



# Caritas Cares Latvia Report November 2015

## What this report is about

This report describes the main challenges related to poverty and social inclusion in Latvia and provides recommendations for policy makers to address these challenges. The recommendations are based on an analysis of the grass-roots experience of Caritas Latvia which is compared to official data.

## About Caritas Latvia

Caritas Latvia works at grassroots level with the aim of promoting the social inclusion of people living at risk of poverty and social exclusion. Its work is mainly carried out by volunteers through local parishes. The main services covered are: 1) home visits – mainly for lonely, elderly people, including also visits to hospitals; 2) food distribution; 3) integration events – gatherings for festivities, excursions, etc. for different age groups.

In 2014, the organisation reached a total of 1,800 beneficiaries in Latvia; of these 79% were female and 21% were male. With regard to age, 35% were children aged 0-15 and 20% were elderly people, aged 60+. In terms of household-type, 40% of Caritas Latvia's beneficiaries were long-term unemployed, 20% single parents, 15% families with children, as well as other groups such as ethnic minorities, migrants, and young unemployed.

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**Inequality is penetrating all social groups and is becoming very pronounced among, in particular: elderly people, the long-term unemployed and families with small children.**

## Latvia's main challenges related to poverty and social exclusion:

### ❖ **Inequalities and gaps between poor and rich are increasing.**

Current policies only address some of the problems. Rather vague visions remain and/or no specific strategies or policies exist that aim to reduce the gap between poor and rich, to restructure the labour markets, or to reduce long-term unemployment in certain regions.

### ❖ **Active inclusion measures are ineffective in addressing the specific needs of groups more at risk of poverty and social exclusion.**

The current social protection system insufficiently supports people with low incomes and does not enable them to step out of poverty, especially in crucial moments of people's life-transitions.

## Policy recommendations for the National Government:

### **Adequate income support:**

1. Increase financial support for housing and housing mobility schemes, especially aimed at those groups with special needs.
2. Gradually increase the minimum income schemes, especially those aimed at people more at risk of poverty and social exclusion.

### **Inclusive labour markets:**

3. Adopt targeted and effective employment programmes, in regions particularly affected by unemployment.

### **Access to quality services:**

4. Take measures to ensure that women and men have equal access to active inclusion services.

# 1. Poverty and social exclusion in Latvia: the reality behind the data

## The problems of most concern in Latvia

The increasing inequalities and gaps between rich and poor

With a Gini Coefficient reaching 35.5% in 2014, Latvia has become one of the most unequal countries in the EU over the past decade.<sup>1</sup> Inequality is penetrating all social groups and is becoming very pronounced among certain groups. The Federation of Latvian pensioners often stresses that among elderly people, aged 65+, 75% live under the poverty threshold because most Latvian pensioners receive pensions lower than the so-called *minimum income basket*, which was €253 per month in 2013.<sup>2</sup> Statistically, this proportion applies to those who live alone (without a partner and without an extended family) and has not improved much over the past eight years, due to the economic crisis and the following years of slow improvements in social policies for the elderly population.

Families with small children are also at risk as well as people living in regions with high unemployment, for instance Latgale. The unemployment rate is still around 11%, while in some places - in Latgale - it reaches 20-24%.<sup>3</sup>

## Groups at risk of poverty with the highest need for political action in Latvia

- ❖ Homeless people
- ❖ The long-term unemployed

### Homeless people

Little consistent data exists on homeless people in Latvia, which is generally an urban problem and has a pronounced seasonality in summer periods (winters are too harsh to stay on the streets and people either stay in abandoned houses or spend their nights in night shelters). The limited data that exists is based on the number of night shelters provided by city councils. For example, in Riga, the estimated number of homeless people in 2014 was around 750-800.<sup>4</sup> One of the main problems faced by this group is that homeless people generally lack official identification and permanent residence and cannot, therefore, qualify for social support from municipalities.

### The long-term unemployed

<sup>1</sup>Eurostat, 2015. [Gini Coefficient of Equivalised Disposable Income](#).

<sup>2</sup>Latvian Central Statistical Bureau, 2007. [Par nabadzības rādītājiem 2007. Gadā](#). (Poverty Indicators in 2007); and Ministry of Welfare, 2014. [Konceptija "Par minimālā ienākumu līmeņa noteikšanu"](#) (Policy Paper "On Defining a Minimum Income Level").

<sup>3</sup>Eurostat, 2015. [Unemployment Rates](#).

<sup>4</sup>Riga City Council, Social Department, Yearbook 2014.

