Caritas CARES!
country report 2019
Latvia

Access to services by vulnerable groups:
barriers, obstacles and good practices
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What this report is about

Caritas Organisations are essential actors in the fight against poverty, social exclusion and for social justice. They do so by assisting and providing services to people in need, as well as by presenting alternatives to address unfair structures, policies and measures.

The Caritas CARES country reports are an important instrument in this endeavour. Through these reports Caritas informs local, regional, national and European authorities and formulates recommendations, based on its daily work with people experiencing poverty.

The country reports have been compiled on the basis of a questionnaire, designed in consultation with the participating member organisations. It will ensure that the voice of the weakest members of our societies is heard and it will support the advocacy efforts of Caritas at national and at European level.

This report is focused on the analysis of availability, accessibility, affordability and adequacy of services addressing poverty and the promotion of social inclusion and activation in European countries, and it attempts to identify concrete causes of non-access to services by the most vulnerable members of our society.
About Caritas in Latvia

Caritas Latvia supports different target groups such as lonely seniors, children with disabilities and their families, large and poor families, the unemployed, and people in poverty.

The main services offered to address poverty and social exclusion are:

1. Organised volunteer work in order to help marginalised people in the close neighbourhood through home visits, the distribution of food and clothes, plus organising meaningful activities for them;

2. A “Listening Centre” where people in crisis can be heard and the solution for their situation can be sought;

3. Rehabilitation for children with disabilities (day care centre, social rehabilitation, home care service).

In 2018 2,500 people (and their families) were supported by Caritas Latvia. Approximately 77% of them were women as they are more active in seeking help, but this does not exclude men as indirect beneficiaries also. The most relevant and stable group of beneficiaries are the elderly – either living in poverty and receiving material help, or benefiting from home visits conducted by Caritas volunteers. The number of children and young people supported has risen over the years and they are considered beneficiaries even if they receive help just once. According to a recent survey, beneficiaries of Caritas support are mostly single adults as well as families with dependent persons. Only one third of the respondents reported that in their families there is somebody working in a paid job. Half of the respondents is 56 years of age or older, so at pre-retirement age or already retired.

Statistics are elaborated on the basis of data collected at the beginning of each year from Caritas volunteer coordinators and from our own office records on the support and help provided by Caritas in the previous year.

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Executive summary

Between 2009 and 2018 the population in Latvia decreased, with a dramatic change in its composition: in fact while the number of children has remained more or less stable, people of working age reduced by 15.8% and the over-85s increased by 61.1%. The main challenges to be tackled now concern how to address population decline and how to ensure that economic growth benefits all members of society.

While unemployment and youth unemployment rates have dropped and the poverty level is rapidly declining for certain groups of the population, Latvia, in 2017, still had one of the highest shares of population at risk of poverty or social exclusion, with the elderly being the group more at risk of poverty and social exclusion together with persons with a disability. One of the reasons for this is that spending on social protection is among the lowest in the EU: the expenditure on social benefits in 2016 was equal to only €1,683 per inhabitant (at constant prices) against an EU average of €7,377.

On the basis of national studies and reports, Caritas Latvia assesses that access to some social rights is difficult. In particular, the minimum income is described as completely inaccessible, while health care, housing and assistance for homeless people do not fully respond to the needs of the vulnerable part of the population living in Latvia.

Recommendations

Caritas Latvia suggests three recommendations for reforms that need to be raised at national level:

Recommendation 1: Improve the adequacy of minimum income by restoring the interconnection between the poverty threshold and the minimum wage
Establish the link between the poverty threshold on the one hand and the minimum wage on the other.

Recommendation 2: Improve accessibility and affordability of health care services
It is necessary to invest more in the healthcare sector in order to address waiting lists of patients, the cost for the patient, as well as the availability and retention of health care staff.

Recommendation 3: Caritas recommends that Latvia accepts Articles 23 and 31 of the Revised European Social Charter, as well as the additional protocol providing for a System of Collective Complaints.
1. The evolution of the socio-ocio-economic context

Between 2009 and 2018 the population in Latvia decreased by 10.6%; a reduction of 228,455 residents. What changed dramatically in this decade was the composition of the population: in fact while children remained more or less stable (+0.2%), people of working age reduced by 15.8% (-232,548 persons), while the over 85s increased by 61.1%. The elderly (>65) had a slight increase (+0.9%). The decline in the population is explained by the emigration of workers who search for better working and living conditions.

