



EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# Social protection and inclusion policy responses to the COVID-19 crisis

## Latvia

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**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion  
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**European Social Policy Network (ESPN)**

**ESPN Thematic Report:  
Social protection and inclusion  
policy responses to the  
COVID-19 crisis**

**Latvia**

**2021**

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Manuscript completed in February 2021

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## SUMMARY

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Latvia, it was 6,114. The total number of deaths per 100,000 people was 151 for the EU-27, versus 111 in Latvia.

In response to the pandemic, the government both temporarily adjusted already existing measures and introduced new ones. The adjustments include automatic prolongation of a needy person's status, co-financing of the municipal-level benefit for crisis situations by central government during the emergency situation, and changes in eligibility criteria for unemployment benefit. Most of the measures introduced were absolutely new for the country, such as: different furlough allowances and supplements; flat-rate unemployment assistance benefit; special sickness benefits for coronavirus patients and quarantined people and for patients with respiratory disease; sickness aid for parents of children on distant learning; and an allowance for young specialists.

Observing the consistent evolution of support measures legislation, one should note the gradual expansion of the range of applicants, the increase in both the upper and (especially) lower limits, the relative advantage granted to workers on non-standard contracts, and the reduction of bureaucracy. In spring 2021, a one-off allowance ("helicopter money") was paid to parents of dependent children (€500) and to pensioners (€200).

The shortcomings of the benefit system that were highlighted by the first wave of the pandemic were partially corrected by the regulations for the second wave. None of the measures, however, is supposed to remain a part of the social protection system after the pandemic. For most of the measures, the end date is currently set at 30 June 2021, and only for some is it 31 December 2021.

The numbers of recipients of many of the measures are not available yet. Where the numbers are available – for furlough allowances, lump-sum sickness aid benefit and unemployment assistance benefit – the actual number of recipients is considerably lower than the initial estimates. Since the start of the pandemic, half a billion euros have been reserved from the state budget to help residents and the employed, and almost the same amount has been reserved under various programmes for entrepreneurs. However, strict criteria for the distribution of money made it difficult to reach the target group. The actual amount of aid paid was less than planned, which indicates the presence of insurmountable bureaucratic barriers.

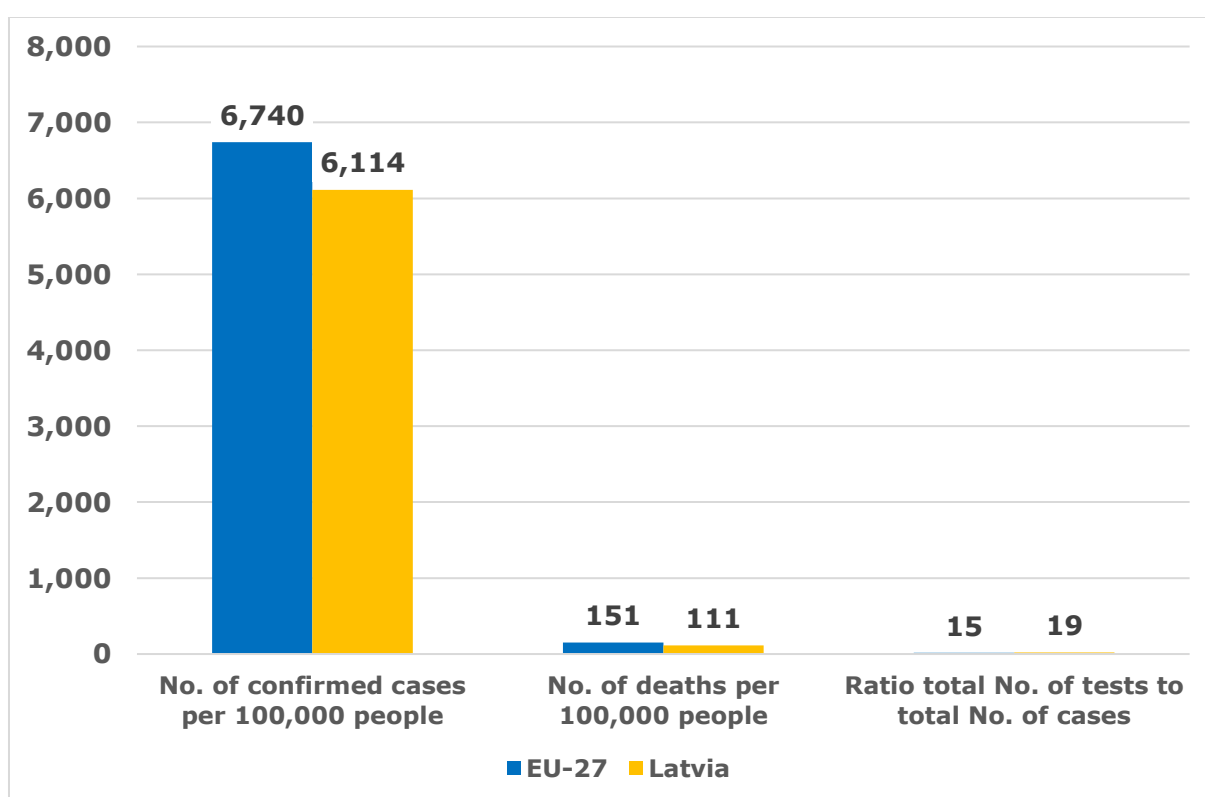
Although several gaps could be identified during the elaboration of the support measures and additional social benefits in response to the COVID-19 crisis, the reaction of the government has proved its ability to be flexible and fill in the identified gaps. However, not all the shortcomings have been highlighted and addressed. First, there are no specific targeted support measures in the field of housing, as it is completely delegated to the municipalities. Second, there are gaps in terms of the support measures' relevance to the potential beneficiaries, as in the case of the lump-sum sickness aid benefit.

# 1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT<sup>1</sup>

## 1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Latvia, it was 6,114. The total number of deaths per 100,000 people was 151 for the EU-27 versus 111 in Latvia. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 18.8 for Latvia.

**Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Latvia)**



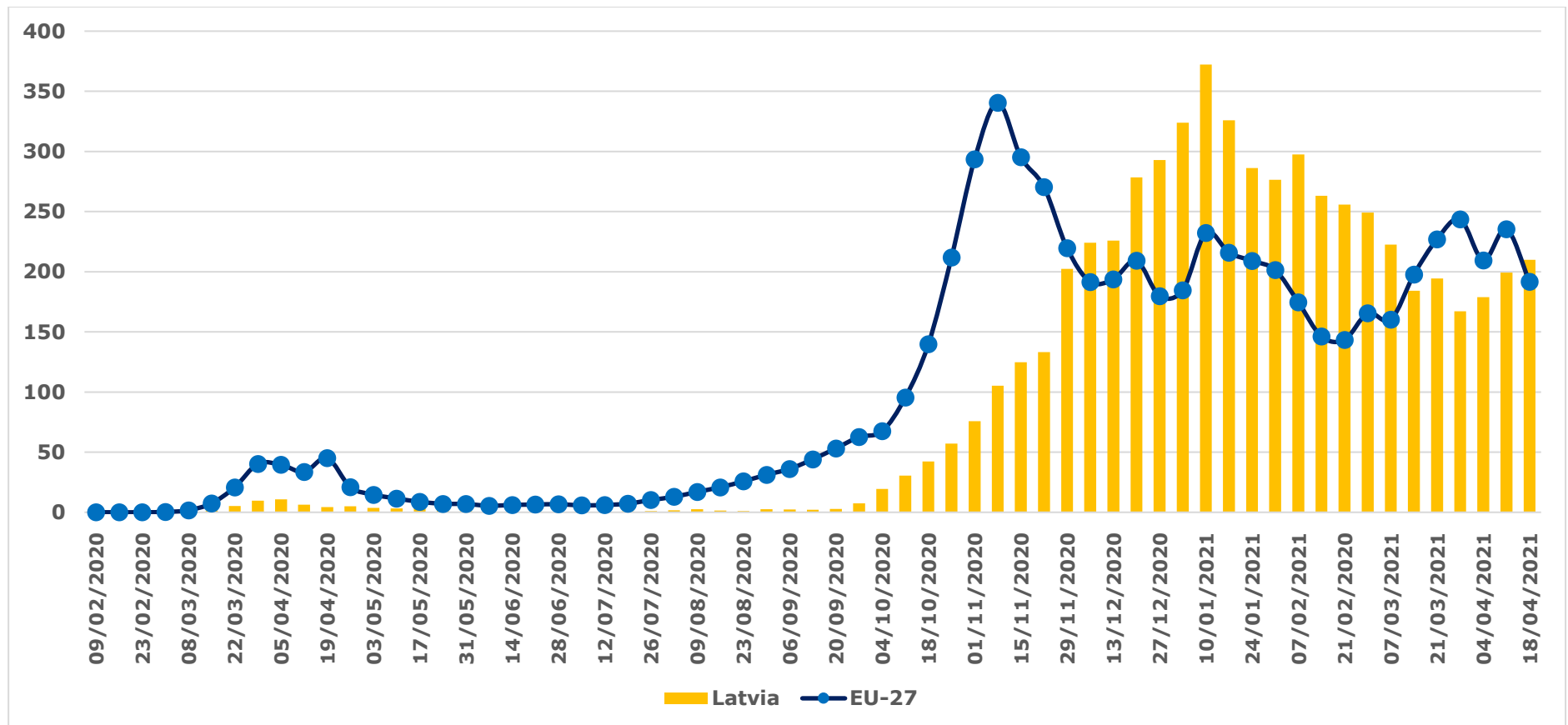
Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

<sup>1</sup> Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).



In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Latvia, it was 209.8.

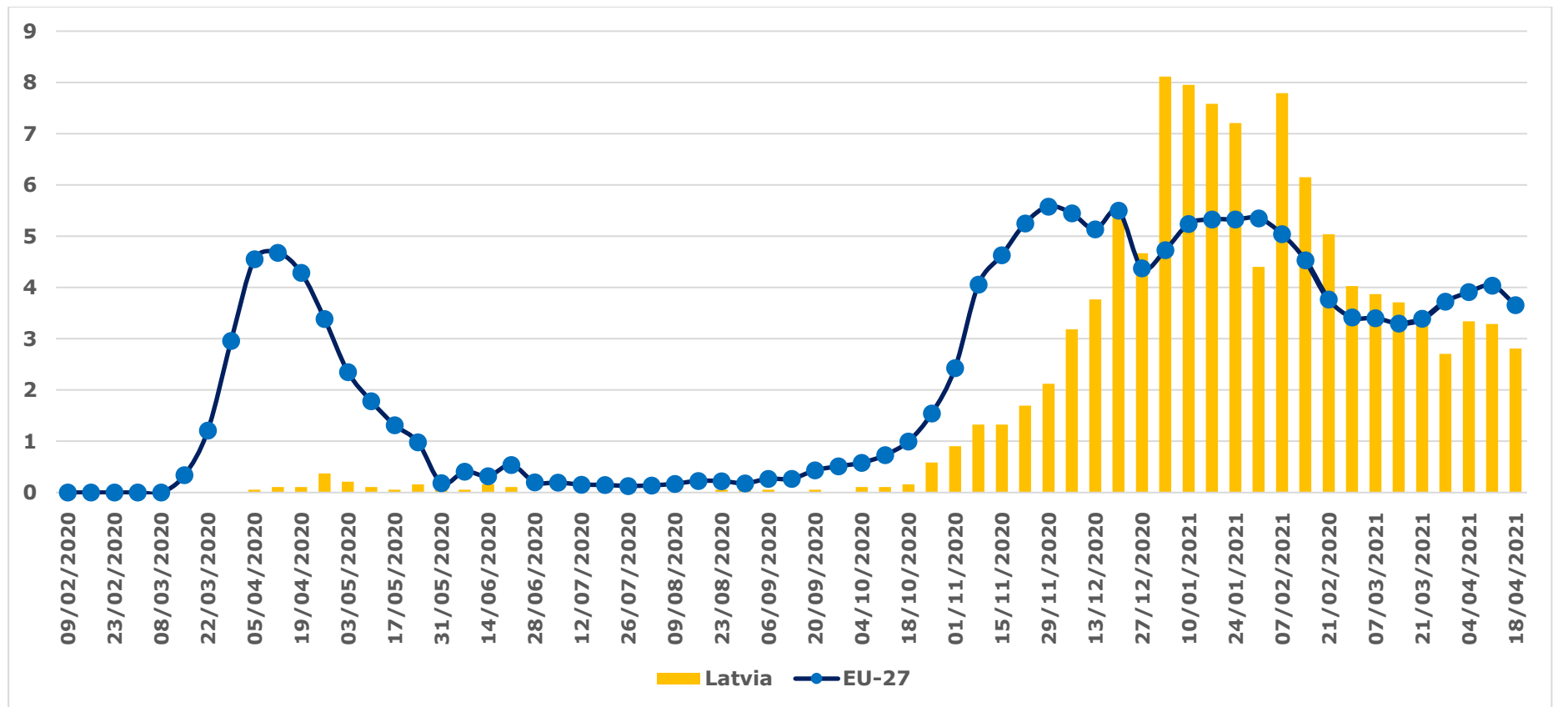
**Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Latvia)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Latvia, it was 2.81.

