

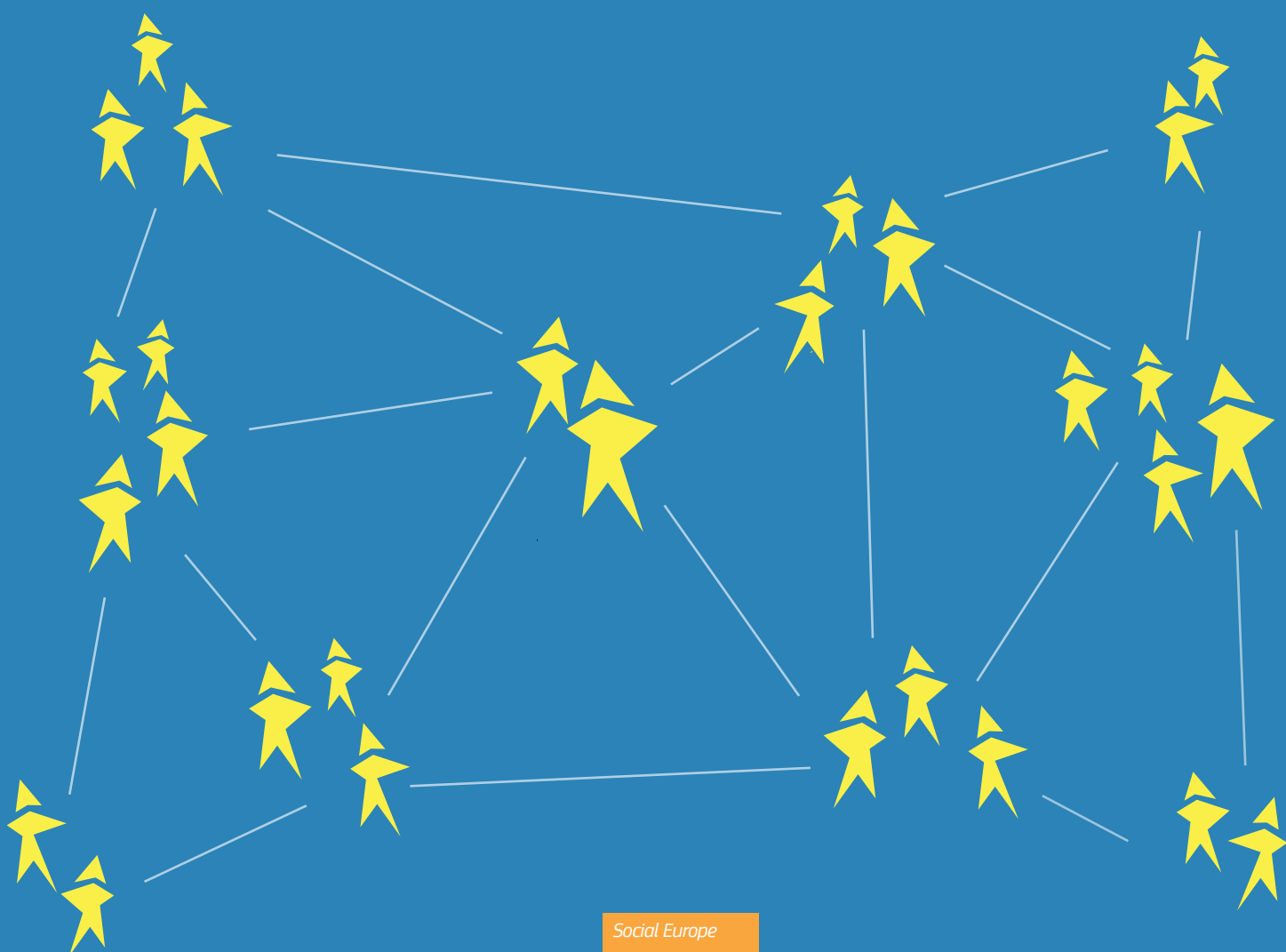


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# Access to social protection for young people

## Latvia

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Social Europe

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**ESPN Thematic Report:  
Access to social protection for  
young people**

**Latvia**

**2021**

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## SUMMARY

In Latvia, there are very few social protection measures that address particularly young people. There are no special provisions that favour younger beneficiaries either in the unemployment, sickness, maternity/paternity and parental benefit schemes, or in terms of guaranteed minimum income (GMI) and housing benefits. Replacement rates and flat-rate amounts are not age specific: the rules are the same across all ages, from 15 to 65. There is no real distinction on the basis of age, but access to some benefits is more difficult for young people, as it requires longer contribution periods.

The main gap for young people is the need to have a social insurance contribution record. Young people just starting out on their working careers may have a very short contribution record, which disqualifies them from certain benefits, such as sickness benefit, unemployment benefit, maternity benefit and parental benefit. A person aged 15 or over who is neither studying nor working is eligible for unemployed status and can be registered as unemployed. This status does not automatically mean financial support in terms of unemployment benefit, if there is no contribution record. However, such status gives a person the right to be involved in active labour measures and training for the unemployed.

According to the Law on Support for Unemployed Persons and Persons Seeking Employment, the age group 15–24 is defined as a specific target group for active labour measures. In 2014, the Youth Employment Initiative project started in Latvia with the aim of increasing the participation of young people (15–29) in the labour market and education. The project is supported by a European Social Fund (ESF) grant within the framework of the Youth Guarantee up to the end of 2023. Significant legislative amendments have been made that affect youth employment, such as the introduction of a vocational education system, modular vocational education programmes and work-based learning. In the period since 2015, two amendments to the Law on Unemployment Insurance have come into force: access to unemployed status has been tightened and both the duration of unemployment benefits and the replacement rate have been reduced. Though these were general reforms that did not specifically target young people, they did make their situation worse.

Families provide the main support for young people. The share of social protection expenditure on families and children in total social protection spending is larger in Latvia than the EU-27 average (in 2018: 10.85%, compared to 8.32% in the EU-27). In March 2021, a one-off allowance of €500 per child was paid to the parents of dependent children aged 0–20. Social guarantees for orphans and for children left without parental care, as well as the GMI benefit level, increased from January 2021.

In contrast to many other Member States, in terms of the level of the at-risk-of-poverty (AROP) rate, younger people in Latvia are in a relatively better position than older population groups: while the AROP rate in the age group 30–64 consistently exceeds the EU average (e.g. in 2019, it was 18.2% in Latvia, as opposed to 15.0% in the EU-27), the AROP rate for the age group 16–29 is markedly lower than in the older group, and also well below the EU average (in 2019, Latvia – 14.3%, EU-27 – 20.0%). This is, however, largely due not to the presence of effective policy measures aimed at young people, but to state support for families with dependent children, and high demand for young workers in the context of a general workforce shortage that is the result of a shrinking population.

# 1 KEY FIGURES ON THE SOCIO-ECONOMIC SITUATION OF YOUNG PEOPLE<sup>1</sup>

## 1.1 Distribution of young people (aged 15–29) by main activity status

**Table 1a: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Latvia, % 15-29 and 30-64)**

	LATVIA											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	52.2	51.9	53.4	52.1	51.9	47.8	73.9	74.7	75.7	78.2	78.7	78.9
<i>Paid employment**</i>	93.3	93.7	92.2	92.9	93.3	92.1	86.1	85.8	86.3	87.6	87.4	86.3
<i>Self-employment**</i>	5.1	4.8	6.3	5.9	5.4	6.2	11.9	12.2	11.9	11.1	11.3	12.2
<i>Contributing family work**</i>	1.6	1.5	1.5	1.2	1.3	1.6	2.0	2.0	1.8	1.3	1.3	1.5
UNEMPLOYMENT***	12.9	13.3	11.6	10.6	9.3	13.1	9.3	9.0	8.3	6.9	5.9	7.5
INACTIVITY****	40.0	40.1	39.6	41.7	42.8	44.9	18.5	17.9	17.4	16.0	16.3	14.7
	EU-27											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	45.0	45.9	46.9	47.7	48.2	46.1	71.4	72.4	73.5	74.5	75.3	74.9
<i>Paid employment**</i>	91.8	92.2	92.4	92.6	92.8	92.5	83.0	83.3	83.7	84.0	84.1	84.2
<i>Self-employment**</i>	5.3	5.2	5.2	5.2	5.1	5.4	14.6	14.5	14.3	14.2	14.2	14.1
<i>Contributing family work**</i>	2.9	2.6	2.4	2.2	2.1	2.1	2.4	2.2	2.0	1.8	1.7	1.7
UNEMPLOYMENT***	17.3	15.8	14.2	12.8	11.9	13.3	8.5	7.7	6.9	6.1	5.6	5.8
INACTIVITY****	45.6	45.4	45.3	45.3	45.3	46.8	22.0	21.6	21.0	20.6	20.2	20.5

Notes: (\*) The employment rate is expressed as a share (%) of the total population in the age group. The 3 categories of employment (paid employment [i.e. employees], self-employment and contributing family work) are expressed as a share (%) of the population in employment in the age group. Contributing family work is a form of labour (generally unpaid, although compensation may come indirectly in the form of family income) that supports another member of the family to run an agricultural holding or another business. (\*\*) The unemployment rate is expressed as a share (%) of the active population, i.e. the population that is either in employment or unemployed (not the total population), in the age group. (\*\*\*) The inactivity rate is expressed as a share (%) of the total population in the age group.

