



Written by Evija Klave  
February 2022



# **Exploratory study: filling in the knowledge gaps and identifying strengths and challenges in the effectiveness of the EU Member States' minimum income schemes**

Country Fiche - Latvia

## **EUROPEAN COMMISSION**

Directorate-General for [Name of the policy]

Directorate [Directorate letter] — [Directorate name -see organigramme]

Unit [Directorate letter.Unit number, e.g. A.1] — [Unit name -see organigramme]

Contact: [First name Last name]

E-mail: [...]@ec.europa.eu (functional e-mail if existing, or Firstname.Lastname)



# **Exploratory study: filling in the knowledge gaps and identifying strengths and challenges in the effectiveness of the EU Member States' minimum income schemes**

Country Fiche - Latvia

Directorate-General for Employment, Social Affairs and Inclusion

**Europe Direct is a service to help you find answers  
to your questions about the European Union.**

**Freephone number (\*):**

**00 800 6 7 8 9 10 11**

(\*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

## **LEGAL NOTICE**

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (<http://www.europa.eu>).

Luxembourg: Publications Office of the European Union, **2022**

ISBN **ABC 12345678**

DOI **987654321**

© European Union, **2022**

Reproduction is authorised provided the source is acknowledged.

Printed in **[Country]**

PRINTED ON ELEMENTAL CHLORINE-FREE BLEACHED PAPER (ECF) **(This needs to be an option list)**

PRINTED ON TOTALLY CHLORINE-FREE BLEACHED PAPER (TCF)

PRINTED ON RECYCLED PAPER

PRINTED ON PROCESS CHLORINE-FREE RECYCLED PAPER (PCF)

## **Table of Contents**

Summary .....	1
1 Description of national schemes providing minimum income support .....	2
1.1 Eligibility .....	3
1.2 Coverage .....	4
1.3 Adequacy .....	5
1.4 Links with other benefits .....	7
2 Links with labour market activation .....	8
3 Links to social services and integrated provision of targeted social services .....	9
4 Governance mechanisms .....	10
5 Impact of MI schemes .....	12
6 Sources .....	1
7 Annex.....	4

## Summary

Only one social assistance benefit corresponds to the common characteristics of minimum income schemes in Latvia: the guaranteed minimum income (GMI) benefit (*pabalsts garantētā minimālā ienākuma līmeņa nodrošināšanai*). For a long time, Latvia did not have a methodology for determining the GMI level and the GMI threshold was very low (until 2017, it was EUR 49 per month, in 2018 it was EUR 53, and in 2019-2020 it was EUR 64). Since 2021, significant improvements have been made to the scheme. Firstly, a common methodology has been developed for setting the GMI threshold and will be reinforced in legislation until 2023. Secondly, a uniform GMI level is set across the country, with no variation by social group at municipal level. Thirdly, the GMI level is differentiated for the first person (EUR 109 per month) and for each subsequent person in a household (EUR 76 per month). These policy measures can be seen as a progressive step towards reducing poverty and income inequality. Despite the increase of the GMI level, its adequacy remains a weak point.

In order to be eligible for the GMI benefit, a person's monthly income level must first be assessed. If it is below the GMI level (EUR 109 and EUR 76, respectively), a person is entitled to the GMI benefit. The GMI benefit is defined as the difference between the GMI threshold and a person's net income, making the types of income considered in the means test an important set of criteria in determining the amount of the GMI benefit.

The GMI benefit is administered and financed by the municipalities, with GMI benefit recipients supervised by social workers at the municipal social services office. A common framework for needs assessment is set at national level, but each municipality can choose specific instruments for the assessment. In most cases, that assessment is based on document analysis. Together with a social worker, participants must agree their responsibilities to improve their situation, including active participation in job search and cooperation with the State Employment Agency (SEA) on an individual job search plan. There are no cooperation agreements between municipal social services and the SEA to promote employment opportunities, which is a weakness of the scheme.

To date, the largest share of GMI beneficiaries comprises people of working age (39% in 2020, 38% in 2019) (Ministry of Welfare, 2019; 2020). To facilitate the integration of GMI beneficiaries into the labour market, the regulatory framework requires them to register as unemployed, attend monthly scheduled appointments with their SEA caseworker, participate in active labour market policy (ALMP) measures, accept suitable job offers (they may refuse once), and document at least three job applications in a two-month period. Failure to comply with these requirements can mean that a person loses their registered unemployed status and their entitlement to GMI benefit payments.

GMI beneficiaries are eligible for various social services and benefits targeting needy and low-income people. In Latvia, social services and social assistance (benefits) are not directly integrated at the administrative or individual social work level. The main types of social assistance provided for GMI beneficiaries relate to housing, healthcare services, food, and support in crisis situations. Social services are provided on the basis of an individual assessment of a person's needs and resources. There is no single assessment method and it tends to vary between municipalities.

Despite recent improvements, the threshold for the GMI scheme remains inadequate as it is very low compared to other minimum income levels and poverty rates. Institutional and inter-sectoral cooperation, including assistance in accessing the labour market, does not contribute sufficiently to reducing the risk of poverty or social exclusion.

The following sections, first, outline the features of the MI support in place; secondly, describe the eligibility criteria and coverage and consider the adequacy of the financial support provided and the links with other benefits; thirdly, examine the extent of integration with labour market measures to help those supported into employment; fourthly, consider the access provided for the people concerned to social services; fifthly, summarise the governance mechanisms in place; and, finally, review the evidence on the impact on reducing poverty and assisting beneficiaries to find work.

An annex outlines the underlying situation in terms of the relative number of people at risk of poverty or social exclusion and the changes that have occurred over recent years, as well as the characteristics of the people concerned – their gender, age, employment status, education level, country of birth and the structure of the households in which they live. As such, it provides the context in which MI support is operating and indicates the groups on which support needs to be targeted.

## **1 Description of national schemes providing minimum income support**

There is only one social assistance benefit allocated based on an assessment of a person's income and that corresponds to the common characteristics of minimum income schemes in Latvia - the guaranteed minimum income (GMI) benefit (*pabalsts garantētā minimālā ienākuma līmeņa nodrošināšanai*). It is a non-contributory minimum income scheme, where the entitlement and the amount of benefit are not related to social contributions. The fundamental aim of the GMI benefit is to ensure a minimum level of income for each member of a household in need whose income is lower than the GMI threshold set by the government.

Until 2021, the Cabinet of Ministers set the minimum level of income at national level (GMI threshold), while municipalities set the minimum level of income for specific categories (e.g., people with disabilities, retired people) at a level not lower than that set by the government. From 2013 until 2017, the GMI threshold was set at EUR 49.80 per month, increasing to EUR 53 per month in 2018, and EUR 64 per month in 2019 (Regulations of the Cabinet of Ministers No. 913, No. 5050). In 2019, the inadequate social safety net became a major concern of the Latvian Ombudsman<sup>1</sup>. On 25 June 2020, the Latvian Constitutional Court ruled that the GMI was unconstitutional because the low amounts failed to ensure that any person could live in a state of human dignity. After consultation with the Union of Local Governments, the Parliament approved a new GMI amount of EUR 109 per month for 2021, executing the decision of the Constitutional Court (Latvian Constitutional Court, 2020). Since 2021, the unified GMI threshold has been set at EUR 109 per month for the first person in a household and EUR 76 per month for each subsequent person in that household.

To date, the GMI benefit has been administered and financed by the municipalities. It is planned that from 2023, the GMI benefit and housing benefit will be co-financed by the State<sup>2</sup>. Only people designated as 'needy' (with a monthly income threshold of EUR 272 for the first person and EUR 190 for each subsequent person in the household) are eligible for the GMI benefit. The municipal social service office first assesses whether a person or family should be recognised as being in need, with the assessment of eligibility criteria for the GMI benefit evaluated only after that decision.

The GMI benefit is calculated as the difference between the GMI level set by the Cabinet of Ministers and the claimant's average monthly income over the previous three months. The GMI level is determined per person, but the amount of

---

<sup>1</sup> The Latvian Ombudsman filed five suits with the Constitutional Court, including the level of GMI and the income threshold to be recognised as a needy person (Rajevska, 2020).

<sup>2</sup> Information collected through consultation with a representative of the Ministry of Welfare on 15 November 2021.



benefit is calculated for the household (see Section 1.3). The decision of the municipal social service office to grant the GMI benefit may be challenged at the local government council, and a household may launch an appeal against that decision before the courts, in accordance with the procedures specified in the Administrative Procedure Law. No data are available on such appeals.

## **1.1 Eligibility**

Eligibility for GMI benefit is assessed by considering the income level of a household (or an individual living alone). Along with income level, a person must hold the status of a person in need, be registered as unemployed (for non-employed working-age people, with some exceptions<sup>3</sup>) and have a registered residence in the administrative territory (municipality) in order to claim GMI benefit. There are no restrictions in respect of citizenship status<sup>4</sup>, age, labour market status, or other factors. The Law on Social Services and Social Assistance defines the groups who are not entitled to social assistance benefits (including the GMI benefit) as those who are in a place of imprisonment or an institution of long-term social care and social rehabilitation, or an educational institution for social correction. The eligibility criteria for the GMI benefit are set to be reviewed in 2022, primarily for the types of income considered in the means test<sup>5</sup>.

Claimants must submit a declaration of subsistence means and – if the necessary information is not available in the data register of the local government and the State – income statements, in order to allow the municipal social service office to assess their income and material resources.