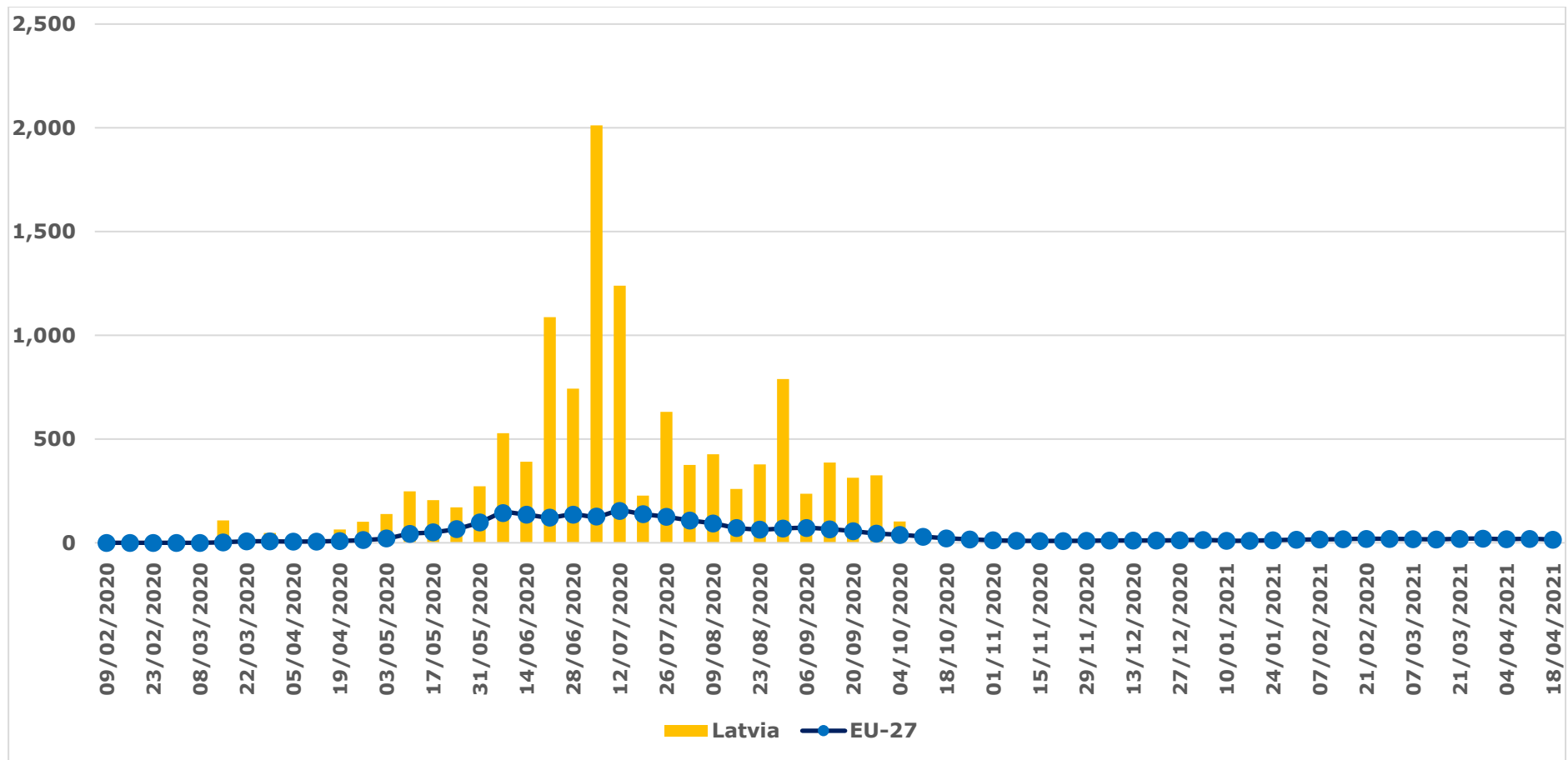
**Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Latvia)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Latvia, it was 25.9.

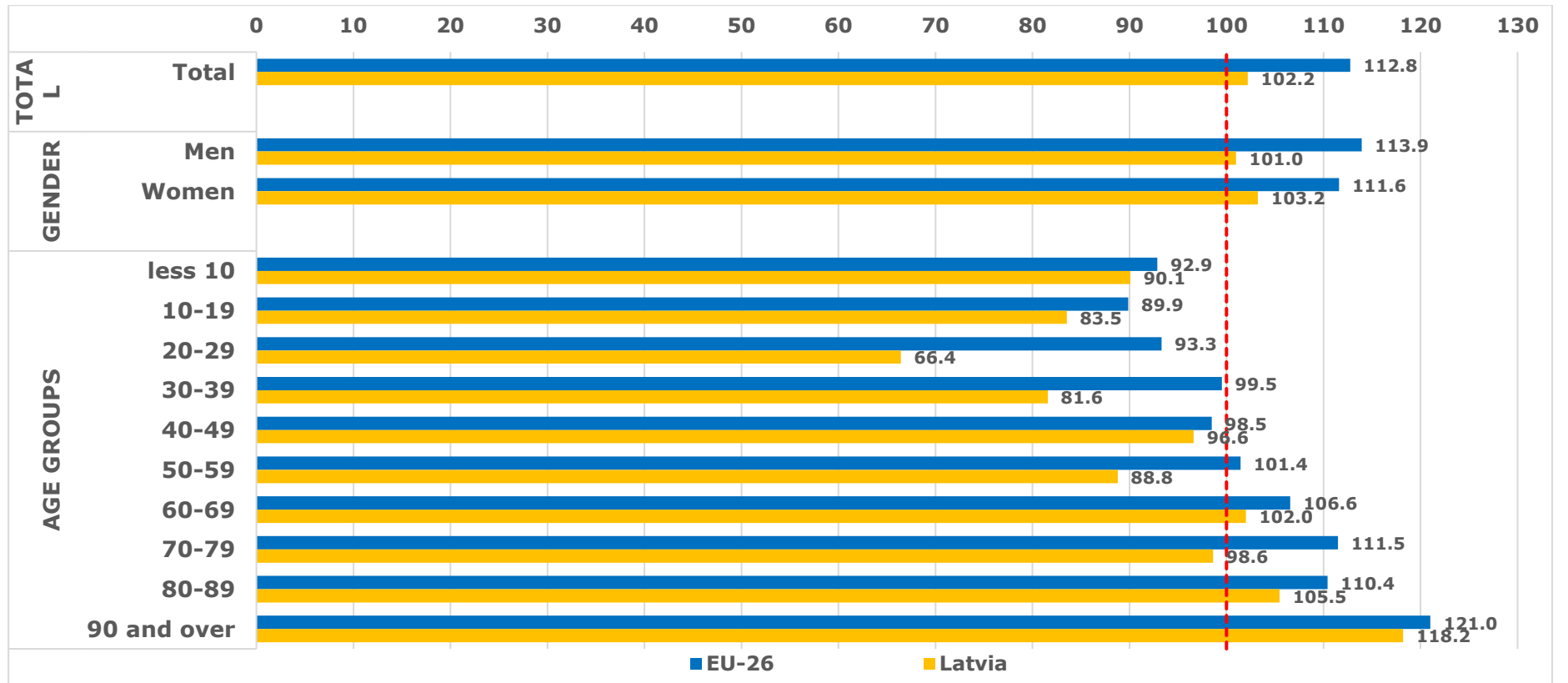
**Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Latvia)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 102.2% in Latvia. For the EU-26, it is 113.9% for men and 111.6% for women. In Latvia, these gendered ratios are 101.0% and 103.2% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 118.2% for Latvia.

**Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Latvia))**

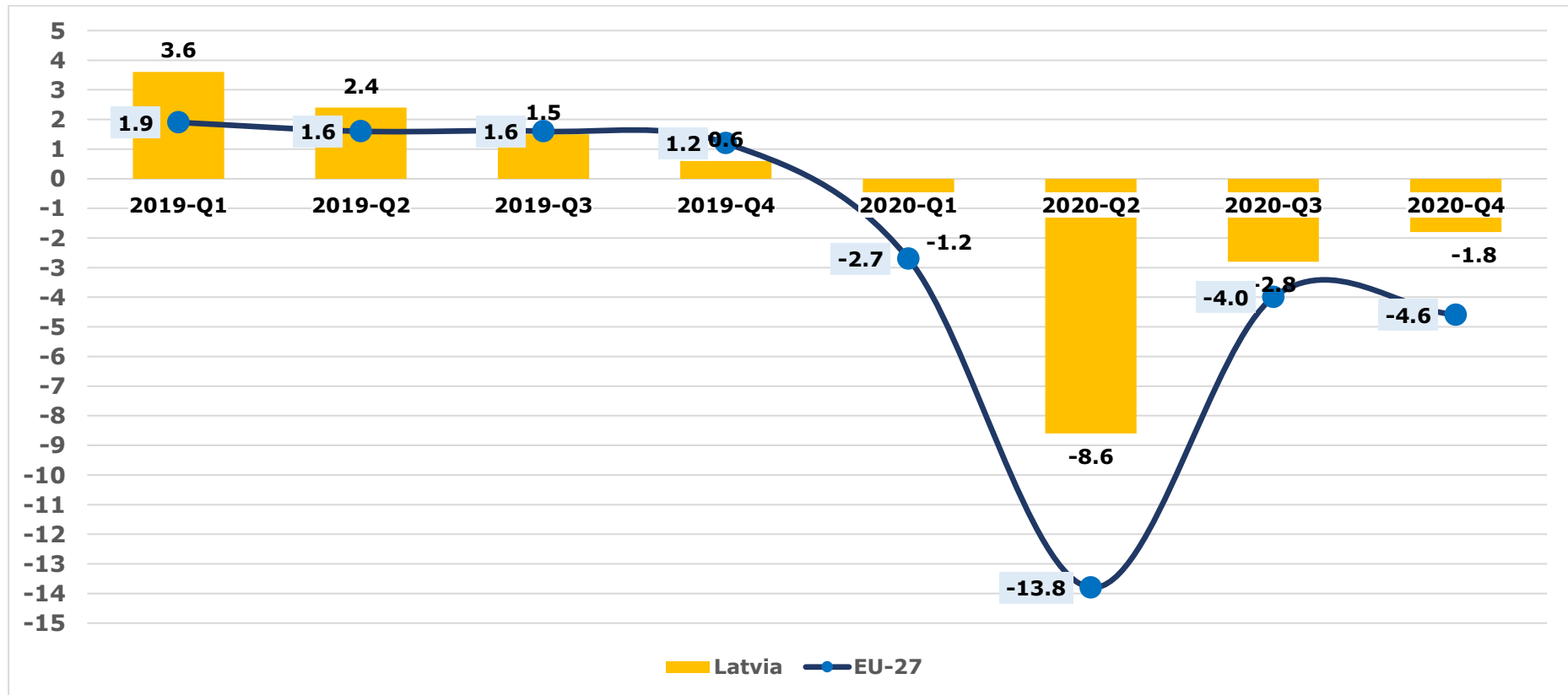


Source: Eurostat - indicator [DEMO\_R\_MWK\_10\_\_custom\_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