Reading note: In 2020, in Latvia, 47.8% of people aged between 15 and 29 were in employment, compared to 78.9% of those aged 30-64. In the EU-27 as a whole, these figures were 46.1% and 74.9%, respectively. The share of people unemployed in the active population in Latvia was 13.1% of the 15-29 age group and 7.5% of the 30-64 age group (EU-27 average: 13.3% and 5.8%). The shares of people economically inactive in Latvia in the 15-29 and 30-64 age groups were 44.9% and 14.7%, respectively (EU-27 average: 46.8% and 20.5%).

Source: Eurostat, ESPN Network Core Team calculations based on LFS indicators [lfsa\_eegais], [lfsa\_egaps], [lfsa\_pganws] and [lfsa\_igan]. Data downloaded on 24 May 2021.

<sup>1</sup> Except where otherwise specified, the indicators presented in Section 1 of this report were computed by the ESPN Network Core Team on the basis of data coming from two data sources coordinated at the European level by the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>): European Union Labour Force Survey (EU-LFS) and European Union Statistics on Income and Living Conditions (EU-SILC). These indicators were computed for all the 35 ESPN countries for which the data needed were available. All these ESPN countries' estimates are presented in Annex B of the following Synthesis Report: Dalila Ghailani, Stéphanie Coster, Ramón Peña-Casas and Pietro Regazzoni (2021), "Access to social protection for young people. An analysis of policies in 35 countries", European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This Synthesis Report can be downloaded [here](#).

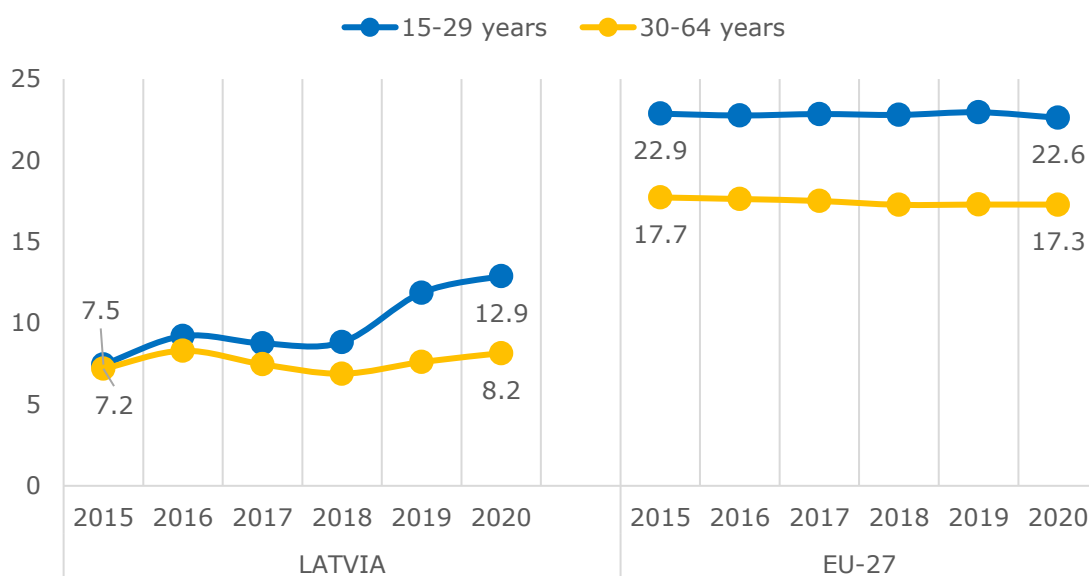
**Table 1b: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Latvia, ratios 15-29/30-64)**

	LATVIA						EU-27					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	0.71	0.70	0.70	0.67	0.66	0.61	0.63	0.63	0.64	0.64	0.64	0.62
Paid employment**	1.08	1.09	1.07	1.06	1.07	1.07	1.11	1.11	1.10	1.10	1.10	1.10
Self-employment**	0.43	0.40	0.53	0.53	0.48	0.51	0.36	0.36	0.36	0.36	0.36	0.38
Contributing family work**	0.81	0.75	0.83	0.96	0.98	1.06	1.21	1.20	1.21	1.24	1.24	1.20
UNEMPLOYMENT***	1.38	1.47	1.40	1.53	1.56	1.76	2.04	2.06	2.06	2.09	2.10	2.29
INACTIVITY****	2.16	2.24	2.27	2.60	2.62	3.05	2.07	2.11	2.16	2.20	2.24	2.29

Notes: To obtain the ratio of 15-29 to 30-64, the 15-29 percentage is divided by the 30-64 percentage: a value below (above) 1 in a given activity status therefore means that 15-29-year-olds are proportionally less (more) numerous in that activity status than 30-64-year-olds. See also Notes to Table 1a above.

Reading note: In 2020, in Latvia, 47.8% of people aged between 15 and 29 were in employment compared to 78.9% of those aged 30-64 (see Table 1a) – i.e. a 15-29:30-64 ratio of 0.61. In the EU-27 as a whole (see table 1a), these figures were 46.1 and 74.9% respectively (ratio 0.62).

Source: See Table 1a.

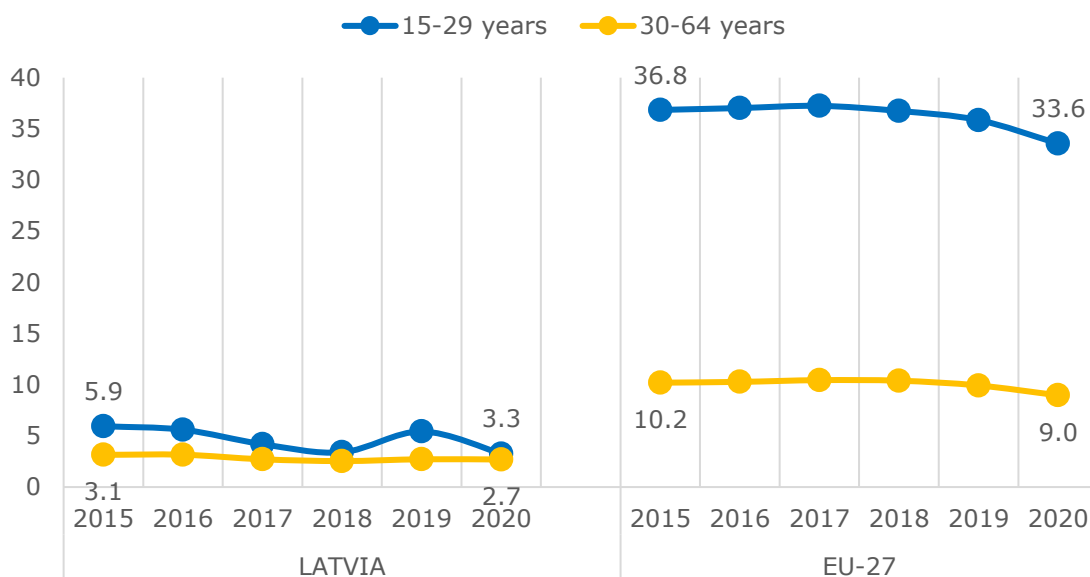
**Figure 1: Part-time employment as a share of the population in employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Latvia, %)**

Reading note: In 2020, in Latvia, the share of part-time employment in total employment was 12.9% for the 15-29 age group and 8.2% for the 30-64 age group. For the EU-27 as a whole, these shares were 22.6% and 17.3%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicator [lfsa\_epgn62]. Data downloaded on 24 May 2021.



