

Country Latvia

Analysis of Minimum Income Scheme

**SUMMARY**



Association "EAPN-Latvia"©

Lelde Cālīte  
Laila Balga

Date: 24 October 2014

Tender N° VT/2011/100 Pilot project – Social solidarity for social integration

**Summary of road map of EAPN-Latvia  
for the progressive realisation of adequate Minimum Income Scheme**

*Key obstacles identified in relation to the development of adequate and acceptable Minimum Income Scheme*

Minimum income levels currently in force in Latvia (Guaranteed minimum income (GMI), level of income of poor and low-income people) are not related to indexes characterizing socially economic situation – unjustified amount of minimum income levels.

Other amounts of minimum income (for example, minimum pension, tax allowance etc.) respectively result from other criteria related to inadequate minimum income level – not transparent and not clear conditions on determination of different minimum income amounts.

State and municipal transfers (benefits, pensions and other) are not targeted to poor inhabitants enough – after receipt of the benefit poor people are still on the line of poverty risk.

As from 1<sup>st</sup> January 2014 in Latvia it is not foreseen to collect information on the “consumer basket”, however the Government is declaratively foresees to renew it until 2018. Social support politics in the country in general in relevant to current situation and therefore person with ensured minimum income is not motivated to get involved in the employment market. It is hard to decrease the “poor persons” syndrome of person, receiving guaranteed minimum income and benefits, in order for his life not to be based on this type of income; there is no adequacy among minimum salary, GMI and benefits; the prestige of family has been lost. For a person without special knowledge the terminology related to his income and bureaucracy in state and municipal institutions are hard to be understood. The role of social services is not adequate enough and with too much influence in municipalities in relation to allocation of poor person’s status. Senior is only able to satisfy his basic needs if there is a relative helping him or if this senior is receiving pension and works additionally. All people in Latvia have the same opportunities to socialize not limited by gender or age; the important thing is personal desire to reach the target. However the person who has his minimum income provided cannot satisfy all his basic needs for maintenance of appropriate health condition, as well as they can only partly satisfy all their needs and needs of their children for acquisition of the education.

Government foresees that as from 2017 the minimum income level will be set in the amount of 40% of median income. The Ministry of Welfare stresses out that the minimum income level is not a fixed amount – the amount thereof will change every year, taking into consideration the income in possession of households.

*Key proposals for the progressive realisation of adequate Minimum Income Scheme that identified and indicated the consensus that developed in relation to the proposals. Steps indicated to try to achieve Government support for the proposals*

1. The following “consumer basket” is to be ensured per month for satisfaction of needs in one household: in city – 755 EUR, in countryside – 325 EUR; for satisfaction of needs of one person: in city – 189 EUR, in countryside – 81 EUR.
2. In order for a person who has is minimum income ensured for him to be motivated to get involved in the employment market, it would be necessary to increase salary; to decrease taxes.

3. In order to decrease the “poor person’s syndrome” of the person who can receive the GMI and benefits, for his life not to be based on such type of income, cooperated state, municipality and employer activity program shall be developed according to current actual situation.
4. In order for person to understand definitions related to his income as “minimum income”, “poor person’s status” and other, a wider, fuller and more simplified explanatory procedure is necessary.
5. In order to decrease free handed role of social services in municipalities related to allocation of poor person’s status to people, it is necessary to promote collegial decision making procedure; to determine one state rate for municipalities towards poor people and low income people; to establish a special commission for services for operation in critical situations.
6. In order to satisfy basic needs of senior receiving minimum pension/income, it is necessary to arrange general health care at first.
7. In order for people of different ages and genders, who have their minimum income ensured, to be able to socialize, it is necessary to establish “one stop spot” in both state and municipality and to provide more personal attitude to the client; to promote involvement in nongovernmental organizations, informal training of educational institutions, municipal culture and sports centres and other.
8. In order for a person who has is minimum income ensured for him to be able to satisfy all his needs related to maintenance of the health condition, overall state health insurance is required.
9. In order for a person who has is minimum income ensured for him to be able to satisfy all his needs and need of his children for acquisition of a relevant education, GMI and the tax allowance should be at least 320 EUR per month.

EAPN-Latvia performs following arrangements in order to meet suggestions of NGO: on proposals to Government there are at least 35 NGOs joined, Riga City Council and 19 local municipalities; on 22<sup>nd</sup> May 2014 there was a contract concluded with the Ministry of Welfare; representatives allocated for work in Commission of Social and employment matters of Saeima of the Republic of Latvia and in commission of European matters, as well as in Riga City Council; the cooperation with particular deputies of Saeima of the Republic of Latvia and deputies of European Parliament from Latvia developed; work group of strategic planning developed, operating in the entire NGO sector and municipalities gets involved in the development of the offers on social, employment and gender equality matters; regular publicity in media of position of EAPN-Latvia provided.

#### General Messages/Conclusions

In Latvia there is no support provided for people, not able to do the respectful work or to receive social guarantees, or for people, who have these rights and opportunities expired. There is chaos in laws and regulations in Latvia and state has not taken full responsibility for provision of necessary income of inhabitants. There are no criteria developed for determination of GMI in Latvia. Neither in state nor non-governmental sector there is any open discussion initiated on determination of unified GMI level in member states of European Union. The living level of majority of inhabitants of our state in general is not at the level of position of a respectful human.

Currently the GMI level of poor people under the law in Latvia is **49,80 EUR** per month. Project of 2014 of the Ministry of Welfare is targeted to 160 000 the poorest inhabitants, foreseeing the increase of the GMI level up to **129 EUR** per month.

In the opinion of NGO each and every inhabitant must be provided the relevant GMI level no lower than the amount of the minimum salary, i.e. **320 EUR** per month in 2014.