In 2018 there were 77,069 third country nationals in Latvia, or 4% of the population, slightly below the EU average of 4.4%. Concerning asylum applicants, Latvia recorded a sharp increase in the numbers between 2013 and 2014 (from 195 to 375). In 2018 the number decreased sharply to 185. In 2017 the number of asylum applications received from refugees was equal to 331. According to the UNHCR most of these came from Syria, Vietnam and Russia.

Latvia is one of the EU countries whose economy has recovered fastest from the 2008 crisis: the main challenges to be tackled now concern how best to address population decline and how to ensure that economic growth benefits all of society.

From the labour market point of view employment has grown over the decade, to, in 2018, 83.1% of the active population (20-64 years old) or 76.8% of the overall population. As a consequence, the unemployment rate dropped from 17.5% in 2009 to 7.4% as an annual average in 2018. The same can be said concerning the youth unemployment rate (<25 years of age) that dropped from 33.3% in 2009 to 12.2% as an annual average in 2018 when the number of unemployed young people was estimated at only 8,000.

Despite improvements in the labour market there are disparities in employment rates across regions and skills levels. Wages are increasing, as the minimum wage was raised in 2018, but income inequality remains high and poverty and social exclusion are widespread even if they are reducing. Latvia has one of the highest shares of population at risk of poverty or social exclusion (AROPE) in the EU, with 28.2% versus an EU average of 22.4% in 2017, but it has to be said that it was 37.9% in 2009. The elderly are the target group most at risk of poverty and social exclusion together with persons with a disability: for them at the risk of poverty or social exclusion rate continued to worsen, reaching 49% in 2018. On the contrary, poverty levels among young people are rapidly reducing: while in 2009 the at-risk-of-poverty-or-social-exclusion rate was at 37.8%, in 2018 it had reduced to 21.2%.

Income inequality in Latvia remains an issue of concern, in particular because of the low redistributive power of the tax and benefits system: in 2018 Latvia spent only 12% of GDP on social protection, well below the EU average of 19.1%. Spending on social protection is among the lowest in the EU. The expenditure for social benefits in 2016 was only equal to €1,683 per inhabitant (at constant prices) against an EU average of €7,377. The impact of social transfers on poverty reduction (excluding pensions) is one of the lowest in Europe, being equal to 21.9% in 2017, against an EU average of 33.9%.

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2. Characteristics of the welfare system

Social services and social assistance are measures aimed at supporting people who have difficulty taking care of themselves due to old age or functional disorders.

The main social services provided are: social care, social rehabilitation, vocational rehabilitation and social work. They are provided only on the basis of an evaluation of the individual needs and resources of the person asking for support.

Social care services are provided by five State social care centres under the governance of the Ministry of Welfare. In 2013 the Cabinet of Ministers adopted the "Guidelines for the development of social services 2014-2020" with the aim of strengthening three lines of action: 1) de-institutionalisation, 2) development of community-based social services, 3) effective governance of the system of social services.

Social rehabilitation aims to ensure that people re-gain their social status and integrate into society. Social rehabilitation includes services at a person’s home and/or an institution of social care and social rehabilitation.

Vocational rehabilitation is a group of activities that allows the disabled person to learn a new occupation.

3. Access to key social rights and to services by people experiencing poverty or social exclusion

The main goal of this CARITAS CARES country report is to analyse if and how living in poverty or in a condition of social exclusion hinders access to social rights and to services.

Several EU initiatives have been promoted in recent years to tackle inequality, poverty and social exclusion, both in general terms and for specific target groups. The European Parliament, the European Council and the European Commission have taken several policy initiatives to strengthen the social dimension of the European Union, and the most recent initiative in this context is The European Pillar of Social Rights (EPSR).

The European Pillar of Social Rights sets out 20 key principles and rights to support fair and well-functioning labour markets and welfare systems. They are fully described here: Link.

Several of the rights cited by the European Pillar of Social Rights specifically relate to the conditions of people in poverty and social exclusion. This is particularly the case of PRINCIPLE 4 – Active support to employment; PRINCIPLE 11 – Childcare and support to children; PRINCIPLE 14 – Minimum income; PRINCIPLE 16 – Health care; PRINCIPLE 19 – Housing and assistance for the homeless; and PRINCIPLE 20 – Access to essential services.

Another highly relevant instrument is the (revised) European Social Charter (ESC) of the Council of Europe. The most relevant articles of the European Social Charter related to access to services are listed below (Box 1).

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5 Description based on Ministry of Welfare website Link, 05.09.19.