One of the household members applies to the municipal social service, presents an identity document, and submits: 1) an application; 2) a statement from the employer of each employee in the household on remuneration for the full last three calendar months; 3) a statement on income from economic activity for the last full three calendar months for each performer of economic activity in the household; 4) statements of bank accounts for all persons in the household for the full last three calendar months; 5) documents certifying any income of an irregular nature and payments received for the 12 calendar months prior to submission of the application; and 6) any other documents necessary to make a decision.

Cabinet Regulations of 17 December 2020 No. 809 on the assessment of the material situation of the household and receipt of social assistance determines **the types of income to be considered in the means test**: income from paid employment, income from casual work, State social insurance benefits and allowances (including unemployment benefit), pensions, quick loan, and income from capital and assets.

---

<sup>3</sup> A person of working age who wishes to receive GMI benefit and who is not working has an obligation to register with the SEA, except where they are a person with disabilities, the recipient of an -age pension, a woman on antenatal or maternity leave, a parent on childcare leave or another person in a household who is caring for a child of pre-school age, if it is not possible to ensure otherwise due to objective reasons, is one of a disabled child's parents if the child does not receive appropriate care services, is a person aged 15+ in full-time education in a basic education, general secondary or vocational secondary education institution, or a full-time student in a higher education institution (Law on Social Services and Social Assistance).

<sup>4</sup> The right to social assistance, including the GMI benefit, is guaranteed to citizens and non-citizens of Latvia, third-country nationals and their family members with a permanent residence permit. The GMI benefit can also be granted to citizens of the EU, European Economic Area states and the Swiss Confederation and their family members who have obtained the right of permanent residence or are entitled to reside in Latvia and who have stayed in Latvia for at least three months, or who have stayed in Latvia for at least six months if entering into employment relationships in Latvia has been the purpose of their stay, and their attempt to find a job is attested by registration in the SEA. The right to GMI benefit is also granted to people with alternative status and their family members (Law on Social Services and Social Assistance).

<sup>5</sup> Information collected through consultation with a representative of the Ministry of Welfare on 15 November 2021.

The Law on Social Services and Social Assistance of 31 October 2002 determines **the types of income not considered in the means test**. These include: State family benefit; supplement to the State family benefit; childbirth allowance; disabled child care allowance; supplement to the State family benefit for children with disabilities; benefit to a person with disabilities requiring special care; funeral benefit; transport allowance for persons with disabilities or with reduced mobility; support for children suffering from coeliac disease; benefit for the services of an assistant; social guarantees for an orphan or a child left without parental care after termination of extra-familial care; one-off financial support for a refugee or a person who has acquired alternative status; alimony for children; monetary funds obtained from charity; financial benefit obtained as a result of social campaigns (e.g. social and charity actions); student loans; social assistance benefits previously disbursed by the local government; scholarships for persons studying at an educational institution (up to the amount of the minimum monthly salary); financial support for the unemployed for participation in active employment measures that do not provide for the conclusion of an employment contract (except scholarship for participation in paid temporary public works); remuneration for the donation of blood or blood components; loan and interest payments for the purchase of a single home; and personal income tax refund following annual income declaration.

During the state of emergency periods, documents could be submitted remotely and the municipal social service could grant GMI benefit on the basis of a previous application. Due to the COVID – 19 pandemic a national level scheme for benefit in crises was introduced. It was a social support in a situation when a person (family) could not ensure their basic needs due to a circumstance caused by COVID-19. The amount of the benefit was determined by the local government, the state co-financed 50% of the amount (the state co-financing max. €40 per month<sup>6</sup> and EUR 75 per month<sup>7</sup>) for an adult and 100% of the amount (€50) for each child in the family (Law on Social Services and Social Assistance).

## **1.2 Coverage**

Data on needy persons and GMI beneficiaries are collected uniformly by all municipalities. The statistics on needy persons are available in the same breakdowns as data on GMI beneficiaries (i.e. social demographic groups, expenditure on social assistance, working/not working status, number of needy persons whose income is below/above the GMI level).

In 2019, 17 249 people (all members of households with a needy status) received the GMI benefit, including 3 165 children (18%), 6 478 unemployed (38%), 1 690 other people of working age (10%), 3 097 people with disabilities (18%), and 2 819 people of retirement age (16%). In 2019, EUR 4 721 053 was spent on GMI benefit. The average amount of GMI benefit per person was EUR 42.79 per month, and the average duration for receiving the GMI benefit was 5.08 months.

In 2020, the GMI level was increased from EUR 53 to EUR 64 per month, but the number of GMI beneficiaries decreased by 4.27%, possibly due to wage and pension increases exceeding the increase in the GMI threshold. In 2020, 16 511 people received the GMI benefit, including 3 057 children (19%), 6 393 unemployed (39%), 1 629 others of working age (10%), 2 766 people with disabilities (17%), and 2 666 people of retirement age (16%). In 2020, EUR 5 187 828 was spent on GMI benefit. The average amount of GMI benefit per person was EUR 48.91 per month, and the average duration for receiving GMI benefit was 5.68 months.

Data cannot be provided for different income groups, as data in Welfare Information System are not grouped by income quintile. This is because information on all incomes

---

<sup>6</sup> In force from 12 March 2020 to 31 July 2020 and from 9 November 2020 to 24 February 2021.

<sup>7</sup> In force from 25 February 2021 to 30 June 2021 and from 1 July 2021 to 31 December 2021.

of individuals is not directly available in the Welfare Information System subsystems and also because the categorisation of income quintile is determined at household rather than individual level.

Raising the minimum income thresholds in 2021 was expected to have an impact on more than 140 000 low-income and very low-income people, including 24 829 GMI benefit recipients. As the income threshold for a needy household was increased to EUR 272 per month (compared to EUR 128 per month in 2020) for the first or only person in the household and EUR 190 for each subsequent person in the household, it was estimated that the number of people classified as needy would increase by 72% between 2020 and 2021 (from 37 464 in 2020 to 64 439 in 2021), and would then be followed by a slight decrease in numbers in 2022 and 2023 (Plan for Improving the Minimum Income Support System 2022-2024), in line with the general downward trend in the absolute number of people in need since 2012 (*SIA Jaunrades laboratorija*, 2017; BISS, 2019, 2020, 2021). The number of GMI recipients could follow a similar pattern: it was estimated to increase by 50% (from 16 511 in 2020 to 24 829 in 2021) due to the increased GMI threshold, then decrease slightly to 23 591 in 2022, and increase to 27 310 in 2023, with a planned GMI threshold of EUR 122 per month (Plan for Improving the Minimum Income Support System 2022-2024).

Take-up or non-take-up of the GMI benefit has not been studied and there is no information on the numbers of eligible people who do not apply for the benefit. However, some general assumptions are possible, based on the available administrative data on people in need. The potentially eligible population for the GMI benefit can be measured in relation to households/persons with income equal to or below a person in need's income threshold (EUR 128/month in 2020). In 2020, in total there were 37 464 persons in need (2% of total population) of which 12 300 (33%) had a monthly income below the GMI threshold and were eligible for the GMI benefit. Yet, in 2020, the total number of GMI beneficiaries was 16 511. According to the monthly data, the share of the GMI beneficiaries varied from 35% of all people in need (9 248 persons) in January 2020 to 38% (10 127 persons) in December 2020 (Ministry of Welfare, 2020). These biases can be explained by data compiling and processing methodological issues, as each person receives the GMI benefit for about five or six months on average, but the total number of beneficiaries is disclosed in annual terms. In general, these data suggest that the GMI benefit non-take-up level is rather low, especially taking account of the national at-risk-of-poverty (AROP) threshold and AROP rate (see Section 1.3). The government has not implemented any measures to reduce non-take-up.

### **1.3 Adequacy**

The GMI benefit is calculated as the difference between the amount set by the Cabinet of Ministers and the person/household income. The benefit is calculated according to the formula:

$$P = (GMI1 + GMI2 \times n) - I$$

Where P - GMI benefit; GMI1 - GMI level for the first person in household (EUR 109, as set by the Cabinet of Ministers); GMI2- GMI level for each subsequent person in household (EUR 76); n - number of household members; I - net income.

For households without any income, the benefit is equal to the GMI threshold. For households with some income, the benefit supplements their income up to the level of the GMI threshold. For instance, a family with two children aged between 1.5 and 18, with neither partner employed nor receiving unemployment benefit, would receive EUR 337 per month, while a single person aged 35 who is unemployed with no dependents would receive EUR 109 per month. The GMI benefit is paid once a month.

The GMI benefit is granted for a period of three months, as long as the person or household is considered to be in need, and is renewable. (Re)assessment of eligibility is made by the municipal social service office every three months, with the benefit

granted for as long as the entitlement conditions are fulfilled. The amount paid can change over time, depending on changes in the social or material situation of a beneficiary. The GMI benefit is not suspended until the end of the benefit period if the household's financial situation has improved and household income has increased on the basis of income from employment, review of pensions and benefits, or from economic activity.

The Law on Social Security of 7 September 1995 stipulates that the GMI level must be reviewed at least every three years. In the wording of the Law it is not bound to any socially economic indicator (there is no automatic indexation nor adjustment for inflation). In practice, as the GMI benefit was paid by local governments until 2021, the GMI level was reviewed based on local government budget options and was negotiated every year between the government and the Union of Local Governments. Since 17 September 2021, the Plan for Improving the Minimum Income Support System 2022-2024 has defined a common national methodology for the GMI level: in year N it is set at 20% of the median income of year N-3. The median income figures are projections calculated by Central Statistical Bureau (CSB) of Latvia. The legislation sets the absolute threshold of the GMI level rather than the methodology for its calculation, though the GMI threshold is set upon methodology according to initial assessment of the legal act. As a result, in 2021, the amount of the unified GMI level is set at 20% of the median income for 2018 (i.e. EUR 109 per month), in 2022 the GMI remains at the 2021 level, in 2023, according to the most recent data, it will be EUR 125 (20% of the median for 2020), and in 2024 it will be EUR 127 (20% of the median for 2021). As the median income are projections from the CSB of Latvia, the amounts might change accordingly, especially due to external economic and political factors recently caused by the war in Ukraine.