**Figure 2: Temporary employment as a share of population in paid employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Latvia, %)**

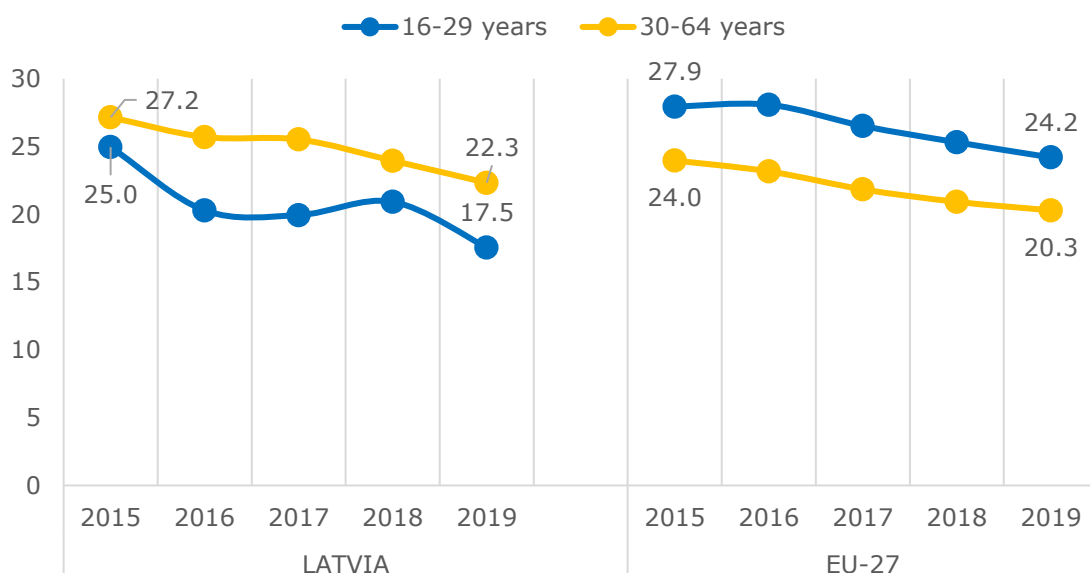


*Reading note: In 2020, in Latvia, the share of temporary workers among employees was 3.3% for the 15-29 age group and 2.7% for the 30-64 age group. For the EU-27 as a whole, these shares were 33.6% and 9.0%, respectively.*

*Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicators [lfsa\_epgn62] and [lfsa\_egaps]. Data downloaded on 24 May 2021.*

## 1.2 Young people (aged 15–29) at risk of poverty or social exclusion

**Figure 3: People at risk of poverty or social exclusion - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Latvia, %)**

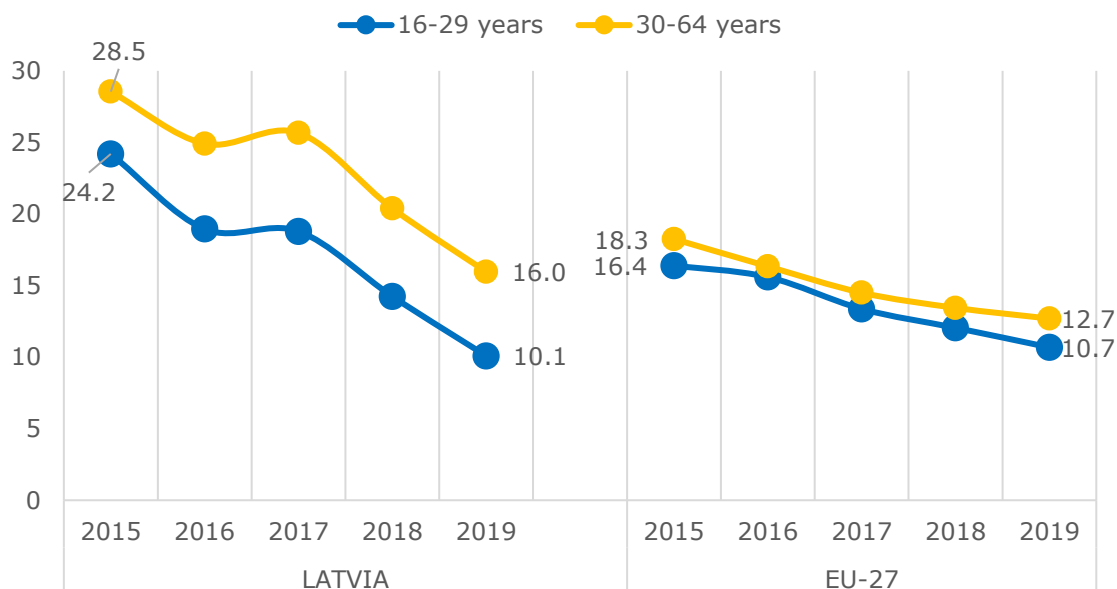


*Reading note: In 2019, in Latvia, 17.5% of the 16-29 age group were at risk of poverty or social exclusion (i.e. they were living in a household that was at risk of poverty and/or severely materially and socially deprived and/or (quasi-)jobless according to the EU definition of these indicators) compared to 22.3% of the 30-64 age group. For the EU-27 as a whole, these figures were 24.2% and 20.3%, respectively.*

*Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc\_peps02]. Data downloaded on 24 May 2021.*

### 1.3 Young people (aged 15–29) materially and socially deprived

**Figure 4: People materially and socially deprived - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Latvia, %)**

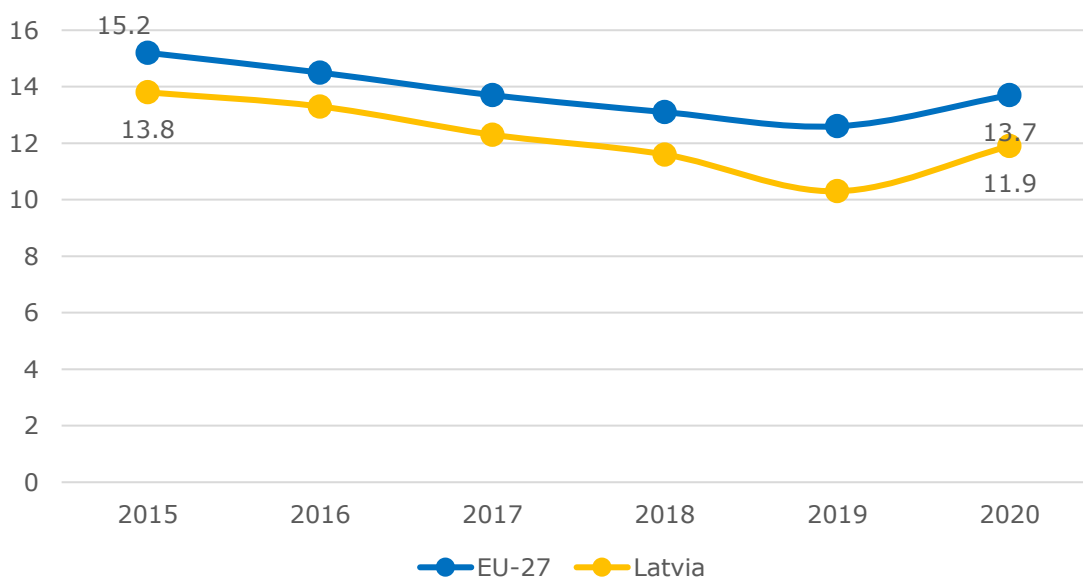


Reading note: In 2019, in Latvia, 10.1% of the 16-29 age group were materially and socially deprived (according to the EU definition of this indicator) compared to 16.0% of the 30-64 age group. For the EU-27 as a whole, these figures were 10.7% and 12.7%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc\_mdsc]. Data downloaded on 24 May 2021.

