all statistics used in the **Report** come from the Central Statistical Bureau (CSB) unless otherwise stated. Also, as in previous Reports, while certain issues highlighted are the focus of various assistance efforts, specific international assistance programmes are not mentioned as the emphasis is on developing national policy alternatives.

On behalf of UNDP I would very much like to thank all those who contributed to the 1997 **Report**. In particular, I would like to acknowledge the Team Leaders for the four substantive chapters, Juris Krūmiņš, Tālis Tisenkopfs, Nils Muižnieks and Baiba Rivža for their personal and professional commitment and the impressive analytical output they and their respective teams produced. In this connection, I would also like to thank the various team members who provided critical substantive input from various perspectives. I would also like to acknowledge the very valuable input provided by independent readers Inguna Dobraja and Pauls Raudseps on the full text and Inna Šteinbuka for specific sections.

In addition, I would also like to particularly thank President Guntis Ulmanis for his strong commitment to the promotion of human development in Latvia and for stimulating public debate on many of the issues discussed in this **Report**. As this will be the last **Latvia Human Development Report** I will have the privilege of participating in as UNDP Resident Representative in Latvia, I would also like to acknowledge the many Latvian officials from various parts of the government (Prime Minister's Office; Ministry of Welfare; Ministry of Finance; Ministry of Foreign Affairs; Ministry of Education) who have also shown their strong commitment to the concept of human development and the preparation of annual independent Human Development Reports for Latvia.

Finally, a note of special thanks to the Editor-in-Chief, Nils Muižnieks, who, in addition to being a team leader, once again proved instrumental to the preparation of this **Report** with his dedication and professionalism. I would also like to acknowledge Kim Ligers and Mārtiņš Hildebrants of the UNDP Editorial Team for their professional and personal commitment as well as the entire UNDP country office team which is committed to providing the best assistance it can to this and other UNDP activities in Latvia.

A handwritten signature in black ink, appearing to read 'John Hendra', written over a large, stylized, circular scribble.

John Hendra
UNDP Resident Representative
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