The European Council has repeatedly recommended that Latvia should improve the adequacy of its minimum income benefits (European Commission, 2018). The increase in the GMI benefit was also mentioned as a key recommendation for Latvia in the most recent Organisation for Economic Co-operation and Development (OECD) review (OECD, 2019). On 25 June 2020, the Latvian Constitutional Court ruled that the GMI was unconstitutional, as the low amounts failed to ensure that any person could live in a state of human dignity. The anti-poverty organisation EAPN-Latvia<sup>8</sup> has regularly highlighted the shortcomings in the determination and application of the GMI threshold.

EAPN-Latvia proposed increasing the level of GMI by EUR 330 per month, thereby raising it above the national AROP threshold in the corresponding year (EAPN-Latvia, 2018). It noted that the minimum amount of consumption resources needed to meet human needs can best be described by the subsistence minimum consumption budget, which is expressed as the amount of material goods and services necessary for life that ensures the restoration of human working capacity (EAPN-Latvia, 2020a; 2020b). In October 2021, a study on the relative expenditure budget of households (the alternative indicator for subsistence minimum consumption budget) was completed (*SIA Projektu un kvalitātes vadība*, SIA SKDS, 2021). The amounts for different types of households living in different places can vary by more than EUR 150 per month. For example, the relative expenditure for a person of working age in Riga is EUR 423.27 per month, while for a retired household in rural areas it is EUR 362.41 per month, for a family with one child aged 15-17 living in a city other than Riga, it is EUR 797.64 per month (Ministry of Welfare, 2021b). In all cases, the relative expenditure budget thresholds are higher than the GMI threshold (EUR 109 per month).

---

<sup>8</sup> EAPN-Latvia monitors poverty processes and makes recommendations for poverty reduction.

In 2020, the national AROP threshold<sup>9</sup> was EUR 472 for a single person and EUR 991 for a couple with two minor children. Overall, in 2020, the AROP rate<sup>10</sup> for the population was 23.4% (439 000 persons) (CSB, 2022). For single household it was 53.4%, for a single person with children it was 37.4%, for a couple it was 23.1%, for a couple with one child it was 12.6%, for a couple with two children it was 11.7%, and for a couple with three or more children it was 16.5% (CSB, n.d.). In 2020, the gross minimum wage was EUR 430 and, accordingly, the income of a minimum wage earner (single household) was EUR 306. In 2020, income per household member in the poorest households (1st quintile group) comprised EUR 214 monthly, but in the richest households (5th quintile group) it was EUR 1 407 monthly. Households with an average income fluctuated between EUR 367 monthly (2nd quintile group) and EUR 720 monthly (4th quintile group) (CSB, n.d.). All of these indicators are several times higher than the GMI threshold, suggesting that the GMI scheme threshold remains inadequate, despite recent improvements. However, the GMI benefit is not the only income source for a proportion of GMI beneficiaries, as there are types of income that are not considered in the means test.

#### **1.4 Links with other benefits**

There are two basic social benefits administered and paid by local governments GMI benefit and housing benefit, and two supplementary benefits - crisis benefit and benefit to cover certain expenses, for instance, healthcare benefit. None of these three other benefits is directly linked with GMI benefit, but with the person's income level or the status of person in need or low-income person. The two basic benefits are defined as mandatory if a person meets the eligibility criteria. In addition, municipalities have the right to set other benefits, thus improving the social situation of the local population. This section describes the benefits typically received by the most part of GMI beneficiaries, although there are many other forms of support for needy persons, including GMI beneficiaries, set by the state (see Section 3 for all benefits).

**The housing benefit** is one of the two basic social assistance benefits paid from the municipal budget (alongside the GMI benefit). The provision of assistance to address housing issues is established as an autonomous function of local government (Law on Local Government). Housing benefit is non-contributory. Until 30 June 2021, there was no uniform calculation methodology for housing benefit, but such a uniform calculation entered into force on 1 July 2021. There are two preconditions for receiving housing benefit: 1) an assessment must be made of the material situation (income level) of the household, and 2) all invoices and other evidence of housing expenses must be presented to the municipal social services. The incomes of all household members are considered in assessing the income level of the household. As of 1 July 2021, the amount of housing benefit is calculated using a formula that takes account of the GMI threshold for the household, actual expenditure on housing (the total amount of eligible monthly expenditure is capped), and the total income of the household. The share of housing expenditure covered is not identifiable, nor is there a cap on the housing benefit. In calculating the amount of housing benefit paid, the municipality may exercise favourable discretion in respect of the items of expenditure in the binding regulations, and may determine the coefficient for the GMI thresholds for the household and the types of households to which the coefficient is applied.

According to municipal administrative data, in 2020, 68% of the municipal population received healthcare benefit out of all benefits issued to cover various expenses (Ministry of Welfare, 2020). The municipal **healthcare benefit** must be claimed separately. The amount of the benefit varies between municipalities, as does the name of the benefit. All needy persons, including GMI beneficiaries, are exempt from

---

<sup>9</sup> 60% of disposable income median, recalculated per equivalent consumer.

<sup>10</sup> Share of persons with an equalised disposable income below 60% of the national median equalised disposable income.

payments (patients' fees and co-payments). Expenditure by those recognised as being in need of treatment, on medication, or with eligible medical devices is reimbursed in full for outpatient treatment (except special reimbursement, e.g. reimbursement of pharmaceuticals, which has a maximum of EUR 14 228.72 per person per year).

**Crisis benefit** is an additional social assistance benefit paid by the municipal social service without assessing the material situation of the household (income and property). The purpose of the crisis benefit is to provide material support to prevent or mitigate the consequences of external events. No data are available to estimate if GMI recipients also receive this additional benefit.

**Subsidised energy (reduced electricity costs)** is available to needy persons (monthly income threshold of EUR 272 for the first person in the household and EUR 190 for each subsequent person) and low-income persons (monthly income threshold of EUR 436 for the first person in the household and EUR 305 for each subsequent person), including beneficiaries of the GMI benefit. Almost all energy costs are covered within the housing benefit, and needy and low-income households automatically receive an in-kind compensation for electricity consumed. A needy household/person receives a supply of electricity as a protected user if that status was conferred in the previous calendar month. From 1 September 2021, the amount of the support for a household/person in need was set at EUR 5 per month and at EUR 10 per month for large families. Due to the energy crisis from 1 November 2021 to 31 December 2022 the support was increased by EUR 10: EUR 15 per month for needy and low-income households and EUR 20 for large families (Cabinet Regulations No. 345 of 1 June 2021). The share of energy costs covered cannot be identified from the data available.

## **2 Links with labour market activation**

All non-employed working-age GMI benefit recipients aged 15-64 are required to register as unemployed at the State Employment Agency (SEA, the national public employment service (PES)) to actively seek work or training. Registration must be within one month of filing for benefits. After being registered, a person must sign an individual job search plan, similar to recipients of unemployment benefits. No exemptions were introduced under COVID-19, although registration must now be done by electronic correspondence or regular mail, or by bringing the application to the SEA mailbox. In 2018, the share of adults of working age (18-64 years) was 48.7% of all GMI beneficiaries, in 2019 it was 47.4%, and in 2020 it was 47.2%. The share of non-working adult GMI beneficiaries aged 18-64 years and potentially registered with the SEA was 38.7% in 2020, 39.1% in 2019, and 37.0% in 2018 (Ministry of Welfare, 2018; 2019; 2020).

The SEA grants a person the status of unemployed within one working day of submission of their application. They are then interviewed in order to create their profile, which an employment specialist uses to prepare an individual job search plan. The Support for Unemployed Persons and Persons Seeking Employment Law of 9 May 2002 does not specify the length of this procedure, but stipulates that the person is obliged to come to the SEA once a month to discuss the implementation of their individual job search plan.

Someone who is registered as unemployed may not miss their monthly scheduled appointments with their SEA caseworker without good reason. They are also obliged to participate in the ALMP measures specified in the individual job search plan, cannot refuse suitable job offers more than once, and should document at least three job applications in a two-month period. Anyone failing to comply with these rules loses their status as registered unemployed and if they are a GMI beneficiary, their GMI benefit payments are terminated.

The recipients of GMI benefit are under the supervision of a social worker at municipal level (social services office). Together with a social worker, participants must aim to improve their situation, including active participation in job search, and cooperation with the SEA. There are no cooperation agreements between municipal social services and the SEA to promote employment. The mutual cooperation between municipal social services and SEA is based on good governance principles<sup>11</sup>. In practice, this means that specialists of both institutions communicate directly to minimise the administrative burden for the person in need.