Box 1 - Ratification and implementation of the Revised European Social Charter (1996) related to access to services and minimum income

Latvia has ratified the majority of Articles of the 1996 Revised European Social Charter. The following articles could have an impact on access to services and minimum income:

- The right to vocational guidance (Article 9)
- The right to vocational training (Article 10)
- The right to protection of health (Article 11)
- The right to social and medical assistance (Article 13)
- The right to benefit from social welfare services (Article 14)
- The right of the family to social, legal and economic protection (Article 16)
- The right of elderly persons to social protection (Article 23)
- The right to protection against poverty and social exclusion (Article 30)
- The right to housing (Article 31)

Latvia has not yet accepted the Additional Protocol providing for a System of Collective Complaints. More information on provisions accepted by Latvia can be found in the Country Factsheet.

Both the Pillar and the Charter state the rights to access some specific social rights related to equal opportunities and access to the labour market, fair working conditions, access to social protection and inclusion.

On the basis of national studies and reports, Caritas Latvia has assessed that access to some of these rights is difficult. In particular, minimum income is described as completely inaccessible, while health care, housing and assistance for homeless people do not fully respond to the needs of the vulnerable groups of the population living in Latvia. As has emerged from a survey conducted by Caritas Latvia, the main problems refer to access to healthcare. According to a survey recently conducted by Caritas the main problems described concern the fact that health is the most common problem mentioned among beneficiaries, the majority of whom are senior citizens. The research showed that 56% need to walk more than 15 minutes to reach a pharmacy, and 48% have to walk even longer to reach a doctor. This is a key issue in a country that is rapidly ageing. In addition, approximately 40% say they are unable to pay rent, heating, electricity and telephone costs.

In the following section the difficulties in accessing a few of the services available for those in need are described in detail.

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6 Caritas Latvia interviewed 62 beneficiaries.
4. An assessment of the availability, accessibility, affordability and adequacy of key services and benefits in Latvia

According to Caritas Latvia the supply of welfare measures and services is fragmented and inadequate and different groups of vulnerable people face considerable barriers and obstacles in accessing them. This is, in particular, the case for people with physical and intellectual disabilities, migrants, homeless people, ethnic minorities and young people.

In this section Caritas Latvia describes the main strengths and weaknesses in access to five important services. Three services selected for analysis are common to all Caritas CARES country reports (public employment service, housing policies and early childhood education services) and two have specifically been chosen by the national Caritas and identified as particularly relevant in Latvia: Healthcare service is considered one of the government’s priorities, as problems in accessing healthcare are particularly acute. It is also the most frequently used and required service among Caritas clients. The second type of service identified by Caritas Latvia is services for people with disabilities. Several experts in the field prioritised this area during the interviews conducted.

The main criteria for the evaluation of services are adequacy, accessibility, availability and affordability:

**ADEQUACY:** the service is of good quality and is satisfactory: it is able to respond to the needs of the user;

**ACCESSIBILITY:** the service can be reached or obtained easily, and it is easy to understand and to use;

**AVAILABILITY:** the service exists and it is available for those who need it;

**AFFORDABILITY:** the service is cheap enough for people who need it to be able to afford it.

The assessment has been based on a scale ranging from 1 (the lowest mark meaning that the service is completely not adequate, nor accessible, nor available nor affordable) to 5 which means that it is completely positive.

The main problem evidenced in general for the 5 services is accessibility and the policy/service receiving the most negative response on the 4 criteria is healthcare, while, on the contrary, the service evidencing a positive result is public employment, as the following table shows:
The assessment has been based on a scale ranging from 1 (the lowest score, meaning that the service is completely inadequate, or inaccessible, or unavailable or unaffordable) to 5, which means that it is completely positive.

All services have been assessed for their potential for the most vulnerable group (asylum seekers). Notably, all services have been assigned the lowest scores in terms of their adequacy, accessibility and affordability. However, all services have been deemed to be moderately available.

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<th>Service</th>
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### a. Public employment services have improved and are accessible, affordable and available

Public employment services are services mainly aimed at helping people to find suitable jobs and providing subsidised jobs for unemployed persons.

In times of labour shortages, as is currently the case, employers are ready to accept various compromises, but barriers to accessing jobs remain and they are mainly related to: (1) mobility – not everyone is ready to move to regions where jobs are available; (2) absence or loss of qualifications and skills if people have not worked for a long time; (3) health problems; (4) lack of motivation if social assistance allows one to survive anyway and salaries for unskilled workers are considered inadequate.

The vulnerable groups most affected by these barriers/obstacles are people with physical and intellectual disabilities, migrants, ethnic minorities and people at pre-retirement age.

According to the Caritas assessment, public employment services are largely evaluated as accessible, affordable and available (ranked 4 out of 5), while adequacy is rated 3.