<http://www.ld.riga.lv/files/Gadagramatas/gadagramata%2014%20GALS.pdf>

Long-term unemployment has become a structural problem in the Latvian labour market. It has clear regional features, with the most long-term unemployed people residing in the Eastern region of Latgale. In 2014, 51.3% of all unemployed people in Latgale were long-term unemployed with few or no regional employment opportunities. This proportion is 20% higher than the average long-term unemployment rate.<sup>5</sup> The lack of, or limited income prevents people from relocating and searching for work in other parts of the country. This is especially worrying in the case of pre-retirement-age unemployed people, who tend to have even fewer employment opportunities due to a lack of suitable workplaces, outdated skills and possibly also due to age discrimination.

In general, Caritas Latvia has observed an under-representation of men in active inclusion support services, which is a problem that should be addressed to ensure that women and men have equal access to these services.

## The challenges in achieving active inclusion in Latvia

- ❖ Adequate Income Support
- ❖ Inclusive labour markets

### Adequate income support

In Latvia, minimum income schemes exist, although they are highly inadequate in covering basic living needs (the minimum income is currently €49.8 per month and has not been raised in 2015<sup>6</sup>). Without the support from charities or family members, vulnerable people are unable to cope on their own and cannot cover their living costs. Although Caritas Latvia provides warm food in soup kitchens and clothing on a daily basis, they cannot provide monetary support to cover living costs, but only give support in kind.

### Inclusive labour markets

The inclusiveness of Latvia's labour market is questionable. It currently has very worrying regional disparities (high unemployment in some regions, especially in Latgale and among the soon-to-retire age population) and very few employment opportunities, especially for vulnerable groups or those living at risk of poverty and social exclusion.

Promising examples are provided by some non-governmental organisations. For instance, the organisation, Holy Family House (*Svētās Ģimenes Māja*), with financial support of the Embassy of the USA in Latvia, has implemented a project on social entrepreneurship, which has helped to engage people with disabilities in handicraft production. As a result, a handicraft shop has opened to raise funds for the sustainable development of this project.<sup>7</sup>

<sup>5</sup> State Employment Agency, 2015. [Unemployment Rate](#).

<sup>6</sup> Ministry of Welfare. [Calculation of Guaranteed Minimum Income](#).

<sup>7</sup> Svētā Ģimenes Māja. Available: <http://gimenesmaja.com/projekti-un-akcijas/projekti/>

## Access to rights is limited for people at risk of poverty and social exclusion in Latvia

- ❖ Right to healthcare
- ❖ Right to housing
- ❖ Right to a pension
- ❖ Right to access to justice

Access to social rights has become problematic, in particular for people without or with a very low income, because services have to be paid for. Additionally, there are very few civil society organisations representing their interests.

## 2. How effective are Latvia's policies to fight poverty and social exclusion?

The Country Report for Latvia,<sup>8</sup> published by the European Commission in February 2015, reflects in part the main problems and reality of poverty and social exclusion in the country. For instance, there is no sustainable long-term vision as to how to improve life for those families with 2 or more children. The practice is rather the opposite: in 2015 the government decided to withdraw its support for parents who need to send their children to private kindergartens.<sup>9</sup> The situation creates a vicious circle, especially in bigger cities: parents with lower incomes cannot afford private childcare any longer and it is difficult to return to employment due to a lack of affordable, municipality-funded childcare services.

The average, monthly, old-age pension in Latvia was €230 during the economic crisis of 2009-10. Since then, the increase has been moderate: the average pension in 2014 was €266 per month; and 58% of old-age pensioners receive €200-€300 monthly; while only 6% receive more than €500 per month.<sup>10</sup>

At the same time, the National Reform Programme<sup>11</sup> published by the Government of Latvia also only partially reflects the main problems and reality of poverty and social exclusion in the country. And neither document presents a full picture of the reality. In general, the current policies implemented in Latvia address only some of the problems related to poverty and social exclusion. These problems require complex mechanisms and political will in order to become a more socially democratic country with adequate and effective social rights.

Policies implemented in recent years, and aimed at improving the situation for families with young children and reducing long-term unemployment, have been partially effective in reducing poverty and social exclusion. After the economic crisis in 2011, several new initiatives to reduce unemployment were launched at municipal and national levels, especially with the help of EU funds. One of these is a support

<sup>8</sup> European Commission, 2015. [Country Report Latvia 2015](#).

<sup>9</sup> Education Management, [website e-klase](#) (accessed 09.09.2015).

<sup>10</sup> Latvian Central Statistical Bureau, 2015. <http://www.csb.gov.lv/statistikas-temas/sociala-drosiba-galvenie-raditaji-30402.html>.

<sup>11</sup> Government of Latvia, 2015. [National Reform Programme Latvia 2015](#).

programme for internal mobility: helping people find work in other municipalities and to commute between home and workplace.