### 1.4 Young people (aged 15–29) neither in employment nor in education or training (NEETs)

**Figure 5: People aged 15-29 neither in employment nor in education or training (NEETs) (2015-2020, EU-27 and Latvia, %)**

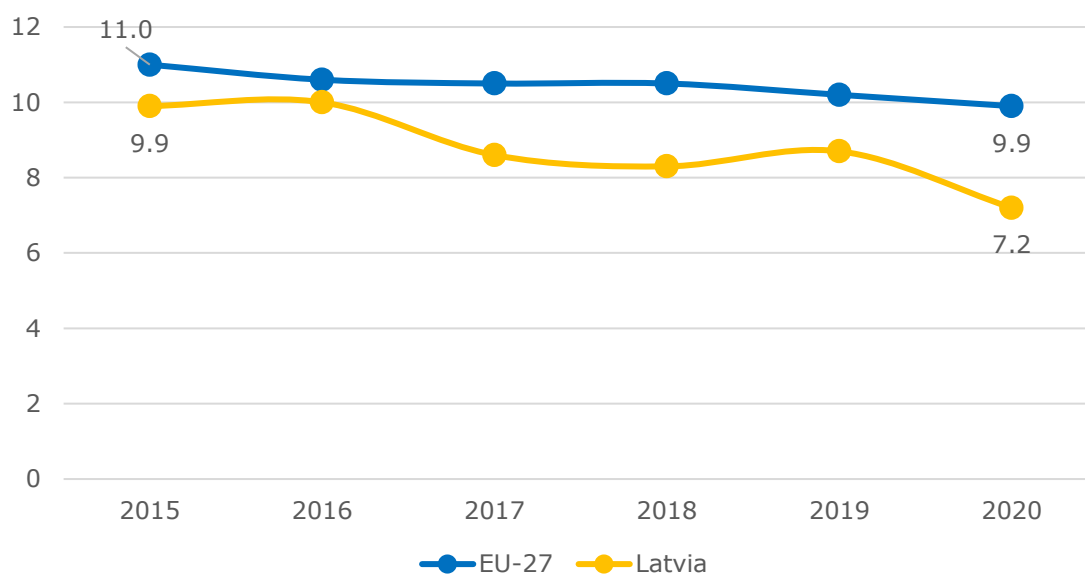


Reading note: In 2020, in Latvia, 11.9% of the 15-29 age group were neither in employment nor in education or training (NEET) compared to 13.7 for the EU-27 as a whole.

Source: Eurostat, LFS - indicator [lfse\_20]. Data downloaded on 24 May 2021.

## 1.5 Early leavers (aged 18–24) from education and training

**Figure 6: Early leavers from education and training for the 18-24 age group (2015-2020, EU-27 and Latvia, %)**

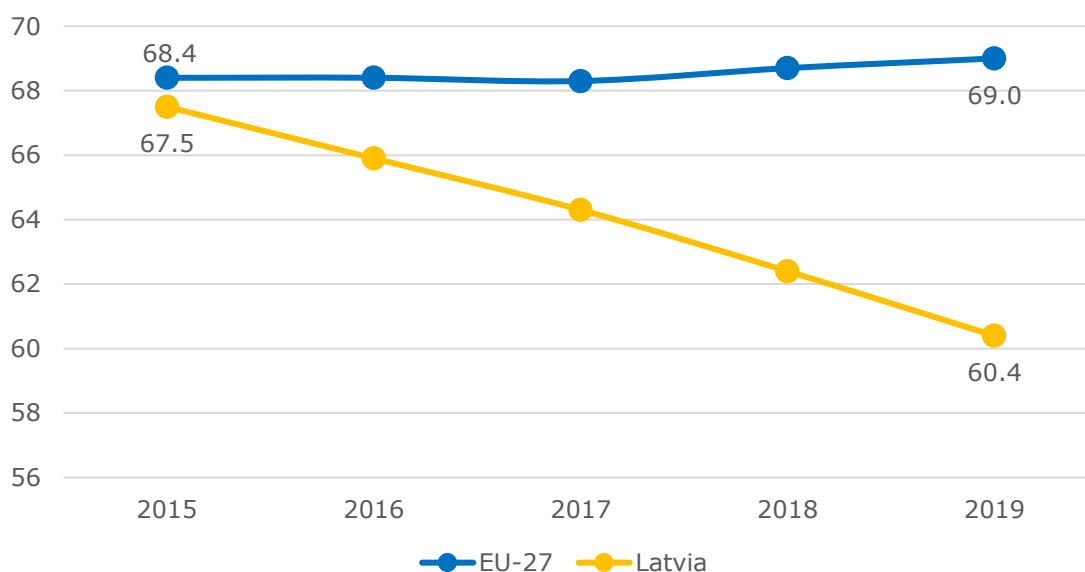


*Reading note: In 2020, in Latvia, 7.2% of the 18-24 age group were early leavers from education and training – i.e. they had completed, at most, lower secondary education and were not in further education or training. For the EU-27 as a whole, this figure was 9.9%.*

*Source: Eurostat, LFS - indicator [edat\_lfse\_14]. Data downloaded on 24 May 2021.*

## 1.6 Young people (aged 16–29) living with their parents

**Figure 7: Young people aged 16-29 living with their parents (2015-2019, EU-27 and Latvia, %)**



*Reading note: In 2019, in Latvia, 60.4% of the 16-29 age group were living with their parents, compared to 69.0% for the EU-27 as a whole.*

*Source: EU-SILC - indicator [ilc\_lvps08]. Data downloaded on 24 May 2021.*

## 2 ACCESS TO UNEMPLOYMENT BENEFITS

Those who have gained unemployed status have an insurance (employment) record of not less than 1 year and have made mandatory unemployment social insurance contributions. Those unemployed people who have regained the ability to work after a temporary disability or who have raised a disabled child (to the age of 18) are also entitled to receive the benefit. In these cases, unemployment benefit is granted only if the claimant has registered with the State Employment Agency (SEA) to obtain unemployed status within 1 month of regaining the ability to work or within a month of the disabled child turning 18.

### 2.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Latvia as far as young people are concerned are the following:

#### a) Age

Age is not a criterion for this scheme. The age criterion is related to the age specified in the labour law – 15 years – at which someone can independently enter into an employment relationship. Thus, according to the law, anyone over the age of 15 is entitled to take employment, unless they are in full-time primary or secondary education. In practice, since unemployment benefit is contributory and social insurance contributions must have been made for 12 of the last 16 months, the earliest age at which someone can be eligible for this scheme is 16. The employment rate among young people aged 15–29 fell from 52.2% in 2015 to 47.8% in 2020; meanwhile, in the age group 30–64 it increased from 73.9% to 78.9%. As concerns the rate of unemployment, the situation is worse for young people: in the age group 15–29, it was 12.9% in 2015, rising slightly to 13.1% in 2020. In the age group 30–64, the unemployment rate was 9.3% in 2015, 5.9% in 2019 (before the pandemic) and 7.5% in 2020. The inactivity rate among those aged 15–29 increased from 40% in 2015 to 44.9% in 2020 (still 1.9 percentage points lower than the EU-27 average) (see Section 1).

#### b) Activity status requirement

In general, trainees and apprentices are regarded as inactive (in education): unless they have an employment agreement, they are not considered to be employed. According to national legislation (31.07.2001, Cabinet Regulations No. 337), training grants are not subject to income tax. The law does not oblige an employer to pay a trainee. However, a trainee and an employer can conclude a mutual written agreement (employment contract) also covering remuneration. In such cases, the remuneration (salary) paid to the trainee is subject to personal income tax, as well as mandatory state social insurance contributions. As of July 2021, minimum social insurance contributions must be paid for each socially insured person, on the basis of the minimum monthly salary set by the state. The object of the minimum contribution is three minimum wages – €1,500 per quarter. Thus, a person has a social insurance contribution record and becomes eligible for unemployment benefit. Self-employed persons are not socially insured against unemployment and thus are not eligible for unemployment benefit. As for other non-standard workers (employees), their eligibility depends on their social insurance period and status.