As the unemployment rate is low, employment service providers have to work with people who are frequently not ready for the labour market. Therefore, help should be more tailor made, suited to the needs of different individuals, while in practice it is a more of a ‘choice from a standard menu’. However, the help which is available, can be obtained relatively easily and the time spent working with each client has increased.

In the last few years services have improved. A relatively low number of clients allows agents to spend more time with each person compared to the situation previously. This is a welcome development because the remaining unemployed people face the most difficult barriers in accessing the labour market, but there are good examples showing that some of them can be well integrated into the labour market.
Testimony:

Subsidised jobs can help people to integrate into the labour market. For example, a person with physical disabilities living in the border area with Russia, who had not worked for 9 years officially, was involved in a subsidised job project and was also given a mobility aid because the job was 20 km away. Participation in the project ended in May 2018, but the employer offered this person a permanent job. Both parties are satisfied with the result.

In the last few years the service has improved. Overall, the situation is improving as there are more social housing units, more apartments adapted to special needs (such as for disabled persons). This includes both the building of new homes and adapting existing housing. It is also relevant to mention that access to housing has increased slightly as a consequence of the decreasing population. However, the improvement is slow.

The testimony below helps to illustrate access to this service:

A lonely pensioner, who had previously lived before in the countryside in a private house, has moved to a social house in the centre of the country – here living conditions have improved (there is no need to collect firewood, etc.), as well as opportunities for socialisation (many more opportunities to communicate with other people – e.g. the residents of the house). Other services are also easy to reach from the new location, so he is satisfied with the improved conditions.

b. Housing policy is improving as there is more social housing and more apartments adapted to special needs

As housing services are provided by municipalities, there are significant territorial differences in the availability and quality of these services. One of the unifying factors is that in Latvian legislation the word “homeless” is not defined, thus making it more difficult to provide targeted assistance. Municipalities define priority groups for housing assistance (municipal apartments, social housing, shelters, financial assistance for heating, etc.), but there are no young families among these groups, which can be seen as a lack of long term thinking.

According to the Caritas assessment, the main problem of housing policies is related to accessibility and availability (both ranked 2). On the other hand, the service is considered adequate and affordable (both evaluated as 4). The vulnerable groups most affected by barriers/obstacles in accessing housing services are persons with physical and intellectual disabilities, homeless persons and young families.
c. Early childhood education and care services should be adapted to respond to the needs of those who work in the evenings, at night, on public holidays

The service is primarily targeted at people participating in the labour market, so it does not affect the poorest. Those facing the most difficult situation among those who need the service are single parents - they struggle to combine childcare and work. In this respect, the service is essential. Access to kindergartens is a problem in some municipalities, but they are generally available during the day. It is more difficult for those who work in the evenings, at night, on public holidays, and for those who need babysitters to take care of young children.

However, municipalities have the responsibility of only providing services to children from the age of five – until then, services are only available if the municipality is able to provide them (usually services are available for children between the ages of two to three.

As a consequence, single parents with children aged between one and a half and five years old and parents working in the evening, at night, or on public holidays are those facing the most in difficulty in accessing these services.

According to the Caritas assessment, the evaluation of access to this service is moderately adequate (all criteria were ranked as 3), but as municipalities are not aware of the importance of babysitter services and the differences between these services and those of kindergartens, they are rarely offered. Services are generally available, but the situation varies between municipalities. The cost of kindergarten services is adequate for working people, while the cost of babysitting is so high that this service could be considered as exclusive.

However, in the last few years the service has improved. State support for municipalities with a shortage of places in kindergartens, for which they could contract private providers to set up extra kindergarten facilities, was discontinued in 2017, and large municipalities took over these functions, so in this case the service has improved. Others did not do so, however, and in this case the situation has worsened.

The demographic situation must also be taken into account – a few years ago the birth-rate increased, now it has decreased again, which means that it might be harder to provide service for a few next years and then easier in the longer term.

This example illustrates access to this service.

In 2017 an experimental project with EaSI support was introduced in three municipalities of Latvia to provide childcare (usually babysitter) services for the evening, at night and for holiday workers. The results of the project showed the need for such services and raised the issue that kindergarten services are only available during the day, while some parents work in the evenings, at night and on weekends or holidays. During the project, over 100 parents received babysitter services.

d. State-funded health care services are limited, crowded and not available outside the capital

According to the Caritas assessment, healthcare services are quite adequate but concerns relate to availability, accessibility and affordability (ranked as 2). There are relatively modern medical services available in the country, but not all can afford them. Some people are not only not aware of how to access these services, but sometimes ignorant of their very existence.