Supported by ESF funding, an in-depth assessment of the situation of GMI beneficiaries in Latvia was carried out (Baltic Institute of Social Sciences (BISS), 2021). According to the project manager, the statistics compiled specifically for the study showed that GMI beneficiaries chiefly participate in temporary paid public works and ALMP measures for the long-term unemployed, with a very small proportion participating in ALMP measures to increase their competencies and/or to change their qualification (e.g. all types of training). Theoretically, it is possible to distinguish the GMI beneficiaries from other categories of unemployed, by integrating two different administrative databases – the database on GMI beneficiaries (gathered from the municipalities and then compiled by the Ministry of Welfare) and the database on participants in ALMPs (compiled by the SEA under the responsibility of the Ministry of Welfare). Those kinds of data are not publicly available, however, and could be calculated only on demand. No data are available on waiting time before taking-up the first ALMP<sup>12</sup>.

Whether a recipient of GMI benefit continues to receive the benefit in full or in part depends on the ALMP measure. The means test excludes income from participation in ALMP measures that do not provide for the conclusion of an employment contract (e.g. all kinds of training). However, payment for participation in the ALMP measure 'Paid temporary public works' is considered, as is the grant for the monthly income of the unemployed within the framework of ALMP measures organised by the SEA for starting a business and self-employment (Regulations of the Cabinet of Ministers No. 809). If the person's income from participating in these ALMP measures is equivalent to the GMI level or more, the GMI benefit is suspended.

The GMI benefit is not suspended until the end of the benefit period (i.e. for three months) if the household's financial situation has improved and household income has increased on the basis of income from employment, review of pensions and benefits, or economic activity. The amount of the GMI benefit is not reduced. The termination of the GMI benefit payment three months after starting employment was introduced in 2017 and, during that time, the income of the individual in relation to the monthly minimum wage is disregarded. This can be seen as a tapering mechanism to smooth the transition from social assistance benefits to work, as well as a work stimulus.

### **3 Links to social services and integrated provision of targeted social services**

The Law on Social Assistance and Social Services obliges municipal social services to assess clients' needs, material and personal resources (motivation, necessary knowledge and skills, education, profession, etc.) and social support system, as well as to determine their participation obligations and agree measures. The Law stipulates that the needs assessment must pay special attention to families with children. All GMI beneficiaries undergo this assessment. Each municipality must have at least one social worker per 1 000 inhabitants in order to ensure professional assessment of the needs of the population and the provision of quality social services and social assistance.

---

<sup>11</sup> Information collected through consultation with a representative of the Ministry of Welfare on 15 November 2021.

<sup>12</sup> Information collected through consultation with research project manager from the BISS, currently working on an evaluation study on GMI beneficiaries, on 27 October 2021.

According to a 2017 survey of social service employees, each social worker has 30 clients per month, on average (BISS, 2017).

The Law on Social Assistance and Social Services sets out a common framework for needs assessment at national level, with municipalities free to decide on the use of specific instruments and methods of assessment (e.g. interview, questionnaire). The methods typically depend on the capacity of the social services office and its social workers. For social assistance, including eligibility for the GMI benefit, assessments are usually based on document analysis and informal conversation. In each case, a client file is set up, which includes information about the assessment<sup>13</sup>.

Every recipient of social assistance, including GMI beneficiaries, must cooperate with the social services office, both in the assessment and to improve their social and material situation, by:

- Providing information on themselves;
- Participating in the social rehabilitation measures for retaining, renewal, and acquisition of work and social skills;
- Making active efforts to increase their earning ability and income;
- Receiving social rehabilitation services if they or any of their family members have addiction problems (alcohol, drugs, gambling);
- Using the social assistance received for the intended purpose.

Municipal social services have the right to change or rescind a decision on payment (in full or in part) of basic social assistance benefits, including the GMI benefit, if a working-age person refuses to engage in these cooperation activities without a valid reason, except where they are caring for a child and are thus unable to undertake other activities to improve their situation.

Social services are not targeted, other than through the individual assessment of a person's situation. The social worker informs the person about specific social services and social benefits available to them.

As the majority of GMI beneficiaries have the status of a needy person, they are eligible for several targeted services: GMI benefit, housing benefit, healthcare benefit (varies across municipalities), crisis benefit, material support to ensure social functioning and independent living, food packages, set of individual aids for school, set of hygiene and household goods, ready meals, reduced electricity charges, reduced real estate tax, exemptions from patient co-payment for health care services, reimbursement of expenses for medicines or medical devices, State-provided legal aid, exemption from court costs, and reduced fees for different State institutions' services (Ministry of Welfare, 2021a).

Aggregated statistics are available on total beneficiaries of these benefits, as well as on municipal expenditure on housing benefit, healthcare benefit, meals, clothing, crisis benefit and other types of municipal social assistance (Ministry of Welfare, 2018; 2019; 2020). No data are available on how much of this expenditure applies to GMI beneficiaries, nor on the share of GMI beneficiaries of all other beneficiaries.

## **4 Governance mechanisms**

Social inclusion policy – particularly poverty reduction – is a coordinating policy implemented under the responsibility of the Ministry of Welfare. It encompasses unemployment reduction, State social benefits, social assistance, social insurance, social services, equal opportunities for disabled people, children and family rights and

---

<sup>13</sup> Information collected through consultation with a representative of the Ministry of Welfare on 15 November 2021.



gender equality. In accordance with Article 14 of the Law on Social Services and Social Assistance, the Ministry of Welfare develops and coordinates policy in social services and social assistance, monitors the usefulness of the use of State funds, and plans future funding. The procedure for receiving social assistance, including the level of GMI and the procedure for granting the benefit, is determined by the Cabinet of Ministers.

The Law on Local Governments states that the provision of social assistance to the population is an autonomous function of local governments (as of 1 July 2021, there are 43 municipalities in Latvia). The GMI benefit is administrated by the municipal social services office and financed from the municipal budget. Municipal social services offices are responsible for assessing a person's income and living conditions, deciding on granting social assistance and paying social benefits financed by the municipality. No other institutions are involved with social assistance benefits (including the GMI benefit). In turn, social services can be provided by the social services offices or by another social service provider (e.g. non-governmental organisations (NGOs)). In 2018, 7 067 staff were involved in the provision of social services and social assistance, increasing to 7 250 in 2019 and falling slightly to 7 125 in 2020 (Ministry of Welfare, 2018; 2019; 2020).

The monitoring of social assistance, including the GMI benefit, is coordinated by the Ministry of Welfare. Municipalities must compile monthly data on beneficiaries of social assistance in accordance with a common national methodology and submit them to the Ministry of Welfare. The Ministry is responsible for the processing and publication of data. Regulations of the Cabinet of Ministers of 30 June 2017 No 324 (Regulations on samples of official statistical forms in the field of social services and social assistance and the procedure for filling in and submitting forms) determine the type of data that the Ministry of Welfare collects from municipal social services offices and social services providers.

The statistics on social services and social assistance contain data on numbers of social services offices' employees, their education, the social services provided by the municipality, numbers of clients and the funds used, data on payment of social assistance benefit by type (number of clients, funds used), numbers of needy persons, and social services offices maintenance expenses. There is no information on the specific use of the data gathered on social assistance and services, but such data are generally used in social policy planning and monitoring expenditure.

The Ministry of Economics and the Cross-Sectoral Coordination Centre supervises achievement of the objectives of social inclusion policy set in the Reform Programme EU 2020 and the National Development Plan 2020. As part of that supervision, they collect statistical information on poverty reduction from the CSB and ministry information on the measures taken in the corresponding period. They do not assess the impact of those measures. The Social Inclusion Policy Coordination Committee is chaired by the Ministry of Welfare and is the only such cross-sectoral cooperation instrument in place. However, the issues discussed by the Committee are generally for information only, and it cannot assign binding tasks to the institutions involved in implementing the policy. An evaluation by the State Audit Office found that the Committee is not a sufficient tool to coordinate social inclusion as a separate policy in a cross-sectoral framework (State Audit Office, 2020).

Since 2015, the ESF project 'Research and monitoring of inclusive labour market and poverty risks' has been implemented by the Ministry of Welfare. The aim of this project is to establish a system for monitoring poverty and social exclusion (data and policy), to improve inclusive labour market policies and support systems for people with disabilities, and to determine a methodologically sound and socioeconomically effective basket of subsistence goods and services. An annual evaluation of policies to reduce poverty and social exclusion is carried out, with five monitoring studies on poverty and social exclusion to date, covering the period from 2012 to 2017 (SIA

*Jaunrades laboratorija*, 2017; BISS, 2019; 2020; 2021). In addition to the general indicators of poverty and social exclusion for 2018, the fifth monitoring study thoroughly assessed the situation of GMI beneficiaries, including data for the year 2020.

In studies commissioned by public institutions (e.g. ministries), researchers are asked to develop feasible political, institutional, financial and legal recommendations on solutions and policy measures. One supervision mechanism is the Social Inclusion Policy Coordination Committee, to which the evaluation methodologies, results and recommendations are presented. However, there are no specific mechanisms in place to ensure and monitor the implementation of the research studies' recommendations. In practice, the recommendations are used for policy planning and developing research-based arguments for particular positions or decisions<sup>14</sup>.

The State Audit Office evaluates the implementation level of research studies' recommendations in the framework of its audits and is entitled to ask public institutions to explain their reasons for failing to implement recommendations. A 2020 audit on the impact of national social inclusion policy on poverty reduction targets concluded that social inclusion policy is not implemented effectively (State Audit Office, 2020).