#### c) Contributory history required to access the scheme

A person is entitled to unemployment benefit if social insurance contributions have been paid for at least 12 of the last 16 months before the date on which unemployed status is granted. Someone who is unemployed having regained their capacity for work following a temporary disability or having raised a disabled child up to the age of 18 is entitled to the benefit, even if no unemployment contributions have been made on that person's behalf during the 16 months prior to obtaining unemployed status (or if they have been made for a period of less than 12 months).

If the total insurance period is less than 1 year, then a person is not entitled to unemployment benefit. The rule is the same for everyone aged from 15 years to retirement age.

#### **d) Waiting period**

Unemployment benefit is granted from the day an unemployed person applies to the State Employment Agency for the benefit.

The only exceptions are employees who have themselves terminated their employment: they are granted unemployment benefit not earlier than 2 months from the day on which they are given unemployed status by the State Employment Agency.

The rules are the same for everyone aged from 15 years to retirement age.

#### **e) Replacement rate/benefit level**

The calculation of the benefit level is not age specific.

The amount of unemployment benefit depends on the total length of the person's insurance (employment) record and on the previous income on which unemployment contributions were paid: 1) with an insurance record of from 1 year to 9 years – 50% of average previous income on which unemployment contributions were paid; 2) with a record of from 10 years to 19 years – 55% of average previous income on which unemployment contributions were paid; 3) with a record of from 20 years to 29 years – 60% of average previous income on which unemployment contributions were paid; and 4) with a record of 30 years or over – 65% of average social insurance contributions.

The amount of unemployment benefit gradually decreases over a period of 8 months. The full amount is paid for the first 2 months, then 75% of the amount during the 3rd and 4th months; 50% during the 5th and 6th months; and 45% during the last 2 months.

#### **f) Duration**

The benefit may be received for a maximum of 8 months. The duration of the disbursement of unemployment benefit is not age specific.

## **2.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Latvia are the following:

#### **a) Main gaps in access for young people**

One of the main general gaps that also affect the age group 15–29 is the exclusion of self-employed persons and micro-entrepreneurs from the unemployment insurance scheme. The self-employment rate among the youth (15–29) has gradually been increasing – from 5.1% in 2015 to 6.2% in 2020, which is 0.8 percentage points (p.p.) higher than the EU-27 average. However, in the age group 30–64, the self-employment rate stood at 12.2% in 2020, compared to an EU-27 average of 14.1% (see Section 1).

Since 1 July 2021, minimum social contributions have been introduced: these minimum social contributions must be made from the minimum monthly wage set by the state. The object of the minimum contribution is three minimum wages – €1,500 per quarter. There are no specific changes concerning young people. Still the social contributions are mandatory for those workers who have a work contract (employees, except self-employed).

#### **b) Main obstacles in access for young people**

The main obstacle for young people is the need to have a social insurance contribution record. Since unemployment benefit is contributory, young people without any employment experience – and accordingly without a contribution record (or with a contribution record of less than 12 months in the previous 16 months) – are not eligible for the scheme.

Being registered as unemployed gives a person the right to be involved in active labour measures and training for the unemployed. However, according to the Law on Support for Unemployed Persons and Persons Seeking Employment, the age group 15–24 is singled out as one of the specific target groups for active labour measures. However, for the age group 25–29, no specific active labour measures are envisaged within the framework of Latvian legislation.

### **3 ACCESS TO SICKNESS AND HEALTHCARE BENEFITS**

#### **3.1 Sickness benefits**

According to the law, socially insured persons are entitled to sickness benefit. Thus, the state sickness benefit is a contributory benefit. It can be granted by reason of the following: loss of capacity for work due to sickness or injury; need to receive medical assistance of a therapeutic or prophylactic nature; isolation as a consequence of quarantine; treatment in a medical establishment during a period of recuperation after sickness or injury, if such treatment is necessary to restore the person's capacity for work; nursing of a sick child aged up to 14 years; and prosthetics or orthotics in a hospital.

##### **3.1.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Latvia as far as young people are concerned are the following:

###### **a) Age**

Age is not a criterion for this scheme. The age criterion is related to the age specified in the labour law – 15 years – at which a person can independently enter into an employment relationship.

###### **b) Activity status requirement**

Socially insured persons – employees (including non-standard workers on a work contract, for whom social contributions covering illness have been made), self-employed persons who have made social insurance contributions, and the spouses of self-employed persons, if they have joined the social insurance scheme – are entitled to sickness benefit. Sickness benefit is granted if a person is absent from work due to sickness or injury and thereby loses income from paid employment, or if a self-employed person loses income. The sickness benefit based on the person's social insurance contributions is paid from the day 11 of the work incapacity. The first 10 days (except day 1) are covered by the employer and there is no need for a contribution record.

Trainees and apprentices may be entitled to sickness benefit if they have a work contract with an employer and if their remuneration (salary) is subject to taxation, according to the general taxation rules. If they do not have a work contract, they are not entitled to sickness benefit. However, the heads of educational establishments are responsible for providing compulsory insurance for trainees, covering work accidents during training.

The rules are the same for everyone aged from 15 years to retirement age, provided the person has a social insurance contribution record.

###### **c) Contributory history required to access the scheme**

A person is eligible for sickness benefit if social insurance contributions have been made for at least 3 of the last 6 months, or for at least 6 of the last 24 months. The qualification period does not apply to sick pay paid by the employer from day 2 to day 10 of work incapacity; nor does it apply in the event of absence from work to take care of a sick child under the age of 14. Sickness benefit is payable on production of a medical certificate issued in accordance with procedures prescribed by the Cabinet, an employer certification regarding the absence of an employee from work or certification by a self-employed person

regarding incapacity to work. The rule is the same for everyone aged from 15 years to retirement age.

#### **d) Waiting period**

Sickness benefit is disbursed from the day 2 of a person's work incapacity. In the case of absence to care for a sick child, the benefit is paid from day 1. The rule is the same for everyone aged from 15 years to retirement age.

#### **e) Replacement rate/benefit level**

The amount of the benefit is not less than 75% of average earnings for days 2 and 3 of temporary incapacity, and not less than 80% from day 4. For the first day of sickness, an employer does not have to pay anything. The rule is the same for everyone aged from 15 years to retirement age.

#### **f) Duration**

The duration of sickness benefit is not age specific.

For the first 10 days of sickness (except the first day), the employer is obliged to provide sick pay to employees who are temporarily unable to work, as certified by a medical certificate issued in accordance with the procedures prescribed by the Cabinet (except incapacity for work related to pregnancy and childbirth, or nursing a sick child).

From day 11, the State Social Insurance Agency is responsible for calculating and paying sickness benefit in the amount of 80% of the average salary on which the person pays contributions. Sickness benefit is payable until the day capacity for work is restored, but for no longer than 26 weeks (counting from the first day of incapacity for work) if incapacity is continuous, and no longer than 52 weeks in the space of 3 years, if incapacity for work recurs at periodic intervals.

### **3.1.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Latvia are the following:

#### **a) Main gaps in access for young people**

As sickness benefit is contributory, the main gap for young people just starting out in employment is the need to have a social insurance contribution record for at least 3 of the last 6 months. Young people with an inadequate contribution record (less than 3 months) are not eligible for sickness benefit from day 11 of work incapacity. However, they still have the right to sick pay paid by their employer from day 2 to day 10 of work incapacity.

#### **b) Main obstacles in access for young people**

There are no obstacles to access to sickness benefit for young people, except the one – their contribution record – mentioned above.

## **3.2 Healthcare benefits**

There are no healthcare cash benefits. Everybody is eligible for state-funded and co-paid healthcare services. Co-payments apply to almost all types and levels of healthcare services and outpatient pharmaceuticals prescribed by doctors. Healthcare benefits in kind include a wide range of services provided by family doctors, speciality care providers, hospitals and emergency care units, as well as prescribed drugs.

### **3.2.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Latvia as far as young people are concerned are the following:

**a) Age**

From the age of 7 to 18 years, the following healthcare services are provided free of charge: a consultation with a family doctor at the doctor's practice – once a year; a visit to a dental hygienist – once a year (twice a year at ages 7, 11 and 12); and vaccinations. For people under 18, the state also pays for dental services, if the dentist has a contract with the National Health Service; the state pays for the first consultation with an orthodontist for people under 18.