## What policies are needed to address poverty and social exclusion more effectively?

The Government should put the focus on establishing more effective mobility schemes; significant support for those who create work places in regions with high unemployment, such as Latgale; specific programmes to support families with children and caring responsibilities; and to increase the lowest pensions.

In this context, the EU could support the Government of Latvia in addressing the problems of poverty and social exclusion more effectively by restructuring the social protection system. This should ensure it adequately supports people on low income and enables them to step out of poverty, especially in crucial moments of life-transitions, such as when raising small children, providing care for elderly family members, supporting those on long-term unemployment, retiring from work or faced with other immediate problems.

## The impact of social protection system reforms

### Social protection system reforms & modernisation in Latvia

- ❖ The reforms have focused on budget cuts and some steps have been taken to partially reform some aspects of the social protection system.
- ❖ As a result, they are not contributing to reducing inequality in society and do not have the capacity to break the inter-generational cycle of disadvantage.

### ***Example of an effective policy or programme related to the active inclusion pillar of adequate income support***

An example of a policy measure with a positive impact on the reduction of poverty and social exclusion is the Family State Benefit, which has been implemented by the State Social Insurance Agency. During the economic crisis all benefits for children had a flat rate – €11.38 per month per child. Therefore, the crisis (in 2009-2011) hit families with two or more children very hard. Before the crisis (before 2008) parents received double the rate of the monthly benefit for the second child and triple the rate for the third child. Although these benefits are among the lowest in the EU, they do play an important role in all Latvian families with several children. Rates of €22.76 per month for the second child and €34.14 per month for the third child were renewed in 2014.<sup>12</sup>

<sup>12</sup> State Social Insurance Agency, Latvia, 2015. [Monthly Family Benefits for a Child on Family Benefits](#). And in 2013, [Renewed Higher Benefits for the Second and Third Child as it was before the Economic Crisis](#).

## The use of EU funds in Latvia

The use of EU funds is a key instrument in supporting social inclusion policies and measures. However, the Government should ensure that programmes are more accessible and adapted to the needs of specific vulnerable groups.

Caritas Latvia has been involved in the planning process of the European Structural and Investment Funds 2014-2020 in Latvia through a network or committee of NGOs. However, only some proposals were taken into account in the programming documents with regard to the investment in people (e.g. in the programmes aimed at human resources and employment). Caritas Latvia is expected to be involved in the direct implementation of European Structural and Investment Funds 2014-2020.

In this programming period, Latvia has a specific European Social Fund Operational Programme (OP) that specifically addresses the challenges of poverty and social exclusion. This OP includes the following investment priorities:

- Active inclusion, including the promotion of equal opportunities and active participation, and improving employability.
- Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy, in order to facilitate access to employment.

The planned measures include programmes aimed at promoting employment and improving the skills of human resources, as well as initiatives related to work-based learning (vocational training) in order to help specific groups to improve their employability, e.g. young people and those who lack work experience.

Although these measures are considered adequate, the Government should ensure they are more inclusive and accessible, especially with regard to four specific groups: pensioners who can and want to contribute to society and maintain their income independence; middle-aged people who require a change of profession in order to adapt to the new labour market needs; pre-retirement aged people who want to remain in stable employment; and Latvian nationals who migrated away from Latvia and have subsequently returned.

### 3. The response of Caritas: initiatives that have been effective when addressing poverty and social exclusion

The following initiative run by Caritas Latvia has been demonstrated to have a positive impact on the reduction of poverty in Latvia:

#### **SOCIAL INCLUSION OF PRISONERS**

<http://www.caritaslatvija.lv/projekti>

**Project “Cycle of seminars for chaplains working with prisoners”**

## Description

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The aim of the project, which will run until the end of 2015, is to train chaplains in providing mental and spiritual support to prisoners and their families in their social inclusion process. The project fosters the sharing of knowledge and experience among chaplains on how to give support and raise funds for this cause.

## Problem addressed

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This project addresses a challenge related to the “accessing quality services” pillar of active inclusion, by providing specific social inclusion services to prisoners and their families.

## Results

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This project has demonstrated solid awareness-raising and has provided a specific model, proven in Latvia, on how to work with an excluded and stigmatised group, and how to provide support to extended families. Empowering family members so they can further provide support to their relatives is also a result of this project.

