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## **EUROPEAN SOCIAL CHARTER**

Ad hoc report on the cost-of-living crisis

submitted by

**THE GOVERNMENT OF LATVIA**

Report registered by the Secretariat

on 22 December 2023

**CYCLE 2024**

## **Appendix**

### **Request for an ad hoc report on the cost of living crisis**

#### **Introduction**

Since at least late 2021 Europe has seen a very significant rise in cost-of-living. Inflation has reached levels not seen in the last four decades in many countries, its effects hitting disproportionately the most vulnerable, low-income households. In many States Parties wages are failing to keep up with inflation.

Different States have responded in different ways but across the Council of Europe, there have been significant increases in poverty and reduced enjoyment of Charter rights. This is particularly true with regard to rights related to social protection (Articles 12, 13, 16 (family benefits), 30, and 31), the right of workers to remuneration such as will give them and their families a decent standard of living (Article 4§1), and rights adhering to socially vulnerable groups (Articles 15, 17, 19 and 23). The cost of living issue has a broad scope and a pan-European dimension.

The Committee considers that ‘social rights and the cost-of-living crisis’ is an appropriate topic for an ad hoc report (cf. paragraph 9 of CM(2022)114-final) as, (i) it addresses a key emerging challenge in terms of contemporary rights enjoyed in the Council of Europe area, (ii) it enables the Committee to provide a general [pan-European] overview of national situations in light of this challenge, and (iii) it enables the Committee to refine and develop further its legal analysis from a Charter perspective. This is a new issue for the Committee (and indeed human rights monitoring bodies with a social rights mandate more generally) and it is urgent the Committee should engage with it. Doing such a report would enable the Committee to provide general orientations on the application of the Charter to a crucial emerging issue and to outline the criteria to be applied when seeking to establish whether the situation in a specific State Party satisfies the requirements of the Charter (again drawing on paragraph 9 of CM(2022)114-final).

In developing the following questions on the basis of which the ad hoc reports should be drawn up, the Committee has especially focussed on aspects of 12, 13, 15, 16, 17, 23, 30, 31 and 4§1, in particular aspects related to income and purchasing power. In doing so, we will look at rights related to social protection – namely Articles 12, 13, 16 (family benefits) and 31 – as well as the right of workers to remuneration such as will give them and their families a decent standard of living (Article 4§1). The Committee has also had regard to the cost of living and the right to protection from poverty and social exclusion (Article 30) as well as the situation of groups that have been hit particularly hard by the cost-of-living crisis, such as families with children (Articles 16 and 17), persons with disabilities (Article 15), and older persons (Article 23).

The Committee underlines that the ad hoc report system is quite different in aim and purpose from the statutory reporting process. The Committee’s report following the ad hoc reports from States Parties will not be country specific (although it may refer to pertinent law and practice in certain States Parties where appropriate) and it will make no legal assessment of the situation in States Parties in relation to specific Charter provisions. The process is rather aimed at gathering information with a view to the Committee identifying elements of good practice which the

Committee could then use in order to formulate guidance to States or statements of interpretation relating to Charter provisions. Therefore, States Parties should reply to all questions posed irrespective of whether the State Party has accepted the relevant provision of Part II of the Charter (as an example, the Committee wishes to receive information on minimum wages also from States that have not accepted Article 4§1 of the Charter, cf. question 1 to 3 below).

## Questions

*1) Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.*

The Ministry of Welfare of the Republic of Latvia, together with the Ministry of Finance and the Ministry of Economy, evaluates the economic situation in the country every year and develops proposals for the amount of the minimum monthly wage for the following year.

The Ministry of Welfare submits the prepared proposal (usually several options including the analytical basis) to the Social Security Sub-Council of the National Tripartite Cooperation Council (NTCC) for consideration. After this, the Ministry of Welfare submits a proposal to the National Tripartite Cooperation Council (NTCC) for consideration.

NTCC invites the Latvian Association of Local and Regional Governments to provide their view. After reviewing the proposal at the NTCC, the Ministry of Welfare submits it to the Cabinet of Ministers. The Cabinet of Ministers can make a decision on maintaining the minimum monthly wage for the following year at the previous level, but if the Cabinet of Ministers makes a decision on raising the minimum monthly wage for the following year, the Ministry of Welfare develops amendments to the Regulation of the Cabinet of Ministers No.656 of 24 November 2015 "Regulations Regarding Amount of the Minimum Monthly Wage within the Framework of Normal Working Time and Calculation of the Minimum Hourly Wage Rate".