## 1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Latvia, the decrease was 1.8% for the same period.

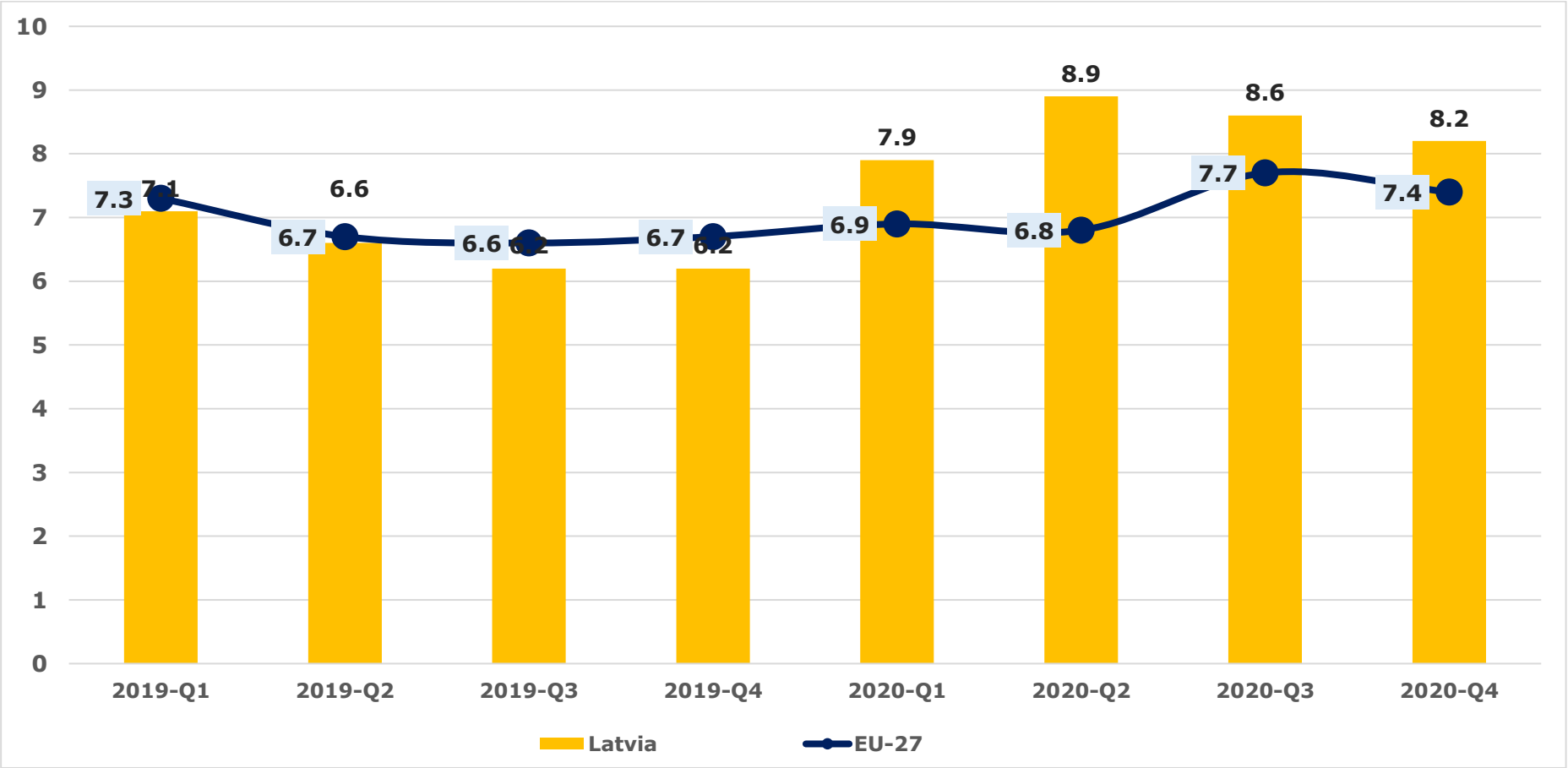
**Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Latvia, %)**



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ\_10\_GDP\_\_custom\_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Latvia, it is 8.2%.

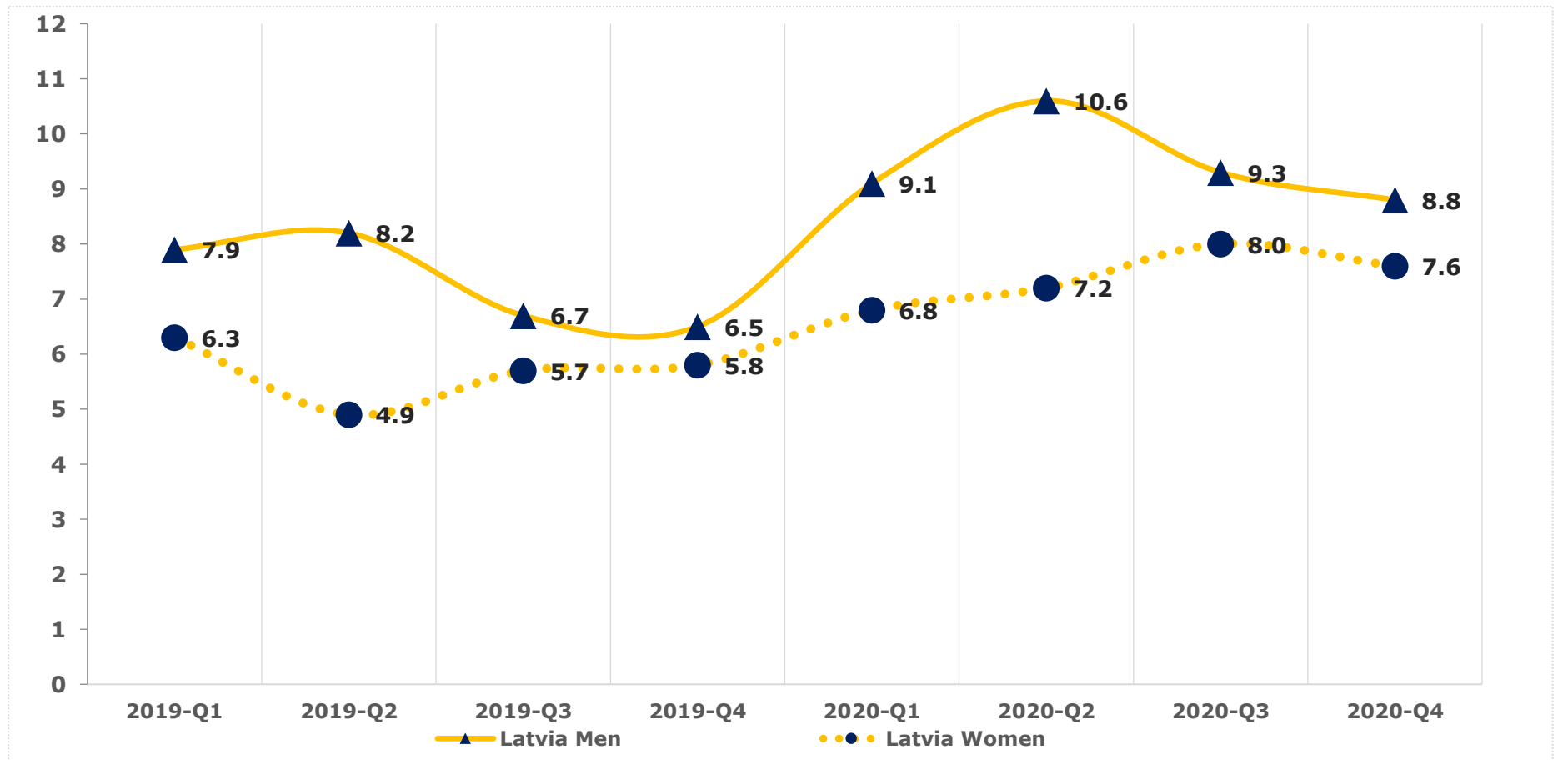
**Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Latvia, %)**



Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Latvia, these figures are 8.8% and 7.6% respectively.

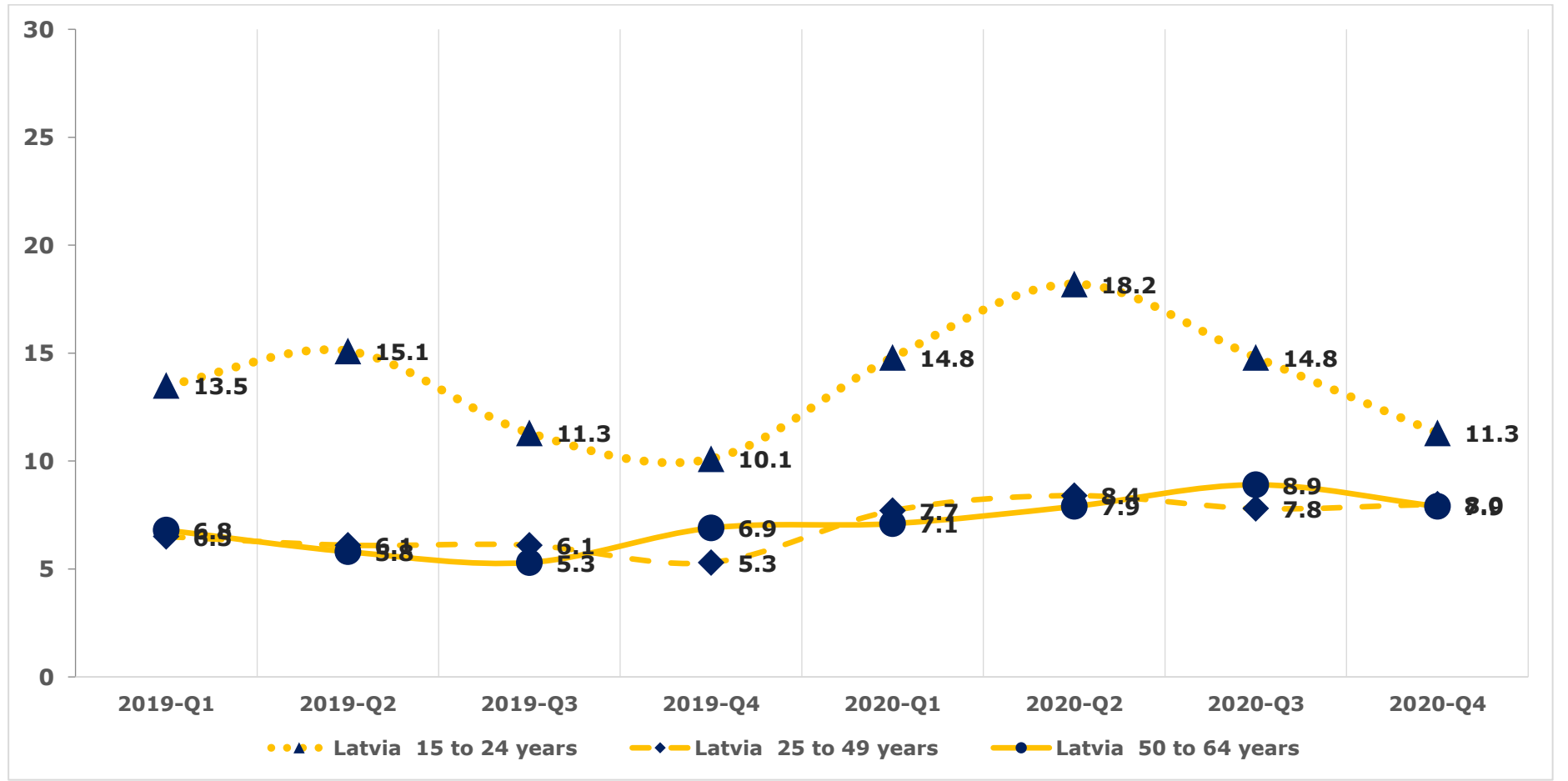
**Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Latvia, %)**



Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Latvia, it is 11.3%.

**Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Latvia, %)**

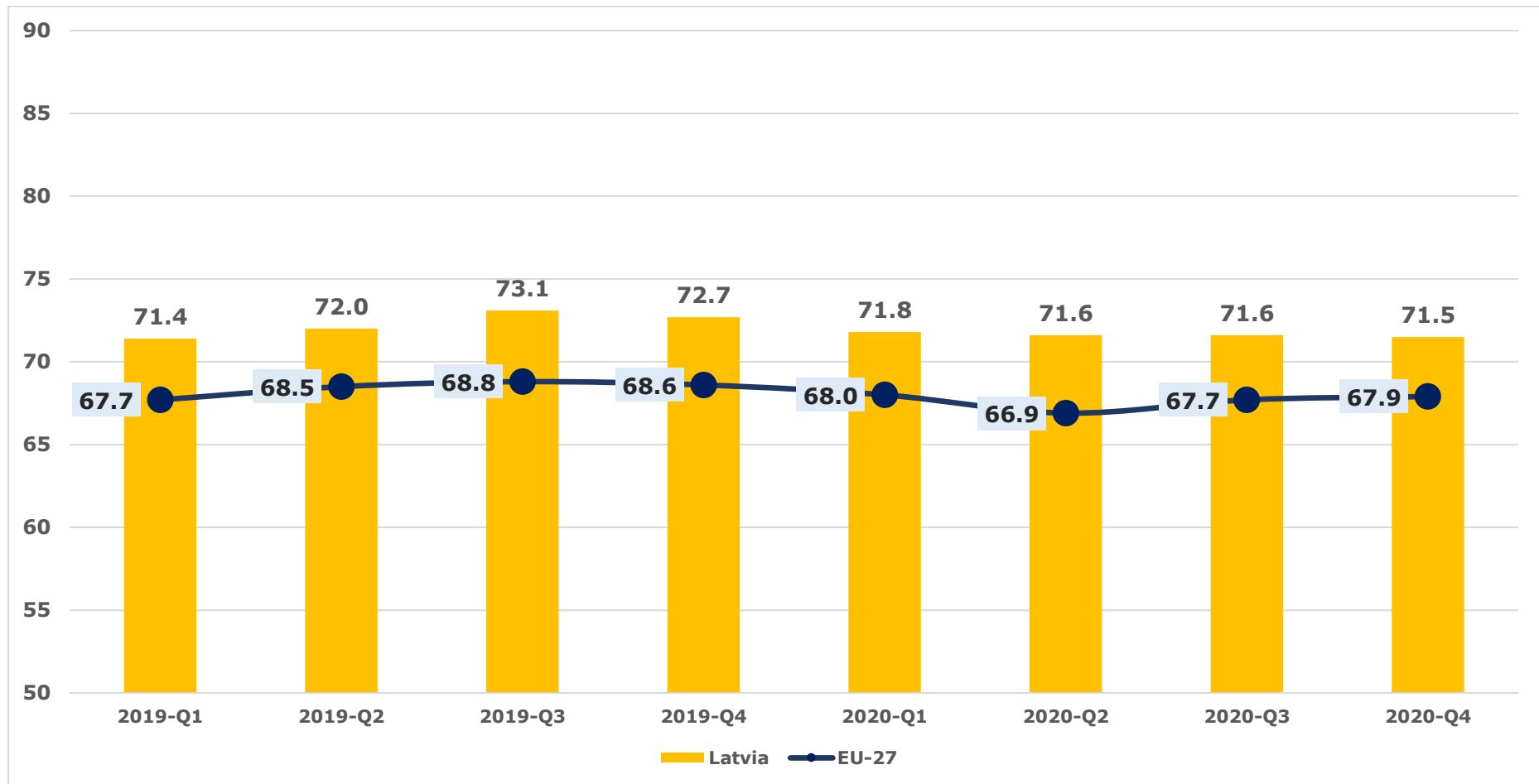


Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.



In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Latvia, it is 71.5%.

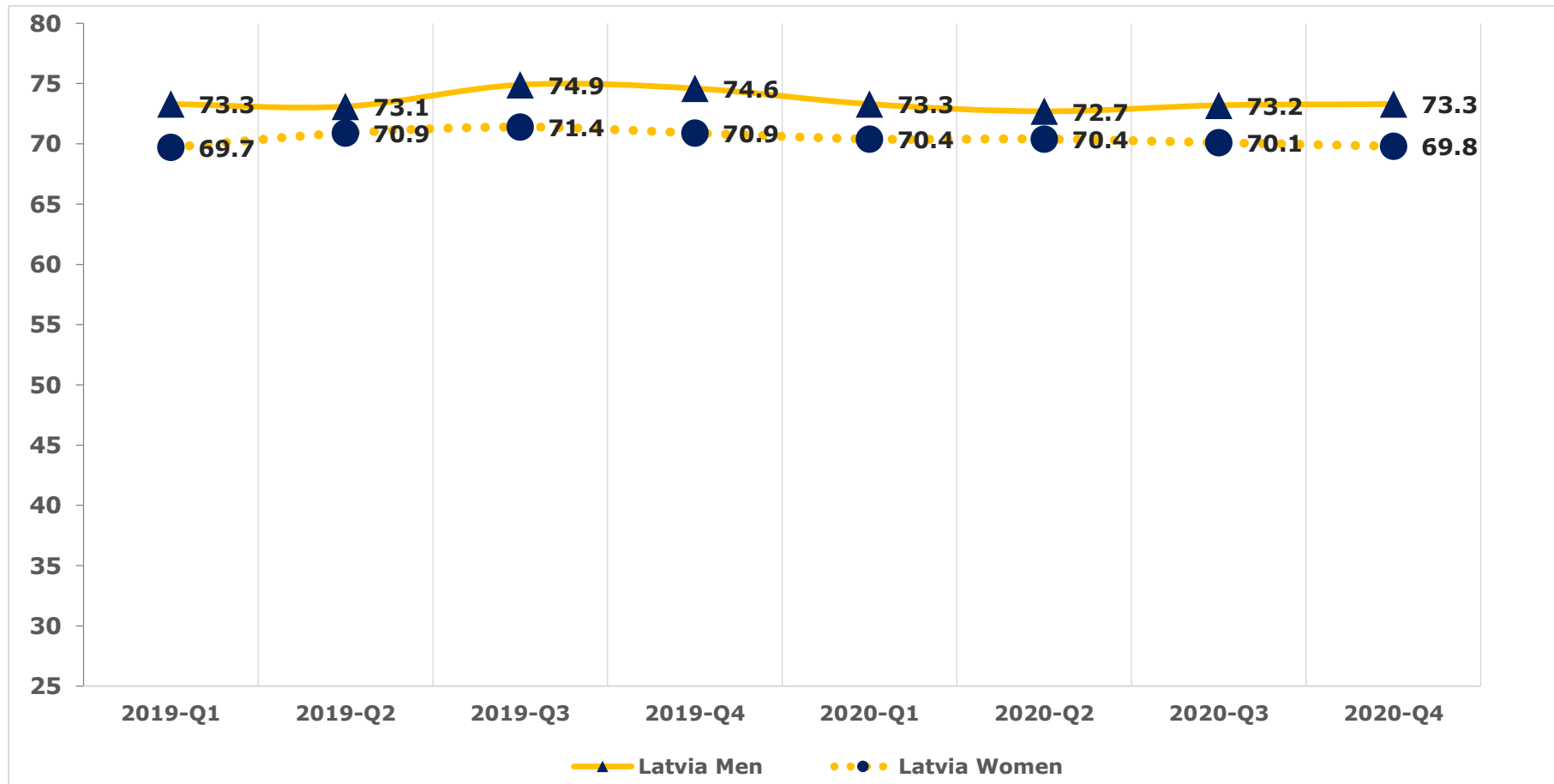
**Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Latvia, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Latvia, these figures are 73.3% and 69.8% respectively.

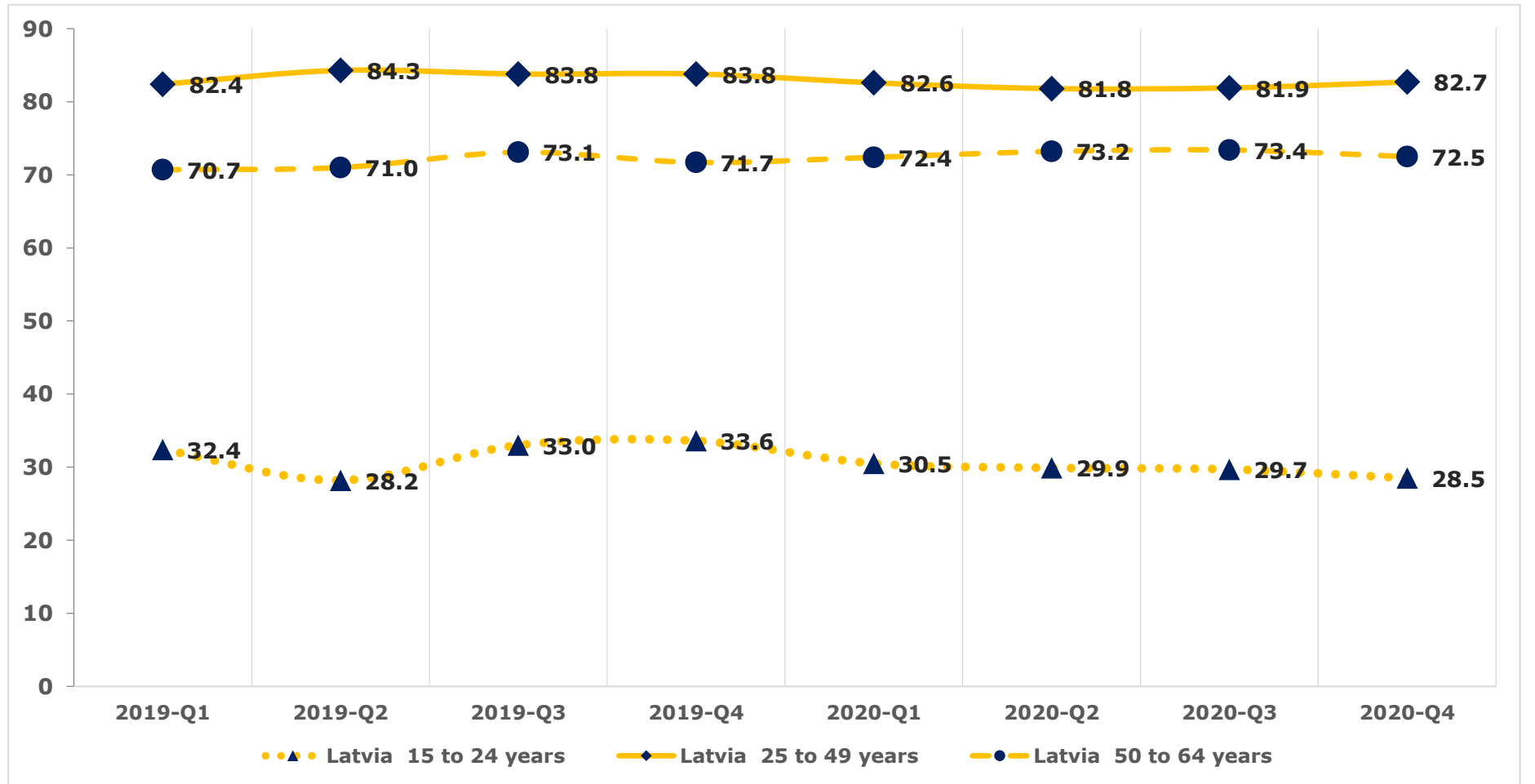
**Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Latvia, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Latvia, it is 28.5%.

**Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Latvia, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

### **1.3 Poverty, inequality and social exclusion situation**

Data compiled by the Central Statistical Bureau (CSB) show that, in 2020, 27.2% of households covered their daily expenses with difficulty or with great difficulty, which was 1.4 percentage points less than in 2019 (28.6%). The share of households who covered their daily expenses with some difficulty or fairly easily remained unchanged (62.4% in 2019 and 62.8% in 2020). The share of households who covered their daily expenses easily or very easily increased slightly – from 9.0% in 2019 to 10.0% in 2020 (CSB, 11 March 2021).

In 2020 the Fund for European Aid to the Most Deprived (FEAD) purchased and delivered food parcels and basic material assistance parcels costing €8.2 million, as well as paying €824,045 to partner organisations for distributing support packages and implementing accompanying measures, making a total of €9 million. The total expenditure for the same purpose in 2019 was €7.1 million. The income level for food package support was set at €242 per month per family member in 2020 (i.e. higher than Latvia's poverty threshold of €128).

In the first quarter of 2020, the FEAD distributed 91,287 food parcels and 45,359 hygiene and household kits to families. With the support of the fund, 23 soup kitchens in different regions of Latvia provided meals.

## 2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC<sup>2</sup>

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
  - amount and duration (for flat measures); and
  - range (minimum-maximum), duration and conditionality (thresholds)(for conditional measures).

If the measure is neither flat nor conditional, this is indicated by "Not applicable".

- e) Targeted population: what is/are the target(s) of the measure? – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
- g) Novelty: Was the measure new or an already existing one that was adjusted?

### 2.1 Measures related to unemployment benefits

#### 2.1.1 *Bezdarbnieka palīdzības pabalsts (Unemployment assistance benefit)*

- a) Short description of the measure: Unemployed people, after finishing the statutory time (eight months) for receiving the contributory unemployment benefit, are eligible for a further four months of unemployment assistance benefit. Since 1 April 2021, the eligibility period for unemployment assistance benefit has been extended to six months for those unemployed people who were granted this benefit on or after 9 November 2020 (when the second state of emergency was declared). This measure was introduced due to the reduced opportunities to find employment (lack of vacancies) during the COVID-19 crisis and to provide support in case of unemployment to those workers, both employees and the self-employed, who have made social contributions.
- b) Category: Flat benefit.
- c) Timing: From 12 March to 31 December 2020, prolonged to 30 June 2021.
- d) Amount and duration: €180 per month for a maximum of six months for all registered unemployed people after the end of the statutory period (eight months) of receiving the unemployment benefit.
- e) Targeted population: All workers who are registered as unemployed, whose unemployment benefit period ended on or after 12 March 2020, and who continue to be unemployed due to the state of emergency. In April 2020, when the measure was introduced, the unemployment rate registered by the State Employment Agency (SEA) was 8% (72,917 people). In June 2020, the share of long-term unemployed people (people unemployed for 12 months and more) in all the registered unemployed was

<sup>2</sup> The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

17.8% (13,271 people). The estimated number of eligible people per month for the period April-December 2020 was 18,653 (Ministry of Welfare). The estimated number of eligible people for the period January-June 2021 is 3,069 per month (the estimate is based on the average number of recipients during the period May-October 2020).