## **5 Impact of MI schemes**

The lack of clear criteria for determining social protection minimum standards, as well as frequent delays to implementing the minimum income level system, was a focus for the Ministry of Welfare since 2014. The Ministry has considered setting the minimum income level for several years, particularly in 2019 and 2020 (Rajevska et al., 2021). The Constitutional Court declared the existing GMI level and the income threshold recognising a family as needy to be unconstitutional, stating that the low amounts failed to ensure that any person could live in a state of human dignity. In 2020, a new method of calculating the GMI threshold was defined and the GMI threshold was increased, along with other minimum income thresholds (see Section 1.3). These policy measures can be seen as a progressive step towards reducing poverty and income inequality.

The main weaknesses of the GMI scheme are the inadequacy of the GMI level, which has an impact on coverage, the irregularity of its revision, and insufficient institutional and cross-sectoral cooperation addressing poverty and social exclusion among the target group.

Although the GMI level was raised in 2021, it remains very low compared to other minimum income levels and poverty indicators and its adequacy continues to be questioned. However, a research study on GMI beneficiaries found that for minimum wage earners, an increase in GMI level may affect negatively their employment motivation, as the total income of a GMI benefit recipient who also receives housing benefit and other social assistance benefits may be almost equal to that received by a person with a net minimum wage (about EUR 306 per month) (BISS, 2021).

The current legal norms stipulate a review of the GMI level every three years. Annual revisions of the minimum income thresholds, including the GMI level, would contribute to reducing income inequality and AROP rates, as it would allow for annual inflation and consumer price indexation to be considered. Policymakers have identified risks in reviewing the minimum income thresholds annually (Plan for Minimum Income Support System 2022-2024), chief among which is the distinction between social assistance, social insurance based on social contributions, and State social benefit systems, while minimum income thresholds are applied in all areas of the social

---

<sup>14</sup> Information collected through consultation with a representative of the Ministry of Welfare on 15 November 2021.

protection system. Before assessing how increased minimum income thresholds have affected the number of recipients of social assistance, household income, employment opportunities, etc., policymakers say, it is necessary to analyse the impact of changes on GMI beneficiaries. The data for such an evaluation will only become available in 2022 (Plan for Minimum Income Support System 2022-2024). As the GMI scheme is administered and financed by the municipalities, the administrative reform in 2021 is also a consideration, as it reduced the number of local governments from 119 to 43. The impact of that reform on the provision of social assistance is difficult to assess, but should not affect the level of GMI benefits (which are set at national level) and may improve the effectiveness of administration.

Analysis of the GMI scheme and its integration with assistance in accessing the labour market and social integration measures highlights the weaknesses of the current interinstitutional and cross-sectoral cooperation in addressing poverty and social exclusion. As yet, activation of GMI beneficiaries depends on good governance in cooperation between social assistance providers in municipalities and the SEA. The State Audit Office concluded that cooperation is insufficient and does not contribute to reducing the risk of poverty or social exclusion. At the level of sectoral policies (policies related to social inclusion such as reducing unemployment, State social benefits, social assistance, social insurance, equal opportunities for the disabled, as well as children's rights, family rights and taxes), the policy results, their performance indicators, and planned measures are not interrelated and are insufficient to achieve the goals set in national strategic documents for poverty reduction (State Audit Office, 2020).

It is too early to assess the impact of recent changes to the GMI scheme that came into force since January 2021. Monthly data for 2021 show an increase in the total number of needy persons and GMI beneficiaries due to the increased thresholds<sup>15</sup>. Analysing the general poverty and income inequality statistics suggests that until mid-2021, the impact of the GMI scheme on poverty was limited and appeared to contribute very little to the incomes of those in the lowest quintile. The S80/S20 income quintile ratio index values range from 6.5 in 2015 to 6.3 in 2019 and the Gini coefficient has remained unchanged during this period, at 34.5% (CSB, n.d.). The AROPE<sup>16</sup> for non-employed persons aged over 18 years was 47.4% in 2015, 53.3% in 2019, and 48.7% (provisional data) in 2020 (Eurostat, n.d.). Poverty and social exclusion monitoring studies generally conclude that income inequality remains high (e.g. BISS, 2019; 2020; 2021).

In 2016, Latvia implemented a comprehensive information system, LabIS (Welfare Information System, *Labklājības Informācijas Sistēma*) regulated by special Cabinet of Ministers Regulation No. 490 adopted on 26 June 2016. This system integrates the information systems of several institutions under the responsibility of the Ministry of Welfare, together with some others. The users of this system are mainly employees and civil servants of the Ministry of Welfare and its subordinate institutions. Theoretically, all kind of data are collected, but there is insufficient capacity within the civil service to integrate the data of several systems, process and use this information for social policy planning, implementation, and monitoring<sup>17</sup>. Secondly, the compiled data are only partly available to the general public, and are disclosed in

---

<sup>15</sup> In August 2020, there were 24 313 needy persons and 9 219 GMI beneficiaries; in August 2021, there were 40 881 needy persons and 12 563 GMI beneficiaries. In turn, the share of needy persons dropped from 2.17% of total population in August 2020 to 1.28% in August 2021, while the share of GMI beneficiaries dropped from 38% of all needy persons in August 2020 to 31% in August 2021 (Ministry of Welfare, 2021c).

<sup>16</sup> People at risk of poverty or social exclusion by most frequent activity status (population aged 18 and over) - new definition.

<sup>17</sup> Information collected through consultation with a representative of the Ministry of Welfare on 15 November 2021.

aggregate form, limiting the possibility to obtain specific breakdowns. There is no transparent and clear system for third persons to request the data from LabIS.

## 6 Sources

### Legal sources

Law on Social Services and Social Assistance (*Sociālo pakalpojumu un sociālās palīdzības likums*) of 31 October 2002. Available at: <https://likumi.lv/ta/id/68488>

Law on Assistance in Solving Apartment Matters (*Par palīdzību dzīvokļa jautājumu risināšanā*) of 6 December 2001. Available at: <https://likumi.lv/ta/id/56812>

Plan for Improving the Minimum Income Support System 2022-2024 (*Plāns minimālo ienākumu atbalsta sistēmas pilnveidošanai 2022.-2024. gadam*) of 17 September 2020. Available at: <https://likumi.lv/ta/id/326208>

Support for Unemployed Persons and Persons Seeking Employment Law (*Bezdarbnieku un darba meklētāju atbalsta likums*) of 9 May 2002. Available at: <https://likumi.lv/ta/id/62539>

Regulations of the Cabinet of Ministers of 30 March 2010 No. 299 on the Recognition of a Family or Person Living Separately as Needy (*Noteikumi par ģimenes vai atsevišķi dzīvojošas personas atzīšanu par trūcīgu*) (expired on 1 January 2021). Available at: <https://likumi.lv/ta/id/207462>

Regulations of the Cabinet of Ministers of 17 June 2009 No. 550 on procedures for the calculation, granting, disbursement of the benefit for ensuring the guaranteed minimum income level and for the entering into an agreement regarding participation (*Kārtība, kādā aprēķināms, piešķirams, izmaksājams pabalsts garantētā minimālā ienākumu līmeņa nodrošināšanai un slēdzama vienošanās par līdzdarību*) (expired from 1 January 2021). Available at: <https://likumi.lv/ta/id/193738>

Regulations of the Cabinet of Ministers of 18 December 2012 No. 913 on guaranteed minimum income level (*Noteikumi par garantēto minimālo ienākumu līmeni*) (expired on 1 January 2021). Available at: <https://likumi.lv/ta/id/253731>

Regulations of the Cabinet of Ministers of 17 December 2020 No. 809 on the assessment of the material situation of the household and receipt of social assistance (*Noteikumi par mājsaimniecības materiālās situācijas izvērtēšanu un sociālās palīdzības saņemšanu*) (in force since 1 January 2021). Available at: <https://likumi.lv/ta/id/319717>

Regulations of the Cabinet of Ministers of 25 January 2011 No. 75 on procedures for the organising and financing of active employment measures and preventive measures for unemployment reduction and principles for the selection of implementers of measures (*Noteikumi par aktīvo nodarbinātības pasākumu un preventīvo bezdarba samazināšanas pasākumu organizēšanas un finansēšanas kārtību un pasākumu īstenotāju izvēles principiem*). Available at: <https://likumi.lv/ta/id/225425>

Regulations of the Cabinet of Ministers of 30 June 2017 No. 324 on samples of official statistical forms in the field of social services and social assistance and the procedure for filling in and submitting forms (*Noteikumi par oficiālās statistikas veidlapu paraugiem sociālo pakalpojumu un sociālās palīdzības jomā un veidlapu aizpildīšanas un iesniegšanas kārtību*). Available at: <https://likumi.lv/ta/id/291528>

Regulations of the Cabinet of Ministers of 26 June 2016 No. 490 on provisions of the Welfare Information System (LabIS) (*Labklājības informācijas sistēmas (LabIS) noteikumi*). Available at: <https://likumi.lv/ta/id/283810>

Regulations of the Cabinet of Ministers of 1 June 2021 No. 345 regarding the trade service of a protected customer (*Aizsargātā lietotāja tirdzniecības pakalpojuma noteikumi*). Available at: <https://likumi.lv/ta/id/283810>

### Statistical sources

Central Statistical Bureau (2022). Risk of poverty and social exclusion in Latvia. 2021 EU-SILC survey results (*Nabadzības risks un sociālā atstumtība Latvijā*). Available at: [https://admin.stat.gov.lv/system/files/publication/2022-01/Nr\\_09\\_Nabadzibas\\_risks\\_un\\_sociala\\_atstumtiba\\_Latvija\\_2021\\_%2822\\_00%29\\_LV.pdf](https://admin.stat.gov.lv/system/files/publication/2022-01/Nr_09_Nabadzibas_risks_un_sociala_atstumtiba_Latvija_2021_%2822_00%29_LV.pdf)