As an exception, in 2022, an amendment was made to the Labour Law introducing an additional article that states that the minimum monthly wage can not be lower than 620 EUR in 2023 and 700 EUR in 2024 and the Regulation of the Cabinet of Ministers was adjusted accordingly.

In compliance with the above, amendments were adopted to the Regulation of the Cabinet of Ministers No.656 of 24 November 2015 "Regulations Regarding Amount of the Minimum Monthly Wage within the Framework of Normal Working Time and Calculation of the Minimum Hourly Wage Rate", according to which the minimum monthly wage within normal working hours starting from 1 January 2023 increased from 500 EUR to 620 EUR, while from 1 January 2024 the minimum monthly wage will increase up to 700 EUR.

*2) Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021*

*See information provided under point 1.*

*3) For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.*

See information provided under point 1.

4) Please provide information as whether the cost of living crisis has led to the extension of in-work benefits.<sup>1</sup>

In Latvia, social assistance is provided in such cases.

5) Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits.

**As of 2021, Latvia:**

- increased level of GMI from EUR 64 to EUR 109 for the first or single person in the household (20% of the national median income (NMI)) and EUR 76 for other persons in the household (coefficient 0.7 of the first person);
- increased income threshold of a needy household by setting it at 50% of the NMI and a ceiling set for the income threshold of a low-income household at 80% of the NMI (before 2021, no maximum income threshold for the low-income households was defined and the minimum threshold level remained unchanged since 2009);
- co-financed the amount of the crisis benefits paid by local governments to households in the amount of 50% per family (person). If a family (person) is caring for a child under the age of 18, the local government shall increase the amount of the benefit to be paid by EUR 50 per month for each child. The state compensates the local government for this amount in full;
- established a unified legal framework for the provision of the housing benefit, determining the expenditure items used to calculate the amount of the housing benefit;
- increased the minimum old-age pension: the minimum basis for calculating the old-age pension is set at EUR 136 (25% of NMI) (previously – EUR 80), while for people with disabilities since childhood – at EUR 163 (30% of NMI) instead of EUR 122.69 previously. The minimum old-age pension for each year of insurance is defined by applying a coefficient of 1.1 to the base of the old-age pension calculation and for each subsequent year exceeding the insurance period required for the granting of an old-age pension increasing the amount by 2% of the base of the minimum age pension calculation. Thus, the minimum pension guaranteed shall not be less than EUR 149.60. By increasing the minimum old-age pensions, also the amounts of funeral benefits and benefits for the surviving spouse have been raised.
- increased the minimum disability pension. The base amount of the Group III (moderate) disability pension is set at 25% of the NMI (EUR 136) and 30% of the NMI for Group III disability since childhood (EUR 163). For Group I (very severe) and Group II (severe) disability pensions there are coefficients applied to the base amounts: 1.6 for Group I disability and 1.4 for Group II disability;
- increased the state social security benefit for retired persons and persons with disability (see Table 1):

Table 1

**State social security benefit, EUR per month**

For persons with disability				
	Coefficient	2020	2021 (amount and increase compared to 2020, EUR)	For unemployed in 2021, +30% additional payment for Group I, +20% additional payment for Group II (amount and increase

				compared to 2020, EUR)
Persons with disability				
Group I	1.3 (2020) 1.4 (2021)	104	152.60 (+48.60)	198.38 (+94.38)
Group II	1.2	96	130.80 (+34.80)	156.96 (+60.96)
Group III	Base	80	109 (+29)	
Persons with disability since childhood				
Group I	1.3 (2020) 1.4 (2021)	159.50	190.40 (+30.90)	247.52 (+88.02)
Group II	1.2	147.23	163.20 (+15.97)	195.84 (+48.61)
Group III	Base	122.69	136.00 (+13.31)	
Persons who have reached the retirement age (but not eligible to state pension)				
		2020	2021 (amount and increase compared to 2020, EUR)	
		64.03	109.00 (+44.97)	

- increased support to orphans and children left without parental care starting independent living to promote their inclusion in society and education:

- a lump-sum benefit for starting independent living, set at 40% of the NMI, i.e. EUR 218 (previously – EUR 128.06), while for young people with disabilities since childhood in the amount of 60%, i.e. EUR 327 (previously – EUR 245.38);
- a monthly allowance of 20% of the NMI, i.e. EUR 109 (previously – EUR 64.03), while for young people with disabilities since childhood in the amount of 30%, i.e. EUR 163 (previously – EUR 122.69);
- an allowance for the purchase of household items and soft furnishings adjusted according to inflation, i.e. EUR 820.05 (previously – EUR 249.71).