- f) Beneficiaries: From May to December 2020, the benefit was received by 10,546 unique unemployed people, in January 2021 by 7,188, in February 2021 by 8,346, and in March 2021 by 8,216 (State Social Insurance Agency: SSIA).
- g) Novelty: The benefit is paid when the period of the contributory unemployment benefit expires. This ad hoc measure is intended only for the period of the COVID-19 crisis. It is a time extension providing a rather modest allowance.

### **2.1.2 *Bezdarbnieks uz laiku līdz 4 mēnešiem var kļūt par nodarbināto (Unemployed people can take up a job for up to four months)***

- a) Short description of the measure: Unemployed people do not lose their status if they have been employed twice in a 12-month period for up to 120 days (before the COVID-19 crisis – up to 60 days) – for example, to work on a seasonal job. The contributory unemployment benefit is not paid during this period.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: From 18 April to 31 December 2020, extended until the end of 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All workers who are registered as unemployed. As it is a measure with a general scope, it is impossible to estimate. In April 2020 when the measure was introduced, the unemployment rate registered by the SEA was 8% (72,917 people).
- f) Beneficiaries: No data available.
- g) Novelty: The measure is an adjustment to the existing contributory unemployment support system for unemployed people and job-seekers, aimed at maintaining the link with the labour market.

### **2.1.3 *Bezdarbnieka pabalsta saņemšanas atbilstības paplašināšana (Extending the eligibility criteria for the unemployment benefit)***

- a) Short description of the measure: Contributory unemployment status is also granted to people working under several tax regimes at once (i.e. being employed, self-employed and/or a micro-entrepreneur<sup>3</sup>). Employees who have lost their job, but at the same time are also micro-entrepreneurs without turnover, or self-employed without income, are eligible to receive the contributory unemployment benefit and also, at the end of its statutory period, unemployment assistance benefit.
- b) Category: Conditional benefit.
- c) Timing: From 18 April to 31 December 2020. The time period was not extended.
- d) Range, duration and conditionality: A person who has lost their job and is registered as unemployed. The benefit may be received for a maximum of eight months. The amount of the benefit depends on the length of the person's working period and their social insurance contributions. In general, if the person has lost a job as an employee, but is registered as a self-employed person or as a micro-entrepreneur, they are not eligible for the unemployment benefit. According to the extended eligibility criteria because of the pandemic, the status of a self-employed person or that of a micro-entrepreneur is not seen as making someone ineligible for the unemployment benefit, unless the person

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<sup>3</sup> Self-employed people and micro-entrepreneurs work under different tax regimes; both groups are subject to mandatory state social insurance contributions.

has income from self-employment or micro-enterprise turnover. The unemployment benefit is to be paid at 100% of the amount granted during the first two months, then 75% during the third to fourth months, 50% during the fifth to sixth months, and 45% granted during the last two months. The minimum amount of this benefit is not set, because of the position of the policy-makers that the unemployment benefit should be strictly based on the social insurance contributions made by the person. In 2020, the average unemployment benefit was €329.28 per month (SSIA).

- e) Targeted population: Unemployed people who are also micro-entrepreneurs without turnover or self-employed without income, except for people who perform an economic activity and pay a patent fee for it. In April 2020, the number of employees of micro-enterprises (including owners of micro-enterprises) who simultaneously had the status of an employee was 42,082; 5,688 self-employed people were also employees (SRS).
- f) Beneficiaries: No data available.
- g) Novelty: A new measure with more flexible conditions for obtaining unemployed status – only temporarily.

#### **2.1.4 *Bezdarbnieka pabalsta piešķiršanas nosacījumu izmaiņas (Changes in conditions for granting the unemployment benefit)***

- a) Short description of the measure: Employees who have terminated their employment themselves are granted the unemployment benefit from the day when the SSIA receives an application for granting the unemployment benefit (previously it was necessary to wait two months).
- b) Category: Conditional benefit.
- c) Timing: From 12 March to 31 December 2020, extended up to 30 June 2021.
- d) Range, duration and conditionality: In general, if a person becomes unemployed on their own initiative after the termination of an employment relationship, the unemployment benefit is granted from the day of filing the request, but not earlier than two months after receiving unemployed status. According to the amendments due to the pandemic, the two-month period is temporary cancelled and all registered unemployed people are granted and paid the unemployment benefit from the date of their registration. For the general conditions and information about the amount of the unemployment benefit, see Sub-section 2.1.3.
- e) Targeted population: Employees who have terminated their employment themselves and thus have become unemployed. As it is a measure with a general scope, it is impossible to estimate this. In April 2020 when the measure was introduced, the unemployment rate registered by the SEA was 8% (72,917 people).
- f) Beneficiaries: No data available.
- g) Novelty: The measure is an adjustment to the existing unemployment benefit system by extending the eligibility criteria.

## **2.2 Measures of job protection provided through support to employers, employees and the self-employed**

### **2.2.1 *Dīkstāves pabalsts (Furlough allowance<sup>4</sup>)***

- a) Short description of the measure: To support companies whose income from economic activity has fallen by at least 30%<sup>5</sup> compared with the average income of 2019, and

<sup>4</sup> Some official translations also call it “allowance for idle time” or “downtime allowance”.

<sup>5</sup> Under certain conditions, for large companies the fall of 20% was also sufficient to apply for the allowance.

whose employees (or part of them) became fully idle (i.e. zero working hours) due to the restrictions imposed by the government in view of the pandemic. The employer undertakes not to fire the employee for at least one month after the end of the allowance payment. Applications are submitted electronically by employers to the State Revenue Service (SRS). The SRS disbursed the allowance to employees directly.

- b) Category: Conditional benefit.
- c) Timing: From 14 March to 30 June 2020. The regulation came into force on 26 March 2020 and introduced the allowance for the period of the emergency.
- d) Range, duration and conditionality: General tax regime employees – 75% of the average monthly gross wage during the last six months before becoming idle, per month pro rata; micro-enterprise employees – 50% of the average gross wage in the last two quarters of 2019, per month pro rata; employees returning to work after childcare leave – 100% of the parent's benefit before the declaration of the emergency situation. No minimum value, but capped at €700 per month<sup>6</sup>. The allowance was fully paid by the state.  
Duration – 14 March to 30 June 2020, provided that the person was fully idle (i.e. zero working hours) and their employer met all the conditions.
- e) Targeted population: General tax regime workers and micro-enterprise<sup>7</sup> employees who had completely stopped working due to the COVID-19 crisis. The initial regulation provided assistance only to general tax regime workers employed in the 40 most affected branches defined by the Cabinet, but the requirement of belonging to a particular industry was lifted within two weeks and employers of all branches were made eligible to apply retroactively. At the same time, micro-enterprise employees were included as eligible applicants with retroactive effect as well.

Employers had to be fiscally compliant (including tax returns and annual statements submitted on time, no ongoing bankruptcy proceedings, and tax debts within certain limits). Employment relations had to have started before 1 March 2020. During the period for which the support was requested, the worker could not be on sick leave. The employee could not at the same time be employed by a state or municipal authority or capital company or a state or municipal budget institution (except for pedagogical or creative work, provided that income from that work did not exceed the minimum wage, i.e. €430 per month). If an employee worked at several companies applying for the furlough allowance, only one application could be accepted.

Initially, when the measure was introduced only for employees of certain branches, the maximum number of potential applicants was estimated as 72,707 people per month (100% of all the employed in these branches). With the further expansion of the range of potential applicants, no recalculations were made.

- f) Beneficiaries: From 14 March to 30 June 2020, the allowance was received by 52,867 people. Of them, 25.7% received the allowance only once, 27.9% twice, 27.1% three times, and 19.3% four or more times. The average allowance amount equalled €245 in March 2020 (not full month), €439 in April 2020, €446 in May 2020 and €420 in June 2020. The most frequent professions among the recipients were: salesperson and shop assistant, cook, kitchen staff, waiter/waitress, bartender and housekeeper.

<sup>6</sup> The cap was not prorated (i.e. €700 could be received for an idle period shorter than one month).

<sup>7</sup> This taxpayer group includes small limited liability companies, individual merchants, sole proprietorships, farms and fisheries, and natural persons performing registered economic activity (e.g. letting their flat). These legal and natural persons are united by the tax regime as they are taxed by a single harmonised tax, calculated on annual turnover. 80% of the harmonised tax is further accredited as social contributions registered on personalised social insurance accounts. Thus, people employed in this tax regime are insured against the same risks as employees on a standard contract, but from a much lower basis.



- g) Novelty: The measure was absolutely new. The initial regulation was amended more than five times, relaxing eligibility qualification conditions and thus expanding the range of eligible applicants with retroactive effect.

### **2.2.2 *Dīkstāves pabalsts pašnodarbinātām personām (Furlough allowance for self-employed people)***

- a) Short description of the measure: To support the self-employed most affected by the COVID-19 crisis, by providing allowances to those who had completely stopped receiving any income from work. Applications were submitted electronically to the SRS.
- b) Category: Conditional benefit.
- c) Timing: From 14 March to 30 June 2020. The regulation came into force on 3 April 2020 and introduced the allowance for the emergency period, which was expected to end on 14 May 2020. As the emergency situation was extended until 9 June 2020, the allowance could be claimed for the period up to 30 June 2020.
- d) Range, duration and conditionality: The self-employed in the general tax regime – 75% of the average monthly insured income<sup>8</sup> during the last two quarters of 2019 per month; micro-enterprise employees – 50% of the average income from economic activity in the last two quarters of 2019 per month; employees returning to work after childcare leave – 100% of the parent's benefit before the declaration of the emergency situation. No minimum value, but capped at €700 per month. The allowance was fully paid by the state.

Duration –14 March to 30 June 2020, provided the person was fully idle and their employer met all the conditions.

- e) Targeted population: The self-employed in all sectors, but not in all tax regimes. Those natural persons were covered who had registered as an enterprise, a micro-enterprise, an honoraria recipient or an individual merchant and made social contributions. Patent fee workers<sup>9</sup> were not covered.

The applicant had to be fiscally compliant, their average monthly social contributions in July-December 2019 had to have exceeded €20, and they had to provide proof that the furlough was caused by COVID-19. During the period for which the allowance was requested, the worker could not be on sick leave. They could not be at the same time employed full time at a company which was not idle, and also had to meet a number of other requirements.

At the end of 2019, there were almost 30,000 natural persons registered as self-employed with the SRS. It was expected that there could be around 25,000 recipients of the allowance (12,221 in the general tax regime and 13,000 in the micro-enterprise tax regime).

- f) Beneficiaries: From 14 March to 30 June 2020, the allowance was received by 2,381 self-employed people (or 9.5% of the estimated number). The average allowance amount equalled €233 in March 2020 (not full month), €387 in April 2020, €386 in May 2020 and €390 in June 2020. The most frequent economic areas were: (i) art, leisure and entertainment; (ii) professional, scientific and technical services; and (iii) education.
- g) Novelty: Initially, the furlough allowance was intended for employees only (see Sub-section 2.2.1 above). This very similar allowance was introduced one week later upon the initiative of the Ministry of Culture (because of need to protect the income of artists,

<sup>8</sup> The self-employed may freely choose the amount of their income to be insured and pay social contributions only on that part.

<sup>9</sup> In 2019, there were 6,323 patent workers (0.7% of all employed people).

musicians and other creators who frequently use this tax regime). The regulation was amended four times, relaxing eligibility conditions and thus expanding the range of eligible applicants with retroactive effect.