## ASSISTANCE TO PERSONS AT RISK OF POVERTY AND SOCIAL EXCLUSION

### Project “System of volunteers”

## Description

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Caritas Latvia regularly provides training for volunteers.<sup>13</sup>

## Problem addressed

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Volunteers provide crucial services for people at risk of poverty and social exclusion by visiting their homes, distributing food and preparing food. Volunteers are vital in understanding and addressing very specific or urgent needs. For instance, in one case, Caritas bought medicine from a pharmacy when a person was in an urgent situation and lacked the money to pay for necessary medicine. In another crisis situation, Caritas provided money to fix broken outer doors of a flat; otherwise the person could not have stayed in her flat. Volunteers help to assess and identify specific needs where targeted donations are needed, especially for families with very young and school-age children, such as beds and necessary school items. Caritas also cooperates with other organisations, such as the SOS Centre for Families, in order to provide targeted support, for example, to cover utility payments, to fix running water systems in crisis situations if families have not received social support from a municipality for bureaucratic reasons. Caritas also engages with the wider public via social networks and appeals for donations of goods in special cases.

Volunteers provide information on available social services at municipal level. In order to provide such information effectively, Caritas Latvia volunteers attend theoretical and practical seminars and lectures devoted to this theme. The information obtained

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<sup>13</sup>Caritas, Training for Volunteers. Available at: <http://www.caritas.lv/projekti/lapa/1>.

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in such events is especially useful in the case of the Riga City Council, as most examples are from Riga. It is rather difficult to apply this knowledge in regions where the range of social services and the support differ from that in the capital city of Riga.

## Results

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The projects shows positive results in the solidarity and empowerment of people experiencing poverty, in the degree of support received, in awareness raising in society, in the strengthened social role of the church and of Caritas as an organisation, and more people in need are reached through the network of volunteers.

## 4. Recommendations to address the described problems

### Recommendation 1: Increase financial support for housing and housing mobility schemes, especially aimed at groups with special needs.

- **Problem addressed if implemented:** Insufficient social housing and housing support. The financial support for housing is too low in Latvia and, therefore, generally does not cover basic utilities, especially during winter. In addition, lack of affordable housing in the country means that internal mobility to areas or regions with greater employment opportunities is reduced
- **Governmental department that could lead this measure:** The Ministry of Welfare.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “adequate income support” and “access to adequate services” pillars), as well as the State, together with municipalities, can attract EU funds to improve social housing.
- **How the Commission could support this measure:** By providing tailored policy guidance (e.g. Country Reports, Country Specific Recommendations, etc.) that addresses the problem of access to affordable housing in Latvia.

### Recommendation 2: Adopt targeted and effective employment programmes, in regions particularly affected by unemployment

- **Problem addressed if implemented:** Long-term unemployment and regional imbalances in job opportunities.
- **Governmental department that could lead this measure:** The Ministry of Welfare; the Ministry of Economic Affairs, and the Ministry of Environmental Protection and Regional Development.

- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “inclusive labour market” pillar), the Latvian National Development Plan 2014-2020<sup>14</sup> within the framework of Latvia’s Sustainable Development Strategy 2013.
- **How the European Commission could support this measure:** By giving recommendations and guidance on how to promote employment in regions with higher rates of unemployment, and by encouraging the Government to make use of the European Social Fund for this purpose, and to do so from a sustainable perspective.

**Recommendation 3: Gradually increase minimum income schemes, especially those aimed at people more at risk of poverty and social exclusion.**

- **Problem addressed if implemented:** Low or limited access to income of certain groups, such as families with dependent children, and pensioners. Current minimum income schemes do not cover the costs of decent and independent living.
- **Governmental department that could lead this measure:** The Ministry of Welfare, and/or the State Social Insurance Agency.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “adequate income support” pillar); the social protection and social inclusion policies, the Ministry of Welfare<sup>15</sup>.
- **How the European Commission could support this measure:** By developing a common EU base regarding minimum income schemes.

**Recommendation 4: Take measures to ensure the equal participation of men and women in active inclusion services**

- **Problem addressed if implemented:** Unequal inclusion. Ensuring women and men have an active life and have access to active inclusion programmes, that is, to access minimum income schemes, receive employment support and access education and health services. Empowering men should not be overlooked in policies promoting equality between women and men.
- **Governmental department that could lead this measure:** The Ministry of Welfare.

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<sup>14</sup> [Latvian National Development Plan 2014-2020](#).

<sup>15</sup> The Latvian Ministry of Welfare. Available at: <http://www.lm.gov.lv/text/1505>.

- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “access to quality services” pillar); and the mainstream gender policy in Latvia<sup>16</sup>.
- **How the European Commission could support this measure:** By encouraging Governments to make use of ESF funding for this purpose, and to do so from a sustainable perspective.



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<sup>16</sup> The Latvian Ministry of Welfare. Available at: <http://www.lm.gov.lv/text/146>.