The main barriers are financial. The availability of state-funded secondary medical care often involves queues. Patient-financed aid is available earlier, but it is too expensive for the poorest people. Therefore, they arrive at hospital in a bad condition, and only when there are no other options left. The availability of services outside the
capital is also more limited - this applies to both the availability of specialists in general and the quality of services. Some organisational aspects could also be improved because the services are not really patient-oriented.

The vulnerable groups most affected by these barriers/obstacles are children, the elderly, and persons with physical and intellectual disabilities.

Over the last few years the service has improved. The situation has slightly improved as politicians have paid more attention to it over the last couple of years. The main problem remains the salary level of nurses, which is not competitive and affects the quality and availability of all the services. However, at the patient level the situation has improved over the last two years thanks to the introduction of a “green corridor” for oncology patients, and access to services for persons infected with HIV and hepatitis C has improved too. There are plans to increase funding and to improve the use thereof. It is important to put this into practice.

A testimony can help to illustrate access to the service:

Before October 1, 2018 treatment was available only for HIV positive persons with a CD4 count below 500. Now it is available for all HIV positive people. A women aged 35, living outside the capital, found information about these changes in March 2019. Her CD4 count was still above 500. She immediately found the possibility of visiting a doctor in the capital and started the necessary treatment. Availability of specialists outside the capital is still extremely limited (this is also because of difficulty in small towns of hiding the fact that a person is HIV positive if the treatment is given there).

People of working age with a disability are in a critical situation as services are not as available as those for the elderly or children.

In general, employment services are not always aimed at integrating people into the labour market and giving them opportunities to take care of themselves as much as possible, which results in a person not being able to participate in the life of their community after receiving special education to the extent that he or she would ordinarily be able to.

People with disabilities are a very heterogeneous group who need differentiated services. However, their inclusion in a single category creates risks of generalisation, leading to inadequate, or inadequately thought-out, solutions that may be appropriate for one but not for others. Hence, an inadequate service received is also an obstacle to an adequate outcome.

According to the Caritas assessment the main challenges concerning this service are related to adequacy and accessibility (both ranked 2).

There are positive trends in the availability of services and the possibility of reimbursement for the money spent. However, problems arise from the inadequacy of the services. For example, if the state buys crutches from a supplier that provides the lowest price, then their quality will not be high, while a person who is ready to cover the difference in order to get better and more suitable crutches for himself or herself is not eligible to do so. There are also significant queues for receiving aid – that is, the service is not accessible in good time.

In the course of the last few years the service has worsened. There are some positive changes, but at the moment they are somewhat overshadowed by the hasty de-institutionalisation process. On
the one hand, there is a de-institutionalisation project, with the European Union co-financing, and on its own performance indicators. On the other hand, adequate housing supply opportunities, which are the responsibility of the municipalities, are lacking. Housing is not enough. In the long term, the benefits are likely to outweigh the current organisational challenges, but in the short term the human situation at times does not improve, but worsens - both in terms of living conditions and the availability of all the services needed.

A testimony can help to illustrate access to this service:

In practice, the lack of necessary housing in the context of de-institutionalisation can mean the transfer of people from institution A to institution B, and the conditions in institution B may be worse than in institution A. There is the example of Valters, a person with intellectual disabilities. In the first institution, he had communication possibilities - the institution’s planning, where there was a common room, provided for it. Now he is basically imprisoned in a small double room because the whole building consists of similar rooms - there is almost no place for communication outside the room.

5. Use of the minimum income as a measure of inclusion and activation in Latvia

Principle 14 of the European Pillar of Social Rights states that “Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market”.

According to the approach put forward by the EU initiatives (in particular the Recommendation on the active inclusion of people excluded from the labour market, promoted in 2008 by the European Commission9) minimum income schemes have to be viewed through the perspective of the active inclusion approach: they are expected to be universal and to provide integrated support in the form of adequate cash benefits, effective access to enabling goods and services, and to include an activation component for beneficiaries.

Minimum income is a financial support implemented in Latvia and is called the Guaranteed Minimum Income level (Garantētais minimālais ienākumu līmenis).

It has been assessed as completely accessible. The main negative aspect of the measure underlined by Caritas Latvia is that the Guaranteed Minimum Income is the lowest of the income thresholds - currently €53 per month. Considering how low this amount is, it does not involve a significant budgetary risk for the municipalities. Municipalities are entitled to set other thresholds above this level and to differentiate them. For example, in the capital, the threshold for people capable of working is €56.91, for minors €64.03 and for people with disabilities €128.06. There are also other, higher, thresholds related to integration into the labour market, etc., but this does not apply to the Guaranteed Minimum Income level.