**b) Activity status requirements**

There are no restrictions on access to healthcare services based on a person's activity status. It is not obligatory for employers to offer private healthcare insurance: it may be provided as an additional bonus, and in some cases may depend on how long an employee has been with the company. In the case of trainees, the heads of educational establishments must ensure compulsory insurance of the trainee against accidents during training. The insurance needs to cover the trainee's life, health and physical condition during training. The minimum amount of the sum insured is €1,423.87.

**c) Contributory history required to access the scheme**

In the healthcare system, no contributory history is required – although, since 2018, health care has been part of the state social insurance system, with 1% of social contributions going to fund health care. Access to state-funded healthcare services does not depend directly on a person's social contributions.

**d) Waiting period**

The law stipulates that a consultation with a general practitioner must be available within 5 days. As for access to other state-funded healthcare services, the long waiting lists for medical examinations and treatments remain an unresolved issue.

**e) Replacement rate/benefit level**

The healthcare system is based on universal healthcare coverage and provides for a basic services package. Co-payments apply to almost all types and levels of healthcare services. To receive outpatient healthcare services (specialist consultations, diagnostic examinations, day hospital services) and pay only the patient's contribution, a person must be referred by a family doctor or a doctor-specialist. The co-payments for outpatient and inpatient healthcare services are capped at €570 per person per year; co-payments for hospitalisation are capped at €355 per episode. There is a detailed price list of patient contributions for healthcare services. The co-payment to see a general practitioner is €2 per person for those aged 19–64; for other healthcare specialists – €4 from the age of 19; for hospital treatment, from day 2 of hospitalisation – €10 per day from the age of 19.

People aged 18 or under, disabled people, pregnant women and women in the first 70 days after childbirth are exempt from any fees. Households with monthly income of below €272 per person are also exempt from co-payments. Two preventive programmes are available without co-payment: an annual check-up at a family doctor's practice and the cancer screening programme.

When submitting the annual income tax declaration, a person may deduct expenses for education and healthcare services up to a total of €600; this may be seen as a partial reimbursement.

**f) Duration**

Not applicable for access to healthcare services.



### 3.2.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for this scheme in Latvia are the following:

#### a) Main gaps in access for young people

There are no specific gaps for young people aged 15–29.

#### b) Main obstacles in access for young people

The cost of healthcare services is the main factor restricting access to them, as is recognised by policy makers and researchers (BISS, 2019). The low level of public financing for health limits access to quality and timely care for all, with most of the remaining spending paid directly out of pocket by households. Although the state does cover co-payments for the needy in many instances, people on low incomes (including the age group 15–29) are not granted healthcare benefits at the state level. Support for people on low incomes is provided only by local governments; thus, such support varies across the country. Although Cabinet Regulation No. 555 stipulates that dental services for children and young people under the age of 18 should be provided and paid for out of the state budget, the number of medical establishments that have a contract with the National Health Service to provide state-funded services does not meet demand. Therefore, the provision of state-funded dental services for children within a reasonable time is not equally available in all regions.

## 4 ACCESS TO MATERNITY, PATERNITY AND PARENTAL CASH BENEFITS

Family and child benefits in Latvia are divided into two large groups: contributions-based and non-contributory flat-rate benefits. The contributions-based benefits (financed from the state social insurance budget) are maternity and paternity benefits and parental benefits; these are primarily intended for working parents only. Conversely, the childbirth allowance, family benefits, childcare benefits, foster family and guardian benefits, as well as the various supplements for caring for a disabled child, are flat rate and financed from central government revenue. In addition, municipalities may have their own family and child benefits, both in cash and in kind.

### 4.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Latvia as far as young people are concerned are the following:

#### a) Age

No age restrictions or privileges exist.

#### b) Activity status requirement

**Maternity benefit** is paid to a woman who: 1) is employed or self-employed at the beginning of her maternity leave; 2) lost her employment (lost her self-employed status) not more than 60 days prior to maternity leave; or 3) was released from work due to the liquidation of an undertaking not more than 210 days prior to maternity leave.

If the woman has not been employed for a longer period than is mentioned in points 2) or 3) above, she is not eligible for maternity benefit.

**Paternity benefit** is paid to an employed or self-employed man while he is on leave for 10 calendar days following the birth of his child. This leave must be used up before the child is 2 months old.

**Parental benefit** is paid to one employed or self-employed parent (the mother and the father agree who will claim the benefit). A woman who is not employed on the day the

benefit is granted may, nevertheless, still receive it if she has been granted maternity benefit for that child.

All categories of workers (standard and non-standard) are covered. Trainees and apprentices may be entitled to maternity/paternity/parental benefits if they have a work contract with an employer and if social contributions have been paid for them, provided also that they have an adequate contributions record.

### **c) Contributory history required to access the scheme**

**Maternity/paternity benefit** – contributions must have been paid for not less than 6 of the last 24 months or for not less than 3 of the 6 months preceding the first day of maternity/paternity leave.

**Parental benefit** – contributions must have been paid for not less than 6 of the last 24 months or for not less than 3 of the 6 months preceding the month in which the benefit commences.

### **d) Waiting period**

No waiting period required.

### **e) Replacement rate/benefit level**

**Maternity benefit** – 80% of the average insured wage that the mother had in the reference period, which is the 12 months ending 2 months prior to the commencement of maternity leave. If the reference period contains spells when the person was not in employment, 70% of the national average insured wage is used as the basis for the calculations for those spells.

**Paternity benefit** – 80% of the average insured wage that the father had in the reference period, which is the 12 months ending 2 months prior to the commencement of paternity leave. If the reference period contains spells when the person was not in employment, 70% of the national average insured wage is used as the basis for the calculations for those spells.

There are two options for taking **parental benefit**: a) until the child is 1 year old, or b) until the child is 1.5 years old. If option a) is chosen, then the benefit is 60% of the average insured wage that the parent had in the reference period. If option b) is chosen, then the benefit is 43.75% of the parent's average insured wage in the reference period. The reference period is the 12-month period that ended 2 months prior to the commencement of the benefit. If the reference period contains spells when the person was not in employment, for such spells 40% of the national average insured wage is used as the basis for calculation. The calculation for young people is the same as for older groups.

### **f) Duration**

**Maternity benefit** is paid in two parts. The first part (for 56 or 70 calendar days) is paid before the birth, while the second part (for another 56 or 70 calendar days) is paid after the birth. The first part depends on the woman making timely and regular visits to the doctor during her pregnancy: the 70-day benefit is paid to mothers who register with a doctor before the 12th week of their pregnancy. The duration of the second part depends on medical indications: the 70-day benefit is paid to the mothers of twins (multiple birth) and to women who had complications during pregnancy or delivery. Thus, the duration of the benefit may be 112 days, 126 days or 140 days. The duration for young people is the same as for older groups.

**Paternity benefit** is paid for 10 calendar days.

There are two options for taking the **parental benefit**: a) until the child is 1 year old, or b) until the child is 1.5 years old.

## 4.2 Gaps/obstacles in access for young people

The main gaps and obstacles in access for young people identified for this scheme in Latvia are the following:

### a) Main gaps in access for young people

There are no specific gaps in access for young people.

### b) Main obstacles in access for young people

As maternity, paternity and parental benefits are all contributory, very young parents without a contributions record will not be eligible for them. They can rely only on support from family or crisis centres. If the mother does not have the means of subsistence and shelter, she should be admitted with her child to a childcare facility for the duration of breastfeeding, in accordance with Section 29 of the Law on the Protection of the Rights of the Child.

## 5 GUARANTEED MINIMUM INCOME SCHEMES

There is only one social assistance benefit that corresponds to the commonly accepted features of a minimum income scheme: the guaranteed minimum income (GMI) benefit. It is allocated on the basis of an assessment of income, and payment is the mandatory responsibility of the municipalities. Eligibility for the GMI benefit is assessed taking into consideration the income of an individual. According to the legislation, the GMI benefit is paid if a family (person) is granted the status of a poor family (person). The amount of GMI benefit (established at the national level) does not depend on the type of household or on population group. The amount of GMI benefit that a poor family (person) is entitled to is calculated as the difference between the GMI level (taking into consideration all family members) and the total income of the family (person).