### **2.2.3 *Dīkstāves palīdzības pabalsts (Furlough assistance allowance)***

- a) Short description of the measure: To grant minimum support to those furlough allowance applicants who did not meet the conditions and were refused; and to supplement the furlough allowance in cases where the amounts calculated were very low. No applications were required; the SRS passed the information about such people to the SSIA which arranged payments. Thus, such people who were not eligible to apply for the furlough allowance under Sub-sections 2.2.1 or 2.2.2 (e.g. patent fee workers) were not entitled to apply for the furlough assistance allowance either.
- b) Category: Both flat and conditional benefit.
- c) Timing: From 14 March to 30 June 2020. The regulation came into force on 30 April 2020 and introduced the allowance for the period of the emergency situation, which was expected to end on 14 May 2020. As the emergency situation was extended until 9 June 2020, the allowance could be claimed for the period up to 30 June 2020.
- d)
- Amount and duration of the flat element: €180 per month pro rata for those recipients who were completely denied the furlough allowance; or supplementing the furlough allowance up to €180 per month pro rata for those recipients who were granted furlough allowances below this amount.
  - Range, duration and conditionality of the conditional element: The furlough assistance allowance was automatically granted as a supplement to all employed and self-employed furlough allowance recipients if their furlough allowance was calculated at less than €180 per month pro rata; therefore, the amount could vary from €0.01 to €179.99. Relating to those applicants who were completely denied the furlough allowance, there were different approaches to employees and the self-employed. Salaried employees were granted the furlough assistance allowance in case of a denial for any reason; but only those self-employed people were eligible who met all the conditions listed in Sub-section 2.2.2, except for not having penalties within the last year.
- e) Targeted population: Those employees and self-employed people to whom the SRS refused to grant furlough allowance (as described in Sub-sections 2.2.1 and 2.2.2 above), as well as those employees and self-employed people to whom the amount of the furlough allowance was calculated below €180 per month. Based on the number of furlough allowance denials as well as the number of furlough allowances below €180 per month that were observed by the middle of April, it was estimated that 6,087 people per month would require a flat furlough assistance allowance and another 6,405 people per month would require this allowance as a supplement. With the further relaxing of the conditions for furlough allowances (Sub-sections 2.2.1 and 2.2.2), no recalculations were made.
- f) Beneficiaries: For the period from 14 March to 30 June 2020, the allowance was paid 13,895 times to 9,051 people (i.e. most of the recipients received it only once, but some people received it in more than one month); women were 1.5 times more frequent recipients than men. The average amount equalled €115; in 52% of cases it was a top-up to a (very small) furlough allowance and in 48% cases it was a flat benefit.
- g) Novelty: The measure was new and was aimed at improving the effectiveness of the furlough allowance. The initial regulation was amended, relaxing eligibility conditions and thus expanding the range of eligible applicants with retroactive effect.

#### **2.2.4 *Piemaksa pie dīkstāves pabalsta / dīkstāves palīdzības pabalsta* (*Supplement to furlough allowance / furlough assistance allowance*)**

- a) Short description of the measure: To grant additional support to the recipients of the furlough allowance and the furlough assistance allowance who have dependent children. No applications are required; the SRS passes the information about such people to the SSIA, which arranges payments.
- b) Category: Flat benefit.
- c) Timing: From 14 March to 30 June 2020; then from 9 November 2020 (still ongoing as of 10 May 2021).
- d) Amount and duration: €50 per month (for days on furlough) for each dependent child.
- e) Targeted population: Employees and the self-employed on furlough having dependent children under 25. The initial estimate was 39,171 people per month: 72,707 employees plus 25,221 self-employed people as described in Sub-sections 2.2.1 and 2.2.2 above multiplied by 0.4 (the average number of children per person).
- f) Beneficiaries: For the period from 14 March to 30 June 2020, the supplement was paid to 12,828 recipients of the furlough allowance and to 889 recipients of the furlough assistance allowance. In contrast to the estimates, only 24% of employees on furlough and 5% of the self-employed on furlough had dependent children and were, therefore, eligible for the supplement. During the second wave, the supplement was paid to 4,722 recipients in December 2020, 3,459 in January 2021, 6,536 in February 2021 and 14,928 in March 2021<sup>10</sup>.
- g) Novelty: The measure was first introduced for the recipients of the furlough allowance – for salaried employees from 10 April 2020, and for the self-employed from 24 April 2020. The supplement was also granted to the recipients of the furlough assistance allowance from 2 June 2020. However, the measure had retroactive effect, and therefore all recipients ended up having equal access to the supplement. With the second lockdown that started in November 2020, the measure was resumed again as a supplement to furlough support (Sub-section 2.2.5).

#### **2.2.5 *Atbalsts par dīkstāvi (Furlough support)***

- a) Short description of the measure: To support companies and the self-employed whose income from economic activity has fallen by at least 20% compared with the average revenue in the period from 1 August to 31 October 2020. Applications to be submitted electronically to the SRS by the 15<sup>th</sup> day of the following month. The benefits are 100% paid by the state and the SRS disburses them directly to workers' bank accounts. A person can receive support from several employers as well as support as a self-employed person. Employers may pay their employees the difference between the furlough support and their full salary.  
The measure was devised in order to replace the first COVID-19 wave furlough allowances and furlough assistance allowances. The minimum and maximum levels were increased considerably and the range of eligible applicants widened. The employer undertakes not to fire the employee within at least one month after the end of the allowance payment.
- b) Category: Both flat and conditional benefit.
- c) Timing: From 9 November 2020 (still ongoing as of 10 May 2021). The regulation came into force on 10 November 2020 and was expected to end on 31 December 2020. With the prolongation of the emergency situation, the expiration date was extended until 30

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<sup>10</sup> It would not be correct to sum up these figures, as most of the beneficiaries received the supplement in more than one month.

June 2021, but not longer than the restrictions are in force (i.e. if the restrictions end sooner than 30 June 2021, the benefit scheme will also end earlier).

d)

- Amount and duration of the flat element: For patent workers – €500 per month starting from 1 January 2021 (in 2020 – €400).
- Range, duration and conditionality of the conditional element: Standard employees – 70% of the average monthly gross wage in the period from 1 August to 31 October 2020; micro-enterprise employees – 50% of the average gross wage in the third quarter of 2020; employees returning to work after childcare leave – 70% of the average parental benefit in the period from 1 August to 31 October 2020. Minimum value – €500 per month starting from 1 January 2021 (in 2020 – €330), maximum value €1,000 per month.

For those employed at more than one company, as well as those combining employment and self-employment, it is possible to receive the furlough support from several sources, but the total amount cannot exceed €1,000 per month.

Duration – in the period from 9 November 2020 to 30 June 2021, provided that the person is fully idle (i.e. zero working hours) due to the restrictions imposed on business by government regulations, and meets all the conditions.

e) Targeted population: Salaried employees and self-employed people in all tax regimes (including patent workers) and in all sectors, who have completely stopped working due to the restrictions on business imposed by the government due to COVID-19.

The employer or self-employed person must be fiscally compliant (including tax returns and annual statements submitted on time, no ongoing bankruptcy proceedings, and tax debts within certain limits). The self-employed must provide proof that the furlough is caused by COVID-19. Employment relations (or economic activity for the self-employed) must have started before 1 November 2020. During the period for which the support is requested, the worker must not be on sick leave. The employee must not be a member of the employer's board of directors, and must not at the same time be employed by a state or municipal authority or capital company or a state or municipal budget institution.

f) Beneficiaries: From 1 December 2020 to 25 April 2021, the furlough support was paid out to 59,946 salaried employees, 10,606 self-employed people and 1,513 patent workers (together they made up 8% of all employed people in 2020); most recipients received the support more than once. Their respective average allowance amounts equalled: salaried employees – €440, self-employed people – €417 and patent workers – €383<sup>11</sup>. Among employees who have received the furlough support, 31% represent retail and wholesale, 22% hospitality and catering industry, and 11% processing industry. Beauticians made up 50% of all self-employed people and 73% of patent workers.

g) Novelty: The measure completely replaced first wave measures in Sub-sections 2.2.1, 2.2.2 and 2.2.3. Together with this measure, support was granted not only to those who became fully idle (i.e. zero working hours) but also to those who became employed part time (see Sub-section 2.2.6).

### **2.2.6 *Atbalsts algu subsidijai nepilna laika darbiniekiem (Furlough support for part-time workers)***

a) Short description of the measure: Businesses that experience a drop in revenue during the emergency situation (by at least 20% compared with the average revenue in the period from 1 August to 31 October 2020) can apply to the SRS for support for wage

<sup>11</sup> The amounts are below the minimum value because part of them is calculated for less than a whole month.

subsidies for their employees who became part-time due to pandemic restrictions on businesses. The benefit is paid by the state and disbursed directly to workers' bank accounts, but the employer is obliged to pay the employee the difference between the amount of support received and the amount of wages. Thus, part-time employees will be able to continue to receive the same pay as before the emergency.

- b) Category: Conditional benefit.
- c) Timing: From 9 November 2020 (still ongoing as of 10 May 2021). The regulation came into force on 10 November 2020 and was expected to end on 31 December 2020. With prolongation of the emergency situation, the expiration date was extended until 30 June 2021, but not longer than the restrictions are in force.
- d) Range, duration and conditionality: 50% of the average monthly gross salary from 1 August to 31 October 2020, but not more than €500 per month. No lower threshold in place.
- e) Targeted population: Salaried employees in all tax regimes and in all sectors who have become employed part time due to the restrictions on business imposed by the government due COVID-19. The employer must be fiscally compliant and not be a state or local government institution or a state or local government-controlled business. Employment relations must have started before 1 November 2020. During the period for which the support is requested, the worker must not be on sick leave. There is a particular requirement imposed on the employer: to confirm that the employee was not on sick leave during the period for which the allowance is provided.
- f) Beneficiaries: From 1 December 2020 to 25 April 2021, the furlough support for part-time workers was paid out to 27,935 employees; most received the support more than once. The average amount equalled €284. Among the employees who received the furlough support for part-time workers, 34% represented retail and wholesale, 21% hospitality and catering industry, and 13% processing industry.
- g) Novelty: A new measure that was not in place during the first lockdown.

## 2.3 Measures related to sickness benefits and sick pay

### 2.3.1 *Slimības pabalsts personām sakarā ar saslimšanu ar COVID-19 un atrašanos karantīnā (Sickness benefit for people suffering from COVID-19 and quarantined people)*

- a) Short description of the measure: Initially, from 22 March 2020, in cases related to COVID-19 (people who have tested positive for the virus, those in mandatory quarantine for having had contact with a confirmed case of COVID-19, and those caring for a child infected with COVID-19), sickness benefit was granted and paid from the social insurance budget for the period from the second day of incapacity for work (generally it is paid from the 11th day, and for the first 10 days employed people are eligible for sick pay paid by the employer). Since 16 November 2020, the sickness benefit has been paid from the first day of illness. The sickness benefit is granted at 80% of the average earnings from which social insurance contributions have been paid by the beneficiary, for 14 days (21 days in the case of a child treated in a hospital).
- b) Category: Conditional benefit.
- c) Timing: Initially from 22 March to 30 June 2020; extended on 16 May until 31 December 2020; further extended on 16 November 2020 until 30 June 2021 (in line with the amendments stipulating that sickness benefit is granted from the first day of the illness).
- d) Range, duration and conditionality: The benefit may be claimed by socially insured people (employed or self-employed) – that is, people who have paid social insurance contributions for at least three months within the last six, or for at least six months within the last 24 before the month when the insurance case occurred. The number of

days is not specified, either for those confirmed as having COVID-19, or for those in mandatory quarantine. The benefit is granted based on a work incapacity electronic form issued by a physician from the first day of the illness (in general, it would be from the 11<sup>th</sup> day, as the first 10 days are paid by the employer) and paid by the SSIA amounting to 80% of average earnings from which social insurance contributions have been paid (the same as for the sickness benefits not related to COVID-19). The average contribution wage is calculated over the 12-month period which ended two months (for self-employed people, three months) before the onset of the illness. In general, the maximum period of work incapacity is set at 26 weeks; in particularly serious cases the period of benefit payments may be extended up to 52 weeks. According to this new measure, the period of illness with COVID-19 is excluded from this 26-52 week period. In 2020, the average amount of sickness benefit granted per day was €27, the average amount of sickness benefit granted for people suffering from COVID-19 and quarantined people was €35 per day, and the average number of days paid per case was 15.2.

- e) Targeted population: All workers, both employees and the self-employed, who are confirmed as having COVID-19; quarantined contact people; and the caregivers of a child infected with COVID-19.
- f) Beneficiaries: According to the SSIA, between April and September 2020 sickness benefit cases related to COVID-19 were on average 557 per month. In total, between April 2020 and March 2021, the benefit was received by 106,529 people.
- g) Novelty: The measure is new and temporary. The main novelty of it is that sickness benefit is paid by the social security from the second and then the first day in COVID-19-related instances.