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6. Progress made in achieving EU and national social targets

The Europe 2020 strategy sets out the EU’s agenda for growth and jobs for the current decade, having as its main objective the promotion of smart, sustainable and inclusive growth as a way to overcoming the structural weaknesses in Europe’s economy and to tackling Europe’s main inequalities. The Strategy sets out the EU TARGETS to give an overall view of where the EU should be by 2020, based on key socio-economic parameters. The EU targets are then translated into national targets so that each EU member state can check its own progress towards each goal. The ones particularly relevant for this study are those referring to employment and poverty and social exclusion.

In relation to EMPLOYMENT, the target set at EU level is that by 2020 75% of people aged 20–64 are expected to be in work. For Latvia this indicator has been set at 73%, and in 2009 it was at 66.6%, whereas in 2018 it was at 76.8%. Thus, it can be said that the target has been reached and exceeded.

Concerning POVERTY AND SOCIAL EXCLUSION, the EU target foresees a reduction of at least 20 million people in or at risk of poverty or social exclusion. The target set for Latvia was to reduce, by 2020, by 121,000, the number of people living in poverty after social transfers and/or in households with very low work intensity. In 2018 196,000 fewer people were registered as living in a condition of poverty or in social exclusion, as compared to 2010. Also in this case the target was reached and exceeded, but, according to Caritas, solving one problem deepens the other. Now, more that 75% of people aged 20–64 are in work. The risk of poverty for the working population has decreased, but for others it has increased significantly, as the statistical indicators of poverty for different groups in society are relative and interdependent on each other. However, a rapid increase of minimum income keeping pace with a rise in wages could rather reduce people’s willingness to work. During the crisis part of the population lost their jobs and never really returned to the labour market, so social policy faces the problem that living on social benefits has become the norm for part of society. Society is also aging, which also deepens economic inequality.

Absolute poverty has fallen substantially; some of the thresholds that have been set for poverty in recent years have been repeatedly raised. The question concerns the rapid improvement of the situation of people active in the labour market, while the situation of the non-working population is also improving, but at a significantly slower rate. As the reference group for the working population is western European countries, rather than the poorest part of Latvian society, the non-working population does not feel prosperous enough.

Thus, the only solution within the country is to take careful steps to redistribute wealth, while not diminishing the motivation for work or business.

To achieve these targets, the Latvian Government has promoted, over the years, programmes and reforms in line with the EUROPE 2020 Strategy.

• Within this framework the evolution of the socio-economic context in Member States is described each year within the Commission Staff Working Document European Semester Country Report. In 2019, in the area of poverty and social exclusion, the Latvian report identified a positive trend in terms of improvements in the labour market and of a reduction of poverty and social exclusion, but at the same time a serious concern in the area of the delivery of social assistance, housing policy and healthcare services:

• Latvia faces challenges on a number of indicators of the Social Scoreboard supporting the European Pillar of Social Rights. Despite the improvements in the labour market, challenges remain with regards equal opportunities, labour market access, and social protection and inclusion.

• Income inequality remains high, in part due to the low redistributive power of the tax and benefits system. Although the risk of poverty or social exclusion has been decreasing, it remains elevated for people with disabilities, the elderly and the unemployed.

• Given the low spending on social protection, the impact of social transfers is limited.

• The adequacy of social assistance benefits remains low and they don’t sufficiently contribute to alleviating high poverty and inequality.

• The minimum income level reform could bring inequality and poverty in Latvia more in line with the EU average.

• Access to affordable healthcare is a challenge. Although self-reported unmet needs for medical care are decreasing, they remain high.

• Access to adequate housing, particularly for low-income groups, is a challenge. Social housing is scarce and often not fit for living in.

According to Caritas Latvia the situation and problems described in the COUNTRY REPORT reflect quite adequately the reality of poverty and social exclusion in the country.

• In May each year the European Commission assesses the progress made and issues COUNTRY SPECIFIC RECOMMENDATIONS\(^1\) to propose new actions. The recommendations provide policy guidance tailored to each EU country on how to boost jobs and growth, while maintaining sound public finances. The recommendations focus on what can realistically be achieved over the next 12-18 months. In 2018, two of the Recommendations issued for Latvia referred to the improvement of social, health and labour market policies:

1.\(...\). Ensure the sustainability of the health and long-term care and the pension systems, including by increasing the statutory retirement age and by restricting early retirement. Make public services more efficient, including through aligning financing and spending responsibilities.