Central Statistical Bureau (n.d.). Online database. Available at: <https://data.stat.gov.lv/>

Eurostat (n.d.). Online database - numerous indicators. Available at: <https://ec.europa.eu/eurostat/data/database>

Ministry of Welfare (2018). Statistics on social services and social assistance. Annual data. Report on social services and social assistance in the county municipality of the county/republic cities in 2018. Available at: <https://www.lm.gov.lv/lv/par-2018gadu>

Ministry of Welfare (2019). Statistics on social services and social assistance. Annual data. Report on social services and social assistance in the county municipality of the county/republic cities in 2019. Available at: <https://www.lm.gov.lv/lv/par-2019gadu>

Ministry of Welfare (2020). Statistics on social services and social assistance. Annual data. Report on social services and social assistance in the county municipality of the county/republic cities in 2020. Available at: <https://www.lm.gov.lv/lv/par-2020-gadu>

Ministry of Welfare (2021a). Reduced requirements and assistance for needy and low-income households or persons in the household, 26 March 2021 (*Atvieglājumi un palīdzība trūcīgām un maznodrošinātām mājsaimniecībām vai personām mājsaimniecībā*). Available at: <https://www.lm.gov.lv/lv/atvieglajumi-un-palidziba-trucigam-un-maznodrosinatam-majsaimniecibam>

Ministry of Welfare (2021b). A new budget for relative household expenditure has been developed (*Izstrādāts jauns mājsaimniecību relatīvo izdevumu budžets*). Available at: <https://www.lm.gov.lv/lv/jaunums/izstradats-jaunais-majsaimniecibu-relativo-izdevumu-budzets>

Ministry of Welfare (2021c). Statistics on social services and social assistance. Monthly data of 2021. Available at: <https://www.lm.gov.lv/lv/menesa-dati>

## **Literature**

Baltic Institute of Social Sciences (2017). Heads of social services and social work specialists satisfaction measurements and their analysis of social work practice. Research report (*Sociālo dienestu vadītāju un sociālā darba speciālistu apmierinātības mērījumi un to analīze par sociālā darba praksi*). Available at: <https://www.lm.gov.lv/lv/media/571/download>

Baltic Institute of Social Sciences (2019). The annual assessment of policies to reduce poverty and social exclusion (including the assessment of health inequalities and inequality in access to housing (*Ikgadējs nabadzības un sociālās atstumtības mazināšanas rīcībpolitikas izvērtējums (t.sk. izvērtējums par nevienlīdzību veselības aprūpē un nevienlīdzību mājokļa pieejamības jomā)*). Available at: <http://petijumi.mk.gov.lv/node/3048>

Baltic Institute of Social Sciences (2020). The annual assessment of policies to reduce poverty and social exclusion (including the assessment of inequality in access to public transport (*Ikgadējs nabadzības un sociālās atstumtības mazināšanas rīcībpolitikas izvērtējums (t.sk. izvērtējums par nevienlīdzību sabiedriskā transporta pieejamības jomā)*). Available at: <http://petijumi.mk.gov.lv/node/3245>

Baltic Institute of Social Sciences (2021). The annual assessment of policies to reduce poverty and social exclusion (including an in-depth assessment of the livelihood strategies of GMI beneficiaries (*Ikgadējs nabadzības un sociālās atstumtības*



mazināšanas rīcībpolitikas izvērtējums (t.sk. padziļināts izvērtējums par GMI saņēmēju iztikšanas stratēģijām)). Available at: <http://petijumi.mk.gov.lv/node/3246>

EAPN-Latvia (2018). For the guaranteed minimum income above the poverty line 330 EUR (*Par garantētu minimālo ienākumu virs nabadzības sliekšņa 330 EUR*). Available at: <https://manabalss.lv/par-garantetu-minimalo-ienakumu-virs-nabadzibas-slieksna-330eur/show>

EAPN-Latvia (2020a). Poverty Watch Report Latvia 2020 and the 2020 COVID-19 pandemic update. Available at: [https://www.eapn.eu/wp-content/uploads/2020/09/EAPN-EAPN-Latvia-Poverty-Watch-2020\\_ENG-4684.pdf](https://www.eapn.eu/wp-content/uploads/2020/09/EAPN-EAPN-Latvia-Poverty-Watch-2020_ENG-4684.pdf)

EAPN-Latvia (2020b.) EAPN-Latvia's activities to ensure the legislative changes related to the GMI value in Latvia. Available at: [http://www.eapn.lv/strategijas\\_platforma/20200729\\_eapn\\_latvia\\_gmi\\_info\\_en.pdf](http://www.eapn.lv/strategijas_platforma/20200729_eapn_latvia_gmi_info_en.pdf)

European Commission (2018). Recommendation for a Council Recommendation on the 2018 National Reform Programme of Latvia and delivering a Council opinion on the 2018 Stability Programme of Latvia. Brussels, 23.5.2018 COM/2018/413 final. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1558000240503&uri=CELEX%3A52018DC0413>

Latvian Constitutional Court (2020). Judgment of the Constitutional Court of Latvia in case No. 2019-24-03. Available at [https://www.satv.tiesa.gov.lv/web/viewer.html?file=/wp-content/uploads/2019/10/2019-24-03\\_Spriedums.pdf#search=](https://www.satv.tiesa.gov.lv/web/viewer.html?file=/wp-content/uploads/2019/10/2019-24-03_Spriedums.pdf#search=)

OECD (2019). Evaluating Latvia's Active Labour Market Policies: Connecting People with Jobs. Paris: OECD Publishing. Available at: <https://doi.org/10.1787/6037200a-en>

Rajevska, F., Kļave, E. and Rajevska, O. (2021). ESPN Country Profile Report. Latvia 2020-2021. European Social Policy Network. Brussels: European Commission.

State Audit Office (2020). Does the national social inclusion policy achieve its targets on poverty reduction? Available at: <https://www.lrvk.gov.lv/en/audit-summaries/audit-summaries/does-the-national-social-inclusion-policy-achieve-its-targets-on-poverty-reduction>

State Employment Agency (2020). State Employment Agency 2020 Public Report (*Nodarbinātības valsts aģentūras 2020. gada publiskais pārskats*). Available at: <https://www.nva.gov.lv/lv/media/12377/download>

SIA Jaunrades laboratorija (2017). Impact assessment of policies to reduce poverty and social exclusion (*Nabadzības un sociālās atstumtības mazināšanas rīcībpolitiku ietekmes izvērtējums*). Available at: [http://www.lm.gov.lv/upload/sociala\\_ieklausana/lm\\_nabadzibas\\_izvertejums\\_nodevu\\_ms.pdf](http://www.lm.gov.lv/upload/sociala_ieklausana/lm_nabadzibas_izvertejums_nodevu_ms.pdf)

SIA *Projektu un kvalitātes vadība* (SIA SKDS) (2021). Household relative expenditure budget. Development of a new methodology for a new subsistence minimum basket of consumer goods and services and its approbation (pilot projects) (*Mājsaimniecību relatīvo izdevumu budžets. Jaunas metodoloģijas izstrāde iztikas minimuma patēriņa preču un pakalpojumu groza noteikšanai un tās aprobācija (izmēģinājumprojekti)*). Available at: <http://petijumi.mk.gov.lv/node/3869>

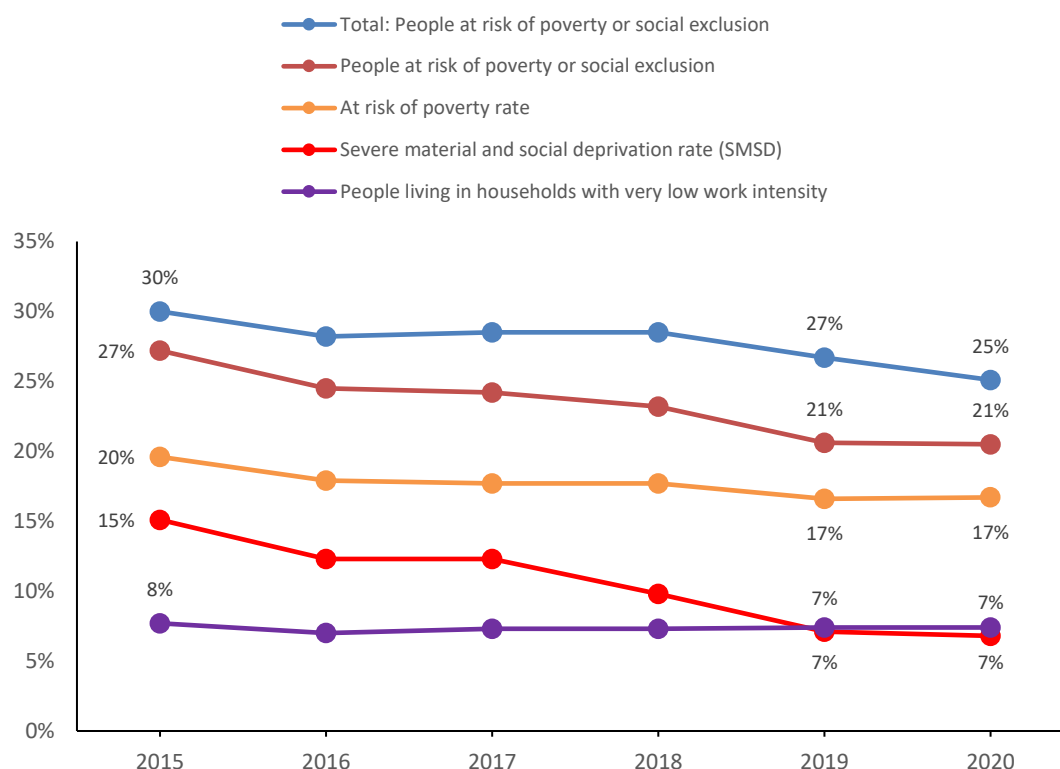
## Interviews

Oksana Žabko, senior researcher at BISS, Project Manager of the evaluation study on GMI beneficiaries (Zoom interview on 27 October 2021).