### **2.3.2 *Slimības pabalsts personai sakarā ar elpošanas sistēmas saslimšanu (Sickness benefit for people with a respiratory illness)***

- a) Short description of the measure: In cases related to respiratory illness, sickness benefit is paid from the social insurance budget for the first three days at 80% of average earnings from which social insurance contributions have been paid by the beneficiary. If the COVID-19 test is negative, the person is issued a sick leave certificate for 10 days and granted sick leave (paid by the employer); in the case of a positive test, the person is granted sickness benefit for people with COVID-19 (see Sub-section 2.3.1.).
- b) Category: Conditional benefit.
- c) Timing: From 16 November 2020 to 30 June 2021.
- d) Range, duration and conditionality: The main conditions for granting the benefit are the same as in the case of the sickness benefit for people suffering from COVID-19 and quarantined people. The main difference is that this benefit is paid only for the first three days until the person receives the COVID-19 test results. The benefit is granted and paid by the SSIA, amounting to 80% of the average earnings from which social insurance contributions have been paid (the same as for sickness benefit not related to COVID-19). In 2020, the average amount of the sickness benefit granted per day was €27 (SSIA).
- e) Targeted population: All workers, both employees and the self-employed, having a respiratory illness and being issued a sick leave certificate paid by the state social insurance.
- f) Beneficiaries: No data available.
- g) Novelty: The measure is new and temporary. The main novelty of it is that the sickness benefit is paid by the state social insurance for the first three days in cases of respiratory disease.

## 2.4 Measures related to health insurance

### 2.4.1 *COVID-19 pacientiem tiek apmaksāti ar ārstēšanu saistītie izdevumi (COVID-19 patients are reimbursed for treatment-related expenses)*

- a) Short description of the measure: The expenditure for the diagnosis and treatment (including transport from hospital to the place of residence or to another hospital, if necessary) of COVID-19 patients is fully covered by the statutory health insurance (National Health Service: NHS).
- b) Category: Neither flat nor conditional benefit.
- c) Timing: From 10 June 2020 to 30 June 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All the population of Latvia, including all workers, both employed and self-employed. Up to 9 May 2021, 123,963 people had tested positive for COVID-19, 2,212 people had died and 113,214 people had recovered. On average, 10% of COVID-19 patients are treated in hospital, which corresponds to the share of the recipients of the support measure.
- f) Beneficiaries: No data available.
- g) Novelty: The measure is new and temporary.

### 2.4.2 *Bezmaksas ģimenes ārstu attālinātās konsultācijas (Free remote consultation by physicians)*

- a) Short description of the measure: Patients receive remote consultations by physicians free of charge (in general the co-payment for a physician's consultation is €2 for people aged 19-64 and €1 for people aged 65 and over). These expenses are covered by the statutory health insurance (NHS).
- b) Category: Neither flat nor conditional benefit.
- c) Timing: From 10 June 2020 to 30 June 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: The whole population of Latvia, including all workers, both employed and self-employed.
- f) Beneficiaries: No data available.
- g) Novelty: The measure is new and temporary.

## 2.5 Measures related to minimum-income schemes and other forms of social assistance

The amount of the guaranteed minimum income was increased from €53 in 2019 to €64 per month in 2020. The Constitutional Court evaluated it as an inadequate for providing a person's basic needs in June 2020. The new amount of guaranteed minimum income (GMI) is €109 per month per person in 2021.

### 2.5.1 *Garantētais minimālais ienākums (Guaranteed minimum income)*

- a) Short description of the measure: Short-term means-tested financial assistance provided at the local level to support people without sufficient income for basic needs.
- b) Category: Conditional benefit.
- c) Timing: The automatic prolongation for the time of emergency situation is still ongoing.

- d) Range, duration and conditionality: In 2020 the GMI was €64 per month per person. Municipalities could define a higher threshold. For 2021, the defined amount is €109 for the first person and €76 for the second person in a household, per month.
- e) Targeted population: Those people (families) with low incomes or having very short work records, their dependants and those people excluded from the labour market, whose income was lower than €64 per month in 2020. 24,079 beneficiaries in 2020.
- f) Beneficiaries: The total number of GMI recipients was 26,069 in 2020 (28,509 in 2019). For a large share of beneficiaries, the automatic prolongation was granted.
- g) Novelty: No novelty.

### **2.5.2 Pabalsts krīzes situācijā (Benefit in crisis situation)**

- a) Short description of the measure: It is a social support in a situation when a person (family) cannot ensure their basic needs due to a circumstance caused by COVID-19.
- b) Category: Conditional benefit.
- c) Timing: From 22 March to 9 July 2020 and from 9 November 2020 to 6 May 2021, during the emergency situation and one month after the end of it.
- d) Range, duration and conditionality: The amount of the benefit is determined by local government. The state co-finances 50% of the amount (the state co-financing maximum was €40 per month between April 2020 and 31 January, 2021 and €75 per month from 1 February 2021) for an adult and covers 100% of the amount (€50) for a child in the household per month. Not granted to a person receiving furlough support. The amount ranged from €35 to €135 per month in 2020.
- e) Targeted population: The most vulnerable group of society, being in the "grey" zone before the crisis, either not socially insured or without enough work experience for other forms of benefits. 18,000 people, according to the Ministry of Welfare.
- f) Beneficiaries: The total number of recipients in 2020 was 5,707 (31%); among them 2,651 were children.
- g) Novelty: State co-financing of the municipal benefit was renewed.

### **2.5.3 Jaunā speciālista pabalsts (Allowance for young specialists)**

- a) Short description of the measure: A person who, during the year preceding the declaration of a state of emergency (from 9 November 2019 to 9 November 2020), has graduated from a higher education institution or college and became unemployed during the emergency or within three months after the end of the emergency (initially from 12 March to 9 September 2020 – then, after the extension of the state of emergency, until 6 July 2021) has the right to the allowance for young specialists. The total employment period should be less than one year. The allowance is paid until the person ceases to be unemployed, but not longer than for four months and not after 30 June 2021. A person is entitled to this benefit once, regardless of the number of times a state of emergency has been declared due to the spread of COVID-19.
- b) Category: Flat benefit.
- c) Timing: From 12 March 2020 to 6 July 2021.
- d) Amount and duration: The allowance is paid for the first two months at €500 per month, and for the third and fourth month at €375 per month. The allowance is paid until the person ceases to be unemployed, but only once for a period of not more than four consecutive months until 6 July 2021.
- e) Targeted population: New specialists (i.e. people who graduated and obtained higher education during the year preceding the declaration of a state of emergency due to COVID-19, and who became unemployed but are not eligible for contributory benefit).



- f) Beneficiaries: According to data from the Ministry of Welfare, from July 2020 to March 2021 the benefit was received by 616 people. The low level of the number points to a very specific category of people.
- g) Novelty: This measure was absolutely new, aimed at supporting young professionals by giving them a source of income and time to find a new job.

#### **2.5.4 *Brīvpusdienas bērniem no sociāli mazaizsargātām un daudzbērnu ģimenēm (Free meal provision during the COVID-19 crisis to children from low-income and large families)***

- a) Short description of the measure: The Ministry of Education and Science, in consultation with the Union of Local Governments of Latvia and the Ministry of Finance, decided to use the state funding normally provided for lunch for schoolchildren in grades 1 to 4 to provide free meals for children from low-income and large families.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: From 1 April to 10 June 2020.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Schoolchildren in grades 1 to 4 and children from low-income and large families; in many cases schoolchildren in grades 5 to 9 too.
- f) Beneficiaries: No data available.
- g) Novelty: Municipalities have discretion to determine the most appropriate type of food provision – free lunch delivery to children at home, food packages for the families of children, soup kitchen services or another type of food delivery solution.

#### **2.5.5 *Vienreizējs atbalsts 500 eiro apmērā (One-off €500 aid)***

- a) Short description of the measure: One-off lump-sum benefit to parents with dependent children (“helicopter money”). No applications were required; the SSIA arranged payments according to the information in the registry of beneficiaries.
- b) Category: Flat benefit.
- c) Timing: Paid once in March 2021.
- d) Amount and duration: €500 per child; one-off lump sum.
- e) Targeted population: Everyone who was entitled with a childcare benefit<sup>12</sup> or a family allowance<sup>13</sup>.
- f) Beneficiaries: Up to 20 April 2021 payment of the benefit had been arranged for 372,566 children.
- g) Novelty: The measure was absolutely new.

#### **2.5.6 *Vienreizējs pabalsts 200 eiro apmērā (Lump-sum benefit of €200)***

- a) Short description of the measure: One-off lump-sum benefit to pensioners (helicopter money). No applications required; the SSIA arranged payments according to the information in the registry of beneficiaries.
- b) Category: Flat benefit.

<sup>12</sup> Childcare benefit is paid to parents of children younger than 1.

<sup>13</sup> Family allowance is paid to parents of children aged 1-15, as well as for children aged 16-20 training in a general or vocational education institution who have not entered into a marriage.

- c) Timing: Paid once in April 2021.
- d) Amount and duration: €200 per person; one-off lump sum.
- e) Targeted population: All recipients of old-age, disability or survivor's pensions; recipients of service pensions if they had reached the statutory pension age; recipients of compensation for the loss of ability to work or of the survivor's compensation; and carers of disabled people.
- f) Beneficiaries: Up to 9 May 2021 payment of the benefit had been arranged for 528,876 pensioners and 18,146 carers.
- g) Novelty: The measure was absolutely new.

### **2.5.7 *Vecāku pabalsta izmaksas turpinājums (Continuation of the disbursement of parental benefit)***

- a) Short description of the measure: A person whose parental benefit (in respect of children under 1 or 1½) expired during the state of emergency, and who could not return to work (either as an employee or self-employed person) due to the emergency, may request that the parental benefit be continued. The benefit is not paid if the person is granted the furlough allowance, or if they have lost the status of employed or self-employed person.
- b) Category: Conditional benefit.
- c) Timing: From 12 March to 9 June 2020, and 9 November 2020 to 7 April 2021 (periods of the emergency situation in the country).
- d) Range, duration and conditionality: The continuation of parental benefit was paid in the amount of the previously granted parental benefit, but not more than €700 per month.
- e) Targeted population: Recipients of the parental benefit.
- f) Beneficiaries: Between April 2020 and March 2021, the benefit was received by 2,523 people (SSIA).
- g) Novelty: The measure was new and temporary.

## **2.6 Measures related to housing support**

There were no specific support measures for the population in the area of housing; nor were there any specific measures for the homeless. The homeless were provided with the same services as before. To be admitted to a shelter, according to the epidemiological safety regulations, a person must have a negative COVID-19 test.

## **2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19**

### **2.7.1 *Slimības palīdzības pabalsts (Lump-sum sickness aid benefit)***

- a) Short description of the measure: Due to the spread of COVID-19, pre-school education groups or institutions are increasingly being closed, and teaching organised remotely. As many parents do not have the opportunity to work remotely and look after their young and/or disabled children, a lump-sum sickness aid benefit was introduced. The benefit is not granted to working parents in cases where a child or a parent falls ill; it is only for working parents who have to look after their children and cannot work remotely. Therefore, in essence, it is a support measure for working parents with young children. In the public discourse, this benefit is referred to as the childcare benefit. Its official

name is "lump-sum sickness aid benefit" because it follows the principles of, and is similar to, the sickness benefit. Personal income tax is not deducted from this benefit.

- b) Category: Conditional benefit.
- c) Timing: From 28 November 2020 until 30 June 2021. From 28 November to 31 December 2020, the benefit could be granted for 14 calendar days; but from 1 January to 30 June 2021, it is possible to apply for this benefit repeatedly for the period specified in the statement from the education or daycare institution.
- d) Range, duration and conditionality: For both groups of beneficiaries (i.e. working parents of children under 11 or of a disabled child under 19, and working people caring for a disabled adult), the benefit is equal to 60% of the claimant's average social insurance contribution for the previous 12 calendar months. Given that the average social insurance contribution for the care of a sick child in the first nine months of 2020 was €36.07 per day, it was estimated that the average amount of the benefit for beneficiaries in the first group will be €21.64 per day. Assuming that one working person is entitled to receive the sickness benefit for one disabled person, the average social insurance contribution per day in the first nine months of 2020 was €30.51. By allocating 60% of the salary, the planned average amount of the benefit per day was estimated at €18.31. Personal income tax is not deducted from the sickness benefit. This makes it essentially equivalent to the current child sickness benefit, which is paid at 80% of the average social insurance contribution. The benefit is not paid if the person receives sickness benefit, parental benefit, maternity benefit, paternity benefit and/or a downtime allowance. The benefit is available as many times as needed and for the whole period when the education or daycare institution cannot be attended due to quarantine during the period from 1 January to 30 June 2021.
- e) Targeted population: (i) Working (employed, including part-time workers and people working in micro-enterprises, or self-employed) and socially insured parents of children under 11 or of a disabled child under 19; and (ii) working (employed or self-employed) people who care for a disabled person aged 19 or older who has been granted entitlement to care at a daycare centre by the municipality and who is not allowed to visit such a centre due to the pandemic. The eligibility criteria in terms of the period of social contributions or its amount are not specified for any of the target groups.
- The data from the SSIA for June 2020, updated in November, showed that there were 109,755 recipients of state family benefits in the country who worked and had a child under 11 or a disabled child under 19. This means that the number of potential beneficiaries of the new benefit is not higher than 109,755 people. For beneficiaries in the second group, the data show that there are 6,888 people with disabilities attending daycare centres.
- f) Beneficiaries: Between December 2020 and March 2021, the benefit was received by 4,159 recipients (SSIA).
- g) Novelty: A new measure that was not in place during the first lockdown.