2. Reduce the tax wedge, especially for low-income earners, by shifting the tax burden to sources of revenue less detrimental to growth. Improve labour market outcomes of women. Improve basic skills for disadvantaged young people and people with a migrant background. Support productivity growth by stimulating digitalisation of businesses and company growth and by reducing regulatory barriers in the service sector.

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The 2019 country specific recommendations\textsuperscript{12} repeat the 2018 recommendation on the reduction of taxation for low-income earners and recommend improving the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities, increasing the accessibility, quality and cost-effectiveness of the healthcare system and investing in affordable housing.

Caritas Latvia welcomes the draft recommendation, in particular the elements referring to improving the adequacy of minimum income benefits, access to quality health care and the availability of affordable housing. Caritas Latvia invites the authorities to consider the findings and conclusions in this report and hopes to be consulted during the preparation of the implementation of the recommendations.

- **Within the NATIONAL REFORM PROGRAMME\textsuperscript{13}** each country describes the reforms foreseen in order to reach the targets set at EU level. The reforms foreseen in 2018 to tackle mainly social inclusion, social protection and health challenges are the following:

  - **Reducing income inequality.** The aim is to reduce the tax burden on the economically active population and population groups at high risk of poverty (especially families with children and people with low income), as well as retired persons. To raise the level of income of the pensioners, in 2018, for old-age pensions with a long insurance period, pension indexation will use a bigger share of the actual increase percentage on the amount of the insurance contribution derived from wages.

  - **Encouraging people at risk of poverty and social exclusion to participate in the labour market.** Starting from the 4th quarter of 2016 and until the end of 2022, within the ESF co-funded project Social Entrepreneurship Support, support is provided for actors within social entrepreneurship, including those taking work inclusion measures, facilitating the employment of certain target groups (the long-term unemployed, elderly unemployed (over the age of 54), the unemployed with dependents, the unemployed with disability or mental disorders) in the social enterprises.

  - **Eliminating discrimination threats and stereotypes, as well as fostering participation of civic society.** The aim is to ensure support measures that will enable groups of the population at risk of social exclusion – including the Roma, third country nationals of a different culture, religion, language and ethnic origin, and persons excluded due to poverty and regional remoteness – to take active part in all aspects of life of European society. To achieve this aim, various forms of civil participation are strengthened and promoted, as well as any kind of discrimination is restricted.

  - **Improving the birth rate and social protection measures focusing on families with children.** The aim here is to ensure and improve both state and local government support for families with children, as well as to encourage parents’ integration into the labour market.

  - **Promoting health care accessibility, availability and quality of services and patients safety through various reforms and initiatives.** The aim of the health care reform is to increase the number of healthy years of life among the population and to ensure the required human resources in health care system by improving the quality and accessibility of health care services funded from the state budget, as well as raising the wages of medical practitioners.

According to Caritas Latvia the reforms foreseen in


the NATIONAL REFORM PROGRAMMES are adequate (ranked 3), but only partially implementable (evaluated as 3) within the foreseen timeframe. Reforms require not only political will but also acceptance by society. Rapid tax changes, that are not beneficial to those with higher incomes, are facing resistance and the potential risks of grey economy growth. The situation of healthcare workers is not homogeneous – there is a strong internal inequality among practitioners and many of those who are in a better position are not interested in redistribution. There is also a need for additional funding for health care, but a rapid redistribution of funding is only possible by reducing funding to others, which leads to inevitable resistance. Therefore, if these are to be adequate long-term goals, then as tasks for 1-2 years they are not realistic. However, these reforms are implementable from a longer-term perspective.

The most relevant policy reform related to the social inclusion/social protection system implemented in the last 2 years, considered as having had mostly a positive impact in promoting access to social rights, addressed the access to health care and it has been promoted by the Ministry of Health. It has taken initial steps to promote more access to the healthcare system by expanding treatment options for HIV and Hepatitis C patients, increased funding for psychiatry, provided a ‘green corridor’ for oncology patients to start treatment earlier. However, much more should be done to improve the situation in healthcare more significantly. It is important that there has been political will, for several years already, to implement reforms in healthcare.