### 5.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme in Latvia as far as young people are concerned are the following:

#### a) Age

No age restrictions or privileges exist.

#### b) Activity status requirement

No requirements on activity status (it includes trainees and apprentices).

#### c) Other eligibility conditions

Under the GMI scheme, the beneficiary is not an individual, but a household (which, however, may consist of a single person). It is granted for 3 months.

Income of children under 18 years from paid work or self-employment is not included in the household income calculation, provided it does not exceed the minimum statutory wage (€500 per month). Students' grants and bursaries that do not exceed the minimum wage are also excluded.

#### d) Benefit level

In 2021, GMI for the first (or only) person in a household is set at €109 per month, and for all subsequent household members at €76 per month. The benefit paid is the difference between total household income and the calculated GMI. Thus, for households without any income, the benefit is equal to the GMI; for families with some income, the benefit supplements their income up to the level of the GMI. Family benefits, childbirth allowances and a number of other benefits and compensations are not included in the household income calculation. The calculation for young people is the same as for older groups.

### **e) Distinctions between different groups of young people**

The work income of children under 18 not exceeding the minimum statutory wage (€500 per month) is not included in the household income calculation, but for older family members work income is counted in full.

## **5.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Latvia are the following:

### **a) Main gaps in access for young people**

Despite a recent increase, the level of the GMI benefit is still very low and does not effectively combat poverty in any age group. It is granted for a very short period; if the situation has not improved, then another application – with all supporting documents – needs to be submitted.

No person living in a household that consists of more than one member may apply for the GMI benefit independently: he or she must provide the full set of documents for each and every household member.

### **b) Main obstacles in access for young people**

There are no specific obstacles for young people.

The proportion of young people aged 15–29 among the beneficiaries of GMI benefit fell from 12.5% in 2015 to 7.9% in 2019, as the at-risk-of-poverty-or-social-exclusion (AROPE) rates among young people improved faster than among older groups. Among those aged 16–29, it fell by 7.5 p.p. (from 25% to 17.5%) between 2015 and 2019, while in the age group 30–64 it declined by 4.8 p.p. – from 27.2% in 2015 to 22.3% in 2019 (see Section 1). Since the amount of GMI was extremely low (€53 per month in 2019, 64 in 2020) and the duration of payment very short, it would appear that many young people who would have qualified for the benefit considered applying for it to be more trouble than it was worth.

## **6 HOUSING BENEFITS**

Housing benefit is one of the two basic social assistance benefits paid from the municipal budget (the other being GMI benefit). The provision of assistance to the population to address housing issues is established as an autonomous function of local government (Law on Local Government). Housing benefit is non-contributory. Until 30 June 2021, there was no uniform calculation methodology for housing benefit. Since 1 July 2021, a uniform calculation methodology for housing benefit has been introduced throughout Latvia. The housing benefit can be disbursed both in cash and in kind.

### **6.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Latvia as far as young people are concerned are the following:

#### **a) Age**

Age is not a criterion for housing benefit.

#### **b) Activity status requirement**

Activity status is not a criterion for housing benefit.

#### **c) Other eligibility conditions**

Local governments had the right to define the range of persons/groups of the population to be supported and to establish the eligibility criteria, the benefit allocation procedure and the benefit amount. There were no specific regulations concerning the age of potential

beneficiaries. According to administrative data, the largest group of recipients of housing benefit are persons of retirement age (in 2019 – 44.5%). The second group are children aged 0–18 (in 2019 – 17.4%). The third group are persons with disabilities (in 2019 – 16.1%) (Ministry of Welfare, 2021).

At the end of 2020, the government adopted the new Cabinet of Ministers Regulation No. 809 'Regulations on the Assessment of the Material Situation of a Household and Receipt of Social Assistance'. Since 1 July 2021, two preconditions for receiving housing benefit is that an assessment must be made of the material situation (income level) of the household and all invoices and other evidence of housing expenses must be presented to the municipal social services. In assessing the income level of the household, the incomes of all members are considered. The local authorities may still exercise favourable discretion in terms of the items of expenditure that are considered in the calculation of the benefit amount.

There are no specific eligibility criteria for young people.

#### **d) Benefit level**

Until 30 June 2021, there was no uniform calculation methodology for housing benefit, and local governments had the right to set the benefit amount. Besides, housing benefit could be disbursed both in cash and in kind. In 2019, the average benefit was €194 per year (Ministry of Welfare, 2021). As from 1 July 2021, the amount of housing benefit is calculated using a formula that takes account of the guaranteed minimum income thresholds for the household, its actual expenditure on housing and the total income of the household. In calculating the amount of housing benefit paid, the municipality may still exercise favourable discretion in terms of the items of expenditure in the binding regulations, and may determine the coefficient for the GMI thresholds for the household and the types of households to which the coefficient is applied.

#### **e) Distinctions between different groups of young people**

There are no specific distinctions between different groups of young people.

## **6.2 Gaps/obstacles in access for young people**

The main gaps and obstacles to access for young people identified for this scheme in Latvia are the following:

#### **a) Main gaps in access for young people**

There are no specific gaps for young people.

Until 2020, the main gap was the lack of common eligibility criteria and a common methodology for the calculation of housing benefit. This placed people on an unequal footing when issues related to housing expenses were addressed. Since 1 July 2021, a uniform methodology has been introduced, thus plugging this gap.

#### **b) Main obstacles in access for young people**

There are no specific obstacles for young people in terms of access to housing benefit.

## **7 REFORMS, NATIONAL DEBATES AND RECOMMENDATIONS**

### **7.1 Reforms implemented since 2015**

In 2014, the Youth Employment Initiative project started in Latvia. It was oriented towards the participation of young people (15–29) in the labour market and education, and was supported by an ESF grant within the framework of the Youth Guarantee. The assessment of the project (Ministry of Finance, 2019) evaluated the impact of support measures on youth employment and wages 6, 12 and 18 months after finishing an activity. Particular attention was paid to the target subgroups – young people with disabilities, those with a

low level of education, young parents, young people from rural areas, young people who are long-term unemployed, etc.

In September 2017, the term originally set for the projects was extended – from 30 June 2018 to 31 December 2023. Significant amendments affecting youth employment were made to the legislation: a vocational education system, modular vocational education programmes and work-based learning were introduced.

The Youth Guarantee in Latvia is based on a three-pillar approach:

**The first pillar** is the project 'KNOW and DO!' implemented at the municipal level. It addresses inactive youth who are not in employment nor in education and training (NEET), facilitating their involvement in education, the labour market, non-governmental organisations and youth centre activities. The Ministry of Education and Science is responsible for the first pillar, and it is financed by the ESF.

**The second pillar** is the State Education and Development Agency's (SEDA) programmes of initial vocational education and education at detention centres. The Ministry of Welfare is responsible for the second pillar. The SEDA has involved registered unemployed, inactive and employed persons and young people at detention centres in its programmes.

**The third pillar** is the active employment measures and training programmes implemented by the State Employment Agency (SEA) to facilitate the transition of young people from unemployment to employment. The Ministry of Welfare is responsible for the third pillar.

The Youth Guarantee's support activities are predominantly addressed to young women – including the project 'KNOW and DO!', where 65% of the participants are women. The Youth Guarantee support activities promote the more rapid return of young people to the labour market: the intervention's positive impact can be observed in both the short-term (6 and 12 months) and the medium-term (18 months) activities. Initial vocational education programmes and subsidised jobs for young people have contributed to higher average net monthly wages for young people with disabilities.

According to the Youth Guarantee Agency Implementation Progress Report (March 2019), there were 40,700 NEET young people (15–29) in 2017 (of whom 19,800 were aged 15–24). That was 3,300 fewer than in 2016 and 13,200 (25%) fewer than in 2014. Of the 40,700 NEET young people, 12,600 (31%) were registered as unemployed with the SEA, and 21,600 (53%) were jobseekers.

From 2014 to 2017, long-term support was provided to more than 28,000 young people, including more than 19,000 registered unemployed, 8,800 inactive persons and 2,400 employed young people. Some 1,550 unregistered NEET youth were involved in the project 'KNOW and DO!'.