### 3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations.

#### 3.1 Expected cost of social protection and inclusion measures

Since the start of the pandemic nearly half a billion euro (€492.25 million, or 1.6% of 2019 GDP) has been reserved from the budget to help people: recipients of furlough allowance/support assistance (€231.2 million); unemployed people, people in need, large families, children (€99.9 million); and subsidised job places, training and retraining programmes (€161.2 million) (Fiscal Discipline Council, 2021). Almost the same amount (€436.5 million) has been reserved from the budget under various programmes for entrepreneurs: aid for tax payment deadlines (€164 million); working capital loans, guarantees and investments (€152 million); aid to the road sector (€75 million); and aid to agri-food businesses (€45.5 million). Almost 56% of all state support money was granted to the state sector and public companies: for the healthcare sector (€488.8 million); air transport industry (€310.4 million); municipal investment (€122 million); private and public media (€100.6 million); the passenger and freight industry (€75.4 million); the cultural sector and sport (€42.3 million); and the education sector (€34 million). However, strict criteria for the distribution of the budget made it difficult to reach the target groups. In December 2020, the government slightly relaxed the rules for issuing grants, expanding the potential circle of recipients. The council notes that the actual amount of the aid paid was less than planned.

Newly available data (as at 20 April 2021) on allocated funds indicate a significant increase in spending. Altogether in 2020 and 2021 almost €2 billion (6.5% of 2019 GDP) was allocated from the contingency fund to various ministries and agencies: €443.2 million to the Ministry of Welfare; €369.3 million to the Ministry of Health; €541.2 million to the SRS for furlough allowances; €274.9 million to the Ministry of Transport; €120.7 million to the Ministry of Economy; €54.4 million to the Ministry of Defence; €40.1 million to the Ministry of Culture; €25.2 million to the Ministry of Science and Education; €6.2 million to the Ministry of Interior; and €91.3 million to the Ministry of Agriculture (Covid-19 aktualitātes).

**The total cost of the main new measures for unemployment benefits** for the period from 12 March to 30 June 2020 was expected to be €33.1 million; €1.4 million was allocated to beneficiaries of unemployment benefit under the extended eligibility criteria (including those employees who lost their job and were self-employed without income, or owners of a micro-enterprise without turnover); €25.2 million was allocated to beneficiaries of unemployment assistance benefit (the total payments from May 2020 to March 2021 equalled €9 million (SSIA)); and €6.6 million (20%) went to beneficiaries of the allowance for young specialists (the total payments from July 2020 to March 2021 equalled €184,540 (SSIA)).

**The total cost of the main new measures for job protection** (furlough allowances, furlough assistance allowances and supplements to furlough and furlough assistance allowances) for the period from 14 March to 30 June 2020 totalled €57.1 million. This amount was considerably lower than the initial estimates, despite the gradual retroactive relaxing of the eligibility criteria and the fact that the emergency situation lasted for almost four months in contrast to the initially planned two months. The actual spending on furlough allowances reached 53% of the planned funding, and the spending on furlough assistance allowances and supplements reached a quarter of the planned funding (State Audit Office). As concerns the second wave of COVID-19, total payments on the main measure for job protection (furlough support) from 1 December 2020 to 25 April 2021 equalled €109.4 million, including €17.6 million furlough support for part-time workers (SRS).

The total payments for leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19 from December 2020 to March 2021 equalled €853,018 (SSIA).

**The total cost for continuation of the disbursement of parental benefit** between April 2020 and March 2021 equalled €1.5 million (SSIA).

**The total cost for the new measure related to COVID-19 sickness benefit** for the period from April to September 2020 totalled €1.8 million (Ministry of Welfare). A total expected cost range of €2.2 million to €3.2 million for the period from October 2020 to 30 June 2021. (SSIA).

**The total expected cost for the new measures related to health insurance** covered in this report could be €12.5 million, including €4.4 million (35.5%) for COVID-19 patients' treatment-related expenses for June-December 2020 (including remote consultations by physicians) and €6.9 million (55%) for January-June 2021; and €1.2 million (9.5%) to ensure free remote consultations by physicians and their home visits to the patients of chronic diseases who have not received emergency medical service due to the increased calls to COVID-19 patients from 1 January to 30 June 2021 (Ministry of Health).

In March 2020, the Ministry of Welfare initially calculated very high expected costs of co-financing a large sum to local municipalities for the **benefit in crisis situation**: €4.3 million. De facto the amount spent by the government from 14 March to 31 July 2020 was €342,957 or 8% from the expected expenditure. Many local municipalities did not use this kind of support due to the need to make amendments to regulations, and the small amount of the government co-financing. State co-payment has been increased from €40 to €75 from 25 February 2021. Pensioners were not the target group of this support due to the fact that they already have a stable monthly income.

It was impossible to forecast the amount of the crisis benefit and the number of potential beneficiaries due to a very high regional diversity among the municipalities. As a result, 35 out of 119 municipalities (29%) chose not to introduce crisis benefits, and nine of them have not even informed the population about it and continued to pay GMI (€64 per month) and housing benefit to the poor and needy. 14 municipalities (12%) have set the amount at less than €80 per month.

### **3.2 Impact on the social protection system and on social inclusion policies**

All the COVID-19 crisis-related additional support measures and benefits introduced are temporary, with clearly set end periods and aimed at supporting specific target groups which are traditionally the most socially vulnerable. For most of the measures, the currently set end date is 30 June 2021, and only for some is it (up to) 31 December 2021. This is the case, for instance, for the support measure for unemployed people for a temporary (up to four months) interruption of their unemployment status. Therefore, there is no basis for concluding that the measures put in place in response to the crisis will become permanent and contribute to reshaping the social protection system and social policies.

Many of the shortcomings of the benefit system highlighted by the first wave of the pandemic (from 12 March till 9 June 2020) were corrected under the second wave regulations in the autumn (from 9 November 2020). These shortcomings included: separate regulation of allowances for employees and the self-employed; high rejection rates; inadequately low allowances, which had to be supplemented by other assistance allowances; the requirement for full 100% furlough; and the one-day waiting period for access to sickness benefits in COVID-19-related cases. This was also reflected in the change of name from "furlough allowance" to "furlough support". This measure introduced an unprecedentedly high (for Latvia) minimum level of benefit: currently, it is €500 per month plus €50 per month for each dependent child. In fact, for many recipients it is even higher than their work income before the furlough (first, the statutory minimum wage was

increased from €430 to €500 only from 1 January 2021; and second, in contrast to wages, furlough support is not taxed with personal income tax and social contributions).

With some caution, it can be interpreted as a strengthening of the social assistance approach, and even as a step to the so-called basic income approach, which formerly has been completely unacceptable from the point of view of Latvian policy-makers.

### **3.3 Remaining gaps in the social protection system and social inclusion policies**

Several gaps could be identified by the government during the elaboration of the support measures and additional social benefits. The reaction of the government proved its ability to be flexible and fill in the identified gaps. For instance, as it was with the lump-sum sickness aid benefit (childcare benefit for working parents). The reaction of the government to the initial shortcomings of the conditions for granting the benefit, which created a gap for families with several children under 11, was timely and responded well to the real situation. This gap was eliminated without limiting the number of times the benefit can be granted and for the whole period when the childcare, education or daycare institution cannot be attended due to the quarantine.

However, there is a gap in terms of its relevance to potential beneficiaries. This conclusion is proved by the low take-up – only 3% of applicants in December 2020 (Kinca, 2021). This support measure is mostly relevant to employees whose work by definition cannot be performed remotely. Since employers should replace the absent employees, it creates a risk to the potential beneficiaries that they lose their job and therefore indirectly forces them not to apply for this support. Meanwhile parents who work remotely and take care of their children at the same time, are subject to the high risk of burn-out, having no support in terms of social assistance.

Another example of filling the gaps is that of the furlough allowance (Klave, 2020a). The initial regulation of this support measure has been amended several times, relaxing eligibility conditions and thus expanding the range of eligible applicants with retroactive effect. There was quite a high rate of rejections in respect of furlough allowances – during the spring wave, 29.5% of all applications received from the self-employed were rejected. The major reason for rejection (62% of all cases) was insufficient social insurance contributions (less than €20 per month) (State Audit Office, 26 November 2020). Many people who lost their earnings did not even try to apply for the allowance, knowing that they would not qualify. Among companies, the rejection rate was 23.3%, and the major reason for rejection (53% of cases) was too low taxes paid in the previous six months (not exceeding the threshold of €200 per month). The current data on the second wave furlough benefits demonstrate a radical change, with a rejection rate of only 2.7% of all applications (SRS, 7 May 2021).

The amount of the benefit in crisis situation is determined by local government, with the state co-financing 50% of the amount. However, the ceiling for state co-financing was inadequately low: €40 per month between April 2020 to January 2021 and with very strong conditions and bureaucratic procedures for personal data registration. The amount of the benefit in crisis situation ranged from €35 to €135 per month in 2020 and was not perceived by recipients as adequate. Therefore, some local municipalities have ignored such support as ineffective. The amount of state co-financing has been increased to €75 from February 2021 for an adult and covers 100% of the amount (€50 per month) to the child in this household.

One of the social policy gaps in general is related to the lack of any specific support measure in the field of housing. Almost 90% of the population live in private housing, including those having mortgages or renting. Therefore, the housing expenditure problems caused by COVID-19 in terms of insufficient income due to job loss are left up to private individuals (Rajevska et al., 2020) or to municipalities whose function is to provide housing assistance,

including housing benefit. According to the administrative data of municipalities, the number of housing benefit recipients did not increase in 2020 compared with 2019.

### 3.4 Debates and recommendations

Because of the urgency of the matter, in many cases there were no, or not enough, public consultations on the introduction of the specific support measures or benefits. This caused several initial gaps in response to the pandemic (Kļave, 2020a, 2021). The Prime Minister stated in the beginning of February 2021 that the support provided during the COVID-19 period is not fully utilised by companies and people.

In March 2021, all parents of dependent children (aged 0-24) received one-off aid in the amount of €500 according to a decision of the government supported by the parliament. Consequently, in April 2021, all pensioners (including recipients of old-age, disability, and survivor's pensions) and carers of disabled people received a lump-sum benefit of €200. Since April 2021, the eligibility period for the unemployment assistance benefit has been extended to six months for those unemployed people granted this benefit on or after 9 November 2020.

The crisis caused by COVID-19 has once again clearly demonstrated the shortcomings of the Latvian social protection system: the lack of an adequate social safety net; very low income thresholds above which a person is not eligible for benefits and services allocated to only "the most needy" people in municipalities; and a low level of protection for people employed in non-standard labour relations (such as the self-employed and micro-enterprise workers). Helicopter money in spring 2021 for children and pensioners was supported by all political parties in parliament.

These issues have already been on the agenda. Thus, back in October 2019, the Latvian ombudsman filed three suits at the Constitutional Court: on the level of GMI, the needy person's income threshold, and the state social assistance allowance. It was quite expected that the court would recognise the respective levels of social protection as insufficient and oblige the authorities to raise the thresholds, which happened in autumn 2020. Some of the new support measures could be seen as having the potential to reshape the social protection system. Measures should be put in practice after recalculation in May 2021.

Amendments to the Law on State Social Insurance, proposing to include the periods of furlough allowances paid due to COVID-19 within the insured record, were discussed in the parliament in the first reading in April 2021. The bill is aimed at protecting employees and the self-employed from breaks in their social insurance record that may otherwise cause inadequate protection for sickness, unemployment, disability and maternity/paternity benefits.

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