On the other hand, the most relevant policy reform considered as having had mostly a negative impact concerns the policy of income support/minimum income and has been promoted by the Ministry of Finance and the Cabinet of Ministries. It has raised the minimum wage from €380 to €430 per month, from 2018, but without changing the threshold at which a person is recognised as poor. By the end of 2010, there was a link between the minimum wage level and this threshold (poor status was granted if income did not exceed 50% of the minimum wage). Since then, the threshold has been frozen at the level of €128.06. The minimum monthly wage was €320 in 2014, €360 in 2015, €370 in 2016, €380 in 2017, but in 2018 it was raised very significantly - to €430. Thus, inequality between people participating in the labour market and the poorest members of society has increased significantly.
7. The use of EU Funds 2014–2020

In the multi-annual financial framework of 2014–2020 within the Europe 2020 Strategy, the fight against poverty and social exclusion has been considered to be on an equal footing with the other EU targets and objectives. In the regulations adopted for this new period, more effort has been put in place to ensure that the challenges around social inclusion are addressed: 20% of the European Social Fund (ESF) should be dedicated to policies and measures aimed at promoting social inclusion, and a specific fund – the Fund for European Aid to the Most Deprived (FEAD) – has been implemented to support Member States in the fight against poverty and social exclusion.

In Latvia, ESF funding has been used in line with the objectives of the Fund, even if it is currently more successful at promoting employment. In the meantime, the oldest citizens, as well as children, have received relatively little funding within the framework of the Fund. Thus, if ESF funding has indeed reduced absolute poverty, then relative poverty has actually been promoted under conditions of rapid economic growth (it is not worthwhile promoting employment in a situation when employers are intensively looking for workers – social inclusion is something that should be promoted much more in such a situation). With growth rates slowing down, the impact of the fund’s support could become more balanced.

According to the debate and preliminary results, while the use of the ESF hasn’t been adequately used to fight poverty and social exclusion (ranked 2 in our survey), FEAD is considered as having been adequately used (rated 4).

Caritas Latvia is directly involved in the implementation of the ESF but indirectly involved in the implementation of FEAD.

8. Caritas Latvia promising practices

A good and innovative practice, which has proved to be particularly successful, has been recently implemented by Caritas Latvia in order to promote the inclusion of people at risk of social exclusion:

- The programme is called Social services for children with disabilities. It is intended to promote better inclusion of children with disabilities and their families. The planned actions are: the promotion of a day care centre and the provision of social rehabilitation of disabled children, and social care at home. The aim is to involve 50 of Riga’s resident children. It is not possible to estimate any result yet because the project started in March 2019. More information on the project can be found here: http://www.caritas.lv/2019/03/14/4753/.
Conclusions

On the basis of national studies and reports, Caritas Latvia assesses that access to some social rights is difficult. In particular, minimum income is described as completely inadequate, while health care, housing and assistance for homeless people do not fully respond to the needs of the vulnerable members of the population living in Latvia.

Access to employment services is easier in a period of labour shortages but at the same time providers have to work with people who are frequently not ready for the labour market. Therefore, help should be more diversified, and better suited to the needs of different individuals, while in practice it is a choice from a standard menu. However, the help, which is available, can be obtained relatively easily and the time spent working with each client has increased.

As housing services are provided by municipalities, there are territorial differences in the availability and quality of these services and some target groups are excluded, such as young families.

Childcare services are primarily targeted at people participating in the labour market, so it does not affect the poorest. Among those who need the service most are single parents and those who work in the evenings, at night, and during public holidays.

Healthcare services are quite adequate but concerns are related to availability, accessibility and affordability: there are relatively modern medical services available in the country, but not all can afford them. Some people are not only not aware of how to access these services, but are sometimes ignorant of their very existence.

People of working age with a disability are in a critical situation as services are not as available when compared to services available for the elderly or children. In general, measures are not always aimed at integrating people into the labour market and helping them to take care of themselves as far as possible.

According to Caritas Latvia there are a few reforms at national level needed to address poverty, social exclusion and access to services more effectively. In particular Caritas Latvia suggests that is necessary to re-establish the link between the threshold below which individuals are considered to be poor, on the one hand, and the minimum wage or other indicators that influence the level of welfare in the community at a given time, on the other.

Over the last few years, ESF funding could have been directed to a greater extent to reducing inequality. However, as the pace of economic growth is currently decreasing, changes are probably no longer needed here. However, it is essential to monitor the situation with a holistic, rather than just a separate goal level, approach.
Recommendations

Caritas Latvia suggests two recommendations:

At national level

**Recommendation 1:** Improve the adequacy of minimum income by restoring the interconnection between the poverty threshold and minimum wage
Establish the link between the poverty threshold on the one hand and the minimum wage on the other.

**Recommendation 2:** Improve accessibility and affordability of health care services
It is necessary to invest more in the healthcare sector in order to address the waiting lists and waiting times of patients, the cost for the patient, as well as the availability and retention of health care staff.

**Recommendation 3:** Accept articles 23 and 31 of the Revised European Social Charter, as well as the additional protocol providing for a System of Collective Complaints.