



**To: European Anti Poverty Network**

**EAPN-Latvia's activities  
to ensure the legislative changes related to the GMI value in Latvia**

Guaranteed Minimum Income (GMI) is an indicator that serves as an effective tool for preventing and reducing poverty of certain groups of the population.

A GMI benefit - it is a cash and material benefit or just cash or material benefit granted by the municipality to the families or persons living separately who, due to the objective circumstances, do not earn a sufficient income and who have been identified as people experiencing poverty. This benefit ensures the guaranteed income level for each family member, which from 2020 is 64 euros per month in Latvia.

EAPN-Latvia for a long time has regularly pointed out the shortcomings in the determination of the GMI value and the application of it:

1. No methodology has been developed yet to calculate the GMI value. EAPN-Latvia believes that the minimum amount of consumption resources needed to meet the human needs can best be described by the subsistence minimum consumption budget (minimum consumer basket), which is expressed as the amount of material goods and services necessary for life that ensures the restoration of human working capacity.

The basis for setting this budget is the regulatory method (which is the basic economic method) and it covers the regulatory framework for material goods and services. These norms are scientifically justified and reflect the objectively required amount of resources to meet the human needs. These norms need to be inventoried regularly, as both - the human needs and the forms and resources for meeting those needs tend to change. Without knowing the minimum subsistence level, an effective social policy cannot be developed.

2. The existing GMI value in Latvia (from 2020 - 64 euros) is several times smaller than the actual required value (determined by other studies).
3. The GMI value has not been regularly reviewed in order to be adjusted to the increasing prices.



4. In fact, ensuring the GMI value is unilaterally the responsibility of the relevant municipalities, without any analysis of their financial capacity.
5. The statistical data on household incomes and consumption habits are evaluated with the 2-3-year delay. This creates the risk that the conclusions made and the measures adopted may not correspond to the real situation.

In search of a solution, the EAPN-Latvia has repeatedly informed the relevant state institutions about its position regarding this issue. However, no effective actions were taken to address the identified shortcomings, explaining this by the lack of resources in the budget.

The Ombudsman has assessed the EAPN-Latvia's contribution for several years, taking an important step in resolving the issue of insufficient GMI value by submitting (within its mandate) an application to the Constitutional Court of Latvia on October 1<sup>st</sup> 2019, specifically on the non-compliance of the Regulations of the Cabinet of Ministers of 2012 on the guaranteed minimum income level with the clauses of the Satversme (Constitution) of the Republic of Latvia, on the grounds that the GMI level set by the government does not ensure a decent standard of living.

At the request of the Constitutional Court of the Republic of Latvia, on February 10<sup>th</sup> 2020 the EAPN-Latvia working group headed by Andris Burtnieks, Doctor of Economics, provided a written opinion on the abovementioned Ombudsman's application.

This EAPN-Latvia's opinion was also sent to the European Commission in Brussels, the Representation of the European Commission in Latvia, the State Audit Office and the Ministry of Welfare.

On May 19<sup>th</sup> - 26<sup>th</sup> 2020 the Constitutional Court of the Republic of Latvia invited experts from the Saeima (Parliament), the Ministry of Welfare, Latvian Union of Municipalities, the Bank of Latvia, the University of Latvia and the scientific community to hear this case, as well as listened to the opinion of the EAPN-Latvia expert Andris Burtnieks, Doctor of Economics.

The decision of the Constitutional Court of the Republic of Latvia made on June 25<sup>th</sup> 2020 was favourable to the Ombudsman and fully complied with the interests of EAPN-Latvia. The Constitutional Court acknowledged that the current Latvian practice of determining the GMI value does not comply with the Satversme (Constitution) and that a new methodology for determining the GMI value must be developed. The Court also emphasized that the GMI value should be sufficient to meet basic human needs so that every person experiencing poverty can lead a life of dignity.



## EAPN-Latvia's operational background

Significant EAPN-Latvia's support for the Ombudsman was the EAPN-Latvia conference "Consumption budget and reducing inequality: Are we ready?", held in Riga in November 2019 with participation of the Adviser to the President of the Republic of Latvia, representatives from the Central Statistical Bureau, the Ombudsman, the Ministry of Welfare, the Latvian Free Trade Union Confederation, scientific - research institutions and members of the EAPN-Latvia European Social policy working group. Eight foreign experts from the non-governmental organizations listened to the introduction of this conference. Afterwards, the invited representatives from each institution presented their institution's position and work on this issue, however, a unified view could not be established.

Previously, from November 2013 the EAPN-Latvia became involved in the European Minimum Income Network - EMIN, three experts prepared a Report on Minimum Income Schemes, the Network organized meetings and a national conference with participation of representatives from the Ombudsman, the Ministry of Welfare, the University of Latvia, the State Employment Agency, Riga City Council, trade unions and non-governmental organizations, incl. from Lithuania and Denmark. 35 NGOs and 20 municipalities were represented at this conference. In August 2014 EAPN-Latvia submitted its report on the GMI value in Latvia (in 2014 it was 49.80 euros per month) with a request to the government to set it at 320 euros.

In 2017 and 2018 EAPN-Latvia repeatedly participated in EMIN-2 activities, informing the general public in Latvia about the noncompliance of GMI value: it established an EMIN working group and approved the strategy, paying special attention to publicity measures, incl. collecting signatures on the Internet portal for increasing GMI value (currently 4963 persons have signed it, while 10 000 votes are required to submit it to the Saeima).

EAPN-Latvia organized in Riga the discussions between the specialists from the Ministry of Welfare, the Central Statistical Bureau, the University of Latvia and the residents; also organized discussions with the people in the poorest regions of Latvia, attracted the EMIN Honorary messenger from the European Latvian Association; received the European EMIN bus in Riga, Bauska and Ainazi, met with a Member of the European Parliament and a representative of the European Commission Representation in Latvia, as well as collected more than 400 signatures on the Petition, which was later submitted to the European Commission.

In October 2018 the EMIN International Conference "Strengthening Non-Governmental Organizations for Effective Protection of Social Rights" took place in Riga and was attended by 15 foreign experts and more than 60 representatives from



NGOs, educational institutions, state and municipal institutions and companies from Riga and other regions of Latvia.

Considering that the Latvian government has to comply with the decision of the Constitutional Court, EAPN-Latvia considers it necessary to continue collecting the Latvian citizens' signatures regarding the GMI value, as the current draft decisions envisage increasing GMI value from 64 euros to just 80 euros per month, which we don't consider to be the enforcement of the Constitutional Court decision.

For more information:

<http://www.eapn.lv/emin2/>

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Riga, July 29<sup>th</sup>, 2020.