Alongside, other changes were made to introduce more favourable eligibility criteria and increase amounts of several state social benefits:

- as of July 2021, the guardian's allowance for the maintenance of a child was doubled (up to EUR 215 per month for a child under 6 years and EUR 258 per month for a child aged 7-17);
- the state family benefit for a disabled child is now paid up to his/her 20 years of age, regardless of whether he/she visits an educational institution. Previously, the payment of the state family benefit was terminated when a child reached the age of 15 and did not continue education;
- the child's birth allowance is now paid for any registered child. The current arrangements provide that the right to receive a child's birth allowance arises from the eighth day of the child's life or from the date of establishment of custody.

To increase support for families with children, the reform of the family state allowance was implemented **from 1 January 2022**. According to the reform, the payment of the family state allowance depends on the number of children raised in the family. Thus, the amount of the allowance significant increased for families with two or more children, in addition allowing spouses to receive family state benefits for all children brought up together in a family, not only their own children. The amount of the state family allowance for a dependent child from one year to 20 years of age depends on the number of children in the family: for one child, the family receives EUR 25 per month, for two children – EUR 100 (EUR 50 for each child), for three children - EUR 225 (EUR 75 for each child) and for four or more children the benefit is EUR 100 per month for each child.

**As of 1 July 2022**, more favourable conditions were introduced for minimum income beneficiaries (beneficiaries of state social security benefit who have reached retirement age)

when starting employment – the payment of the state social security benefit continues after these beneficiaries start to work.

To ensure the adequacy of social protection, especially for those with low incomes, **as of 1 July 2023**, the minimum income thresholds have been revised envisaging:

- 1) their determination according to a specific calculation methodology, namely by replacing the existing absolute minimum income amounts with the percentage from the median minimum income per equivalent consumer (equivalence scale - 1; 0.7);
- 2) regular annual revision of the minimum income thresholds after the publication of the EU-SILC data, replacing the previous norm of revision not less than once every three years - from 2024 onwards the minimum income thresholds and amounts of the minimum benefits and minimum pensions will be revised every year on January 1, in case of a decrease in the median income minimum income thresholds remains unchanged;
- 3) determining coefficients at the national level for calculating the housing benefit for different types of households, providing higher material support to households with persons of retirement age and persons with disabilities.

According to revision of the minimum income thresholds the amounts are as follows (see Table 2):

Table 2

<b>State social security benefit for persons with disability</b>			
<b>Disability group</b>	<b>Coefficient</b>	<b>Amount, EUR as of 1 January 2021</b>	<b>Amount, EUR (% of NMI<sup>1</sup>) as of 1) 1 July 2023 2) 1 January 2024</b>
<i>Persons with disability since childhood</i>			
Group I	1.4	190.40	1) 219.80 (25% + coeff.) 2) 239.40
Non-working <sup>2</sup>		247.52	1) 285.74 2) 311.22
Group II	1.2	163.20	1) 188.40 (25% + coeff.) 2) 205.20
Non-working <sup>3</sup>		195.84	1) 226.08 2) 246.24
Group III	Base	136	1) 157 (25%) 2) 171
<i>Other persons with disability</i>			
Group I	1.4	152.60	1) 175 (20% + coeff.) 2) 191.80
Non-working <sup>4</sup>		198.38	1) 227.50 2) 249.34
Group II	1.2	130.80	1) 150 (20% + coeff.) 2) 164.40

<sup>1</sup> NMI is for national median income

<sup>2</sup> + additional payment 30% from the Group I Disability amount of state social security benefit

<sup>3</sup> + additional payment 20% from the Group II Disability amount of state social security benefit

<sup>4</sup> + additional payment 30% from the Group I Disability amount of state social security benefit

Non-working <sup>5</sup>		156.96	1) 180 2) 197.28
Group III	Base	109	1) 125 (20%) 2) 137
Amount for persons who have reached the retirement age, EUR as of 1 January 2021			Amount EUR (% of NMI) as of 1) 1 July 2023 2) 1 January 2024
109			1) 125 (20%) 2) 137
Survivors pension amount EUR as of 1 January 2021.			Amount EUR (% of NMI) as of 1) 1 July 2023 2) 1 January 2024
Until 7 years of age of a child, including for children with disability	136		1) 157 (25%) 2) 171
From 7 years of age of a child	163		1) 188 (30%) 2) 206
<b>Minimum pensions</b>			
<b>Minimum old-age pension <sup>6