Evija Kūla, Ministry of Welfare, Deputy Director of the Department of Social Inclusion Policy (Zoom interview on 15 November 2021).

## 7 Annex

Figure 1. AROPE indicator and components, Latvia, 2015-2020 (%)



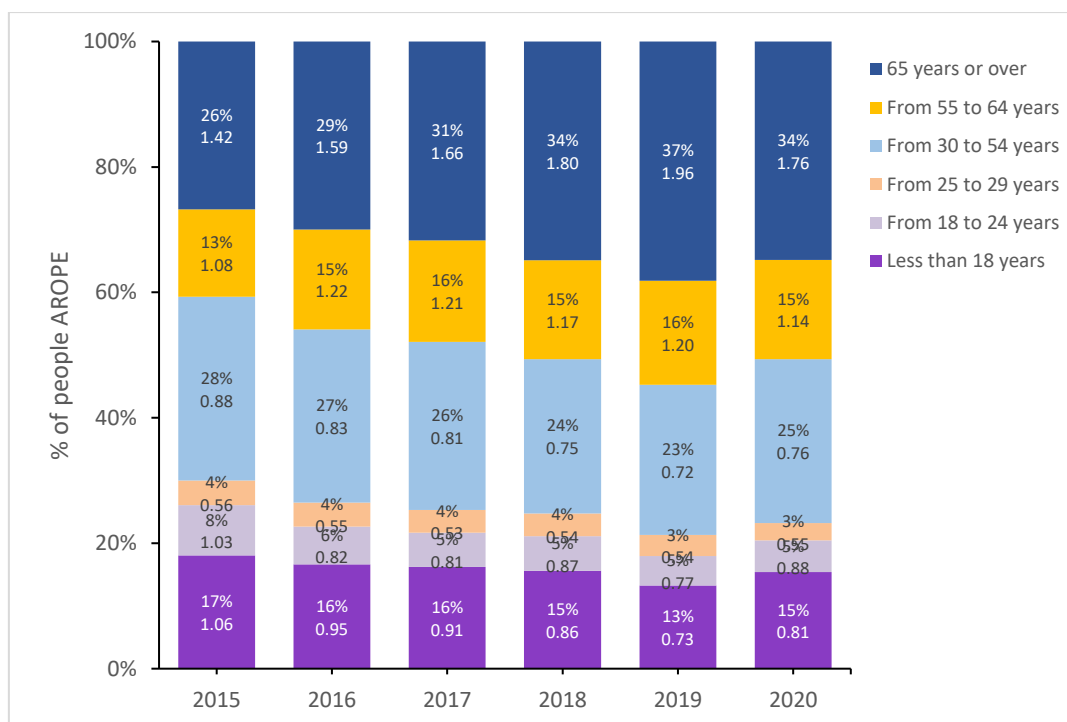
*Note: The line for "Total: People at risk of poverty or social exclusion" indicates the trend for overall population, while the other lines show the figures for individuals aged 0-64.*

*Source: Eurostat EU-SILC indicators [ilc\_peps01n], [ilc\_li02], [ilc\_mdsc11] and [ilc\_lvh11n]. Data downloaded on 14/02/2022.*

- In 2020, the share of total population at risk of poverty or social exclusion (AROPE) in Latvia stood at 25.1%, while that of those aged 0-64 was much lower at 20.5%. This reflects the relatively high risk among those aged 65 and over. The AROPE rate for both the total population and, more especially, those aged 0-64 declined over the period 2015-2020, the latter by 6 percentage points.
- Most of the people at risk of poverty or social exclusion, 16.7 % of those aged 0-64, had household disposable income of below 60% of the median in 2020 (I.e. they were at risk of poverty), the proportion declining between 2015 and 2020 but by less than the AROPE rate.
- Over a third (36%) of those aged 0-64 at risk of poverty or social exclusion in 2020 lived in households with very low work intensity, 7.4% of those aged 0-64, the latter proportion remaining unchanged over the preceding 4 years.
- Only a slightly smaller share (33% of those at risk of poverty and social exclusion were affected by severe material and social deprivation in 2020, 6.8% of those aged 0-64, the latter proportion declining markedly over the 2015-2020 period (by 8 percentage points).



**Figure 2.** *Division of people aged 0-64 and at risk of poverty or social exclusion by age group, Latvia, 2015-2020 (%)*

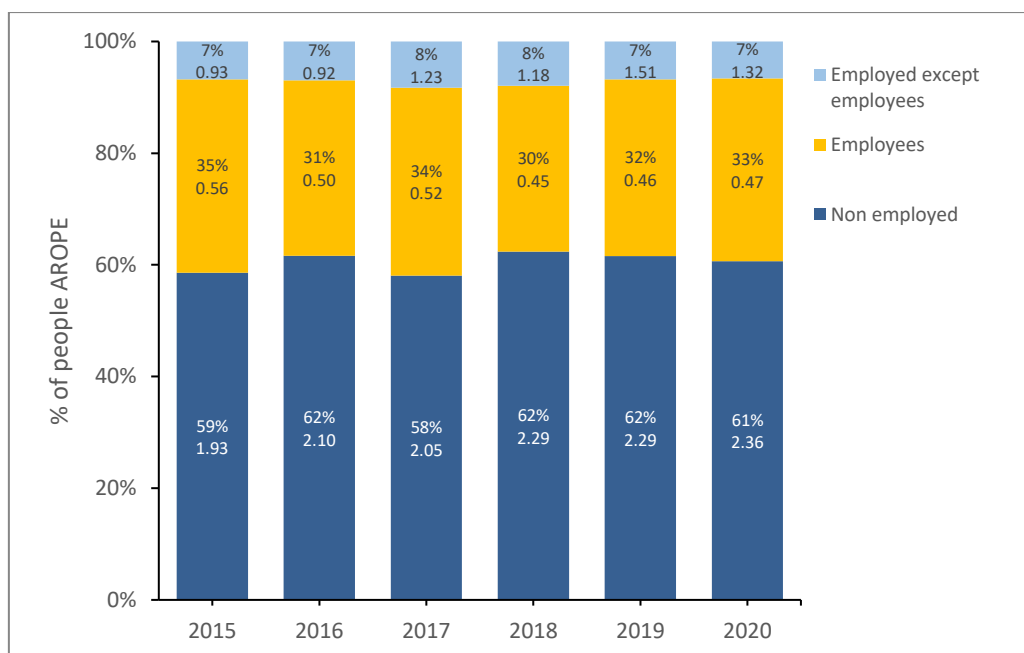


*Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps01n], own calculation. Data downloaded on 14/02/2022.*

- Significantly more women than men aged 0-64 were at risk of poverty or social exclusion in 2020 (53% of the total). Although the number of women in this age group was slightly higher than that of men, this still meant that women were more at risk than men.
- As implied in Figure 1, older people aged 65 and over are far more likely to be at risk of poverty or social exclusion than those younger, the likelihood increasing between 2015 and 2019, though falling in 2020, when older people made up over a third of the total at risk (34%).
- People aged 55-64 nearing retirement are also more likely than younger age groups to be at risk of poverty or social, accounting for 15% of the total at risk in 2020.
- By contrast, children under 18 are less likely than average to be at risk, the risk tending to decline between 2015 and 2020 when they made up only 15% of the total at risk.

**Figure 3.** *Division of people aged 18-64 at risk of poverty or social exclusion by most frequent economic activity status, Latvia, 2015-2020 (%)*

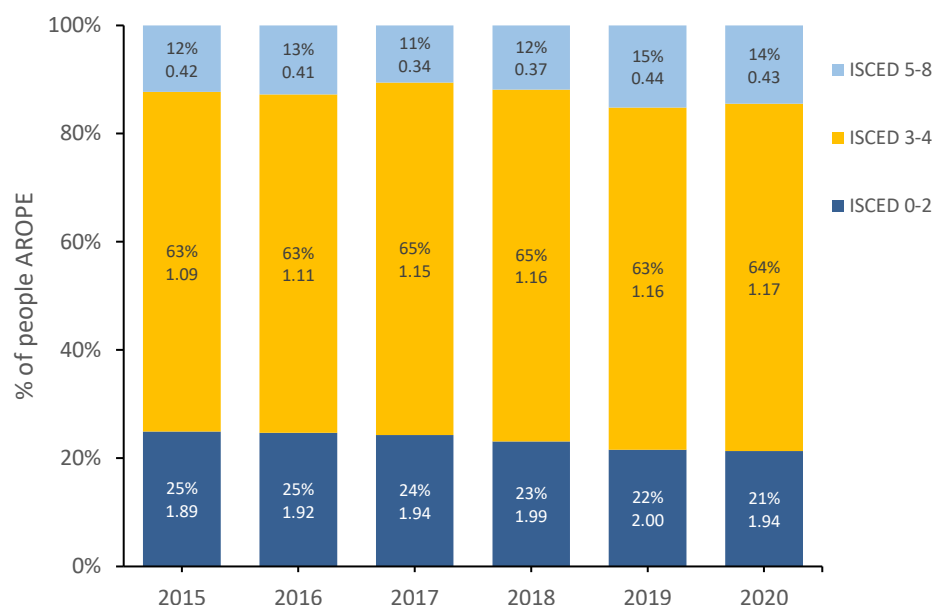


*Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps02n] and [ilc\_lvhl02], own calculation. Data downloaded on 14/02/2022.*

- People aged 18-64 who are not in employment are substantially more likely to be at risk of poverty or social exclusion than those in work, the risk tending to increase over the 2015-2020 period and those concerned making up 61% of the total at risk in 2020..
- The self-employed, together with a few family workers, are far more likely to be at risk than employees, the risk also tending to increase between 2015 and 2020, though they made up only 7% of the total at risk in the latter year.