After 2015, two amendments were made to the Law on Unemployment Insurance. These general reforms were not targeted particularly at young people, but they did make their situation worse. One amendment, adopted in 2016, increased the contribution period required to claim the benefit. Since 2017, only those who have made social insurance contributions for at least 12 of the last 16 months are entitled to unemployment benefit (previously it was 9 of the past 12 months). This, to a certain extent, has complicated access to unemployment benefit for young people, since they are likely to have shorter insurance records. The other amendment, adopted in 2019 and in force since 2020, cut the duration of unemployment benefit from 9 to 8 months and reduced the replacement rates. It was made to motivate recipients to return to the labour market sooner.

As a response to COVID-19, an unemployment assistance benefit was introduced in March 2020. Once the statutory time for unemployment benefit runs out (after 8 months), an unemployed person may be granted unemployment assistance benefit (which is actually an extension of unemployment benefit). In April 2021, the duration of unemployment assistance benefit was extended to 6 months. The measure is temporary, and will be in force until the end of 2021.

The amount of the GMI was increased in 2021 from €64 per month in 2020 to €109 per month in 2021, following a Constitutional Court ruling on the Ombudsman's claim. These reforms were not targeted specifically at young people, but were general reforms that also benefited them.

A new temporary (4 month) allowance for young specialists was introduced during the state of emergency caused by the spread of COVID-19 in 2020. It was intended for those who had graduated from a higher education institution or college and who became unemployed during the emergency or within 3 months of it. A person may receive the allowance only once (it is in force until the end of 2021). In March 2021, a one-off allowance of €500 per child ('helicopter money') was paid to the parents of dependent children (aged 0–20).

## 7.2 National debates

The issue of young people's access to social protection is not a part of the national debate in Latvia.

The paradox of the situation is that, although – in terms of the level of the AROP rates after social transfers – the population of Latvia is among the poorest in the EU, the position of younger people relative to the older age groups is better than in the majority of other Member States. Thus, the overall AROP rate in Latvia in 2019 was 22.9%, compared to an EU-27 average of 16.5% (only Romania was worse). But that same year, in the age group 15–29, Latvia's AROP rate was only 14.7%, as opposed to 20.1% in the EU-27, placing the country in the top 10. Latvia has a 'reversed' age structure of poverty: the youngest age group (under 35 years) has the lowest two-fold risk of poverty, with the risk increasing with age (Eurostat, Persons at two-fold risk of poverty by age and sex – experimental statistics [icw\_pov\_10], data for 2015).

In Latvia, there are very few social protection measures that address particularly young people: there are no special provisions that favour younger beneficiaries either in the unemployment, sickness, maternity/paternity and parental benefit schemes, or in terms of guaranteed minimum income and housing benefits. Replacement rates and flat-rate amounts are not age specific. In fact, young people just starting out in their working careers may have very short contribution records, which prevent them from qualifying for certain benefits (such as sickness benefit or unemployment benefit).

The only exception is family policy. Permanent demographic decline has led to public consensus that families with children should be supported by the state and that people should be motivated to have more children. The continuous population decrease has been going on for 30 years now: in no year since 1991 has there been a surplus of births over deaths and of immigration over emigration. The share of young people has been shrinking: in 2000, those aged 15–29 made up 21.2% of the total Latvian population; in 2020, the figure was 15.2%. The factor that has contributed most has been not natural ageing, but mass emigration by the working-age population since the country joined the EU, when Western labour markets opened up to the Eastern European work force. The proportion of people aged 15–29 among emigrants varied from 33% to 47% in the years 2005–2019, with the highest rates observed in the crisis years (2008–2010). Among immigrants (including re-migrants), both the absolute number and the proportion of young people have been considerably lower.

Thus, despite the severe downturn in the economy and job cuts during the recession, Latvia's unemployment rate has never been alarmingly high. The unemployed – particularly young people – did not stay and look for work in Latvia, but instead went to work in the old European countries. In the second half of the 2010s, as growth resumed, employers in Latvia faced a labour shortage; it became much easier for young people to find a job than for people over 50 (at least, that was the case before the pandemic).

Support for families with children is probably the most developed part of the social protection system in Latvia, both at the state and at the municipal level. In Latvia, social protection expenditure on families and children as a share of total social protection

spending is larger than the EU-27 average (in 2018: 10.85%, compared to 8.32% in the EU-27), proving the high priority of family policy in Latvia.

The financial situation of families with children has improved considerably in the last decade: whereas in 2011, the share of children (0–17) at risk of poverty or social exclusion was 44.1% (compared to 27.4% in the EU-27), with each passing year that figure has steadily declined, and in 2019 it equalled 18.9% (in the EU-27 – 22.2%). Naturally, this is due to an improvement in the well-being of children's parents.

Although, in the long term, the tax changes introduced from 1 July 2021 are intended to improve social security for employees of all age groups, without distinction, in the ongoing uncertain conditions it is difficult to predict how the different business sectors will recover from the COVID-19 crisis. For instance, as in the absolute majority of Member States, part-time work in Latvia is more widespread among young people (in 2020, 12.9% in the age group 15–29, compared to 8.2% in the age group 30–64). The introduction of a mandatory minimum contribution base for part-time workers may make such work places unprofitable for employers, leading to job cuts. But it is hard to judge whether the limitations imposed on business due to COVID-19 would not anyway have meant the same jobs being axed. Changes in taxation regulations for the self-employed will affect younger people less than the older group, as self-employment rates are commonly lower among the young (in Latvia in 2020: 6.2% in the age group 15–29, compared to 12.2% in the age group 30–64). But the self-employed comprise a variety of very different professions that are affected to very different degrees by the crisis and by the new tax regulations.

### **7.3 Good practices and recommendations**

Social guarantees for orphans and for children left without parental care were raised from January 2021: the lump-sum benefit for starting an independent life increased from €128 to €218, and the allowance for the purchase of household items increased from €250 to €820.

The development of the Support Programme for Families with Children in Purchasing or Building Housing cannot be considered to directly target poor families with children or to tackle housing exclusion and homelessness. The aim of the programme is to assist families in purchasing or building housing, with the state providing the first mortgage repayment. It means that these families have a decent monthly income to cover the bank credit interest. Nevertheless, this programme partly addresses housing availability and affordability. The Cabinet Regulation No. 443 'On State Assistance in Purchasing or Building Housing' was approved in 2014 and the Housing Guarantee Programme started in 2015. Up to the end of 2020, 15,888 housing guarantees had been provided to families (with a total of 18,300 children) and the guarantees provided totalled €118.1 million (Altum, 2020). From 2018, support in the form of state guarantees for the purchase of housing was expanded to include not only young families with children, but all people under 35 years of age who have completed higher or secondary vocational education. This was done to encourage highly qualified young specialists to stay in Latvia and not to emigrate. Up to the end of 2020, 2,617 housing guarantees – worth a total of €19.6 million – were provided to young specialists. In July 2020: a) the maximum amount of the guarantee was increased from €200,000 to €250,000; b) the amount of the guarantee for families with four or more children was increased to 30% of the loan; c) it became possible to reapply for the guarantee 3 years after a previously granted guarantee; d) a new housing programme 'Support' ('Balsts') was introduced to support so-called Latvian Honorary Families by providing an opportunity to receive a non-refundable state subsidy for the purchase or construction of housing for families with three or more children. Within the framework of the 'Support' programme, a family with three children can receive a subsidy of €8,000 to €10,000, while a family with four children can get up to €12,000. The eligibility criteria for receiving the non-refundable subsidy is that the value of the selected real estate should not exceed €250,000, and the annual income per family member should be no more than €17,000 before taxes (Cabinet Regulation No. 95).



Latvia needs radical changes to its housing policy, and there is an acute need to build cheap rental housing and to provide dormitories for students at an affordable cost.

It looks reasonable to introduce a special support measure for young jobseekers, as they may often lack an adequate insurance record (which is 12 months during the last 16 months) to qualify for unemployment benefit.

In general, the whole social protection system in Latvia (including young people's protection) needs to be strengthened, and the permanently high level of income inequality needs to be addressed.

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