**Figure 4.** *Division of people aged 18-64 at risk of poverty or social exclusion nby education level, Latvia, 2015-2020 (%)*

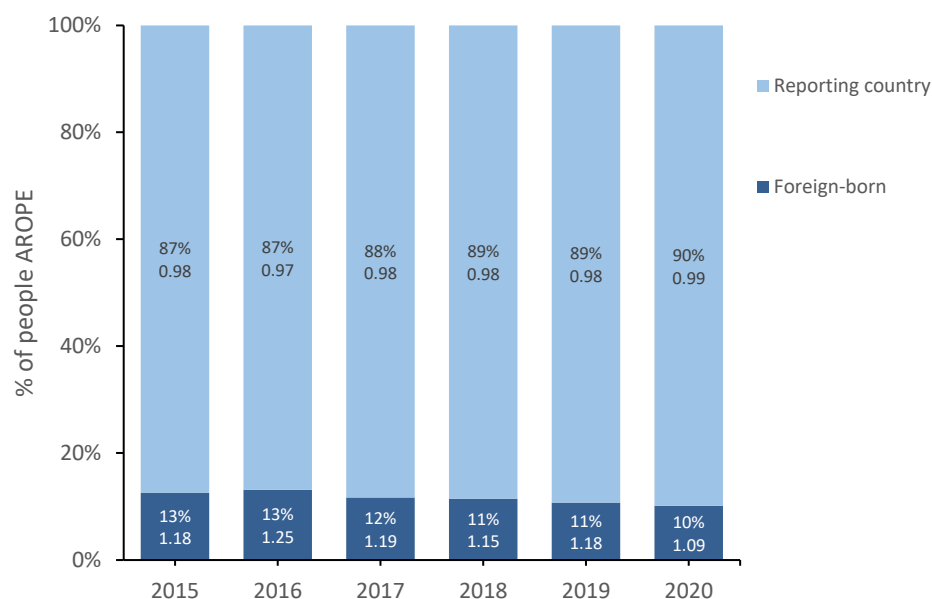


*Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps04n] and [ilc\_lvps04], own calculation. Data downloaded on 14/02/2022.*

- People aged 18-64 with only basic schooling (ISCED 0-2) are considerably more likely to be at risk of poverty or social exclusion than those with lower education levels, though because of their relatively small numbers, they made up only 21% of the total at risk in 2020.
- People in this age group with tertiary education are far less likely to be at risk of poverty or social exclusion than those with upper secondary education (ISCED 3 and 4), though they still made up 14% of the total at risk.
- Almost two-thirds (64%) of those aged 18-64 at risk in 2020, therefore, had upper secondary education.
-

**Figure 5.** *Division of people aged 18-64 at risk of poverty or social exclusion by country of birth, Latvia, 2015-2020 (%)*

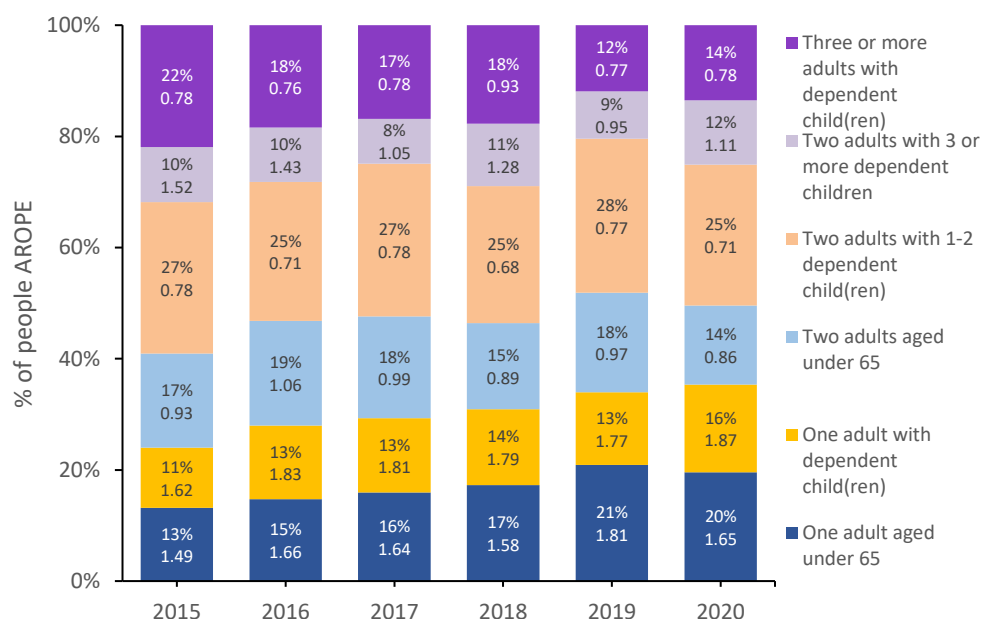


*Note: No detailed country of birth data. Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps06n] (Data downloaded on 14/02/2022) and EU-SILC microdata, own calculation.*

- People aged 18-64 born outside Latvia are more likely to be at risk of poverty or social exclusion than those born in the country, though they made up only 10% of the total at risk in 2020. The share tended to decline over the period 2015-2020.

**Figure 6. Division of people at risk of poverty or social exclusion by household type, Latvia, 2015-2020 (%)**



*Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Note that the chart does not include all household types. In particular, it excludes those aged under 65 living in a household with three or more adults without children, who are difficult to distinguish in the published data.*

*Source: Eurostat EU-SILC indicators [ilc\_peps03n] and [ilc\_lvps02], own calculation. Data downloaded on 14/02/2022.*

- People aged under 65 living alone are considerably more likely to be at risk of poverty or social exclusion than others. This is even more the case for those living along with children, the two groups making up 36% of the total at risk in 2020.
- Couples with 1-2 children are the least likely to be at risk of all household types, though they still accounted for a quarter of the total at risk in 2020.
- Couples with 3 or more children, by contrast, were more likely than others to be at risk in 2020, though they accounted for only 12% of the total at risk.

Table 1. At risk of poverty rate before and after social transfers, excluding old age benefits, for those aged 0-64, Latvia, 2015-2020

	Before social transfers, excl. old-age benefits (%)	After social transfers (%)	Effect of social transfers on arpop rate (%-point change)
2015	24.9	19.6	-5.3
2016	24.5	17.9	-6.6
2017	24.7	17.7	-7.0
2018	24.0	17.7	-6.3
2019	24.6	16.6	-8.0
2020	24.2	16.7	-7.5

Source: Eurostat EU-SILC indicators [ilc\_li02] and [ilc\_li10]. Data downloaded on 14/02/2022.

- Social transfers had the effect of reducing the at-risk-of-poverty (arpop) rate by 7.5 percentage points in 2020, cutting the number at risk by less than a third (31%), though this is more than over most of the preceding 5 years.

Table 2. At risk of poverty rate and persistent at risk of poverty rate for people aged 18-64, Latvia, 2015-2020

	At risk of poverty rate (%)	Persistent at risk of poverty rate (%)	Persistent rate as % of annual rate
2015	18.6	9.0	48.4
2016	17.7	12.6	71.2
2017	17.5	10.0	57.1
2018	17.8	11.7	65.7
2019	17.2	11.0	64.0
2020	16.9	7.5	44.4

Source: Eurostat EU-SILC indicators [ilc\_li02] and [ilc\_li21]. Data downloaded on 14/02/2022.

- 44% of people of working age (18-64) at risk of poverty in 2020 were at persistent risk, i.e. they were consistently at risk for a number of years rather than being at risk for only one year, or temporarily. This is less than in the preceding 5 years, especially than in 2018 and 2019, when the proportion was almost two-thirds.

## HOW TO OBTAIN EU PUBLICATIONS

### ***Free publications:***

- one copy:

via EU Bookshop (<http://bookshop.europa.eu>);

- more than one copy or posters/maps:
  - from the European Union's representations ([http://ec.europa.eu/represent\\_en.htm](http://ec.europa.eu/represent_en.htm));
  - from the delegations in non-EU countries ([http://eeas.europa.eu/delegations/index\\_en.htm](http://eeas.europa.eu/delegations/index_en.htm));
  - by contacting the Europe Direct service ([http://europa.eu/europedirect/index\\_en.htm](http://europa.eu/europedirect/index_en.htm)) or calling 00 800 6 7 8 9 10 11 (freephone number from anywhere in the EU) (\*).

(\*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

### ***Priced publications:***

- via EU Bookshop (<http://bookshop.europa.eu>).

### ***Priced subscriptions:***

- via one of the sales agents of the Publications Office of the European Union ([http://publications.europa.eu/others/agents/index\\_en.htm](http://publications.europa.eu/others/agents/index_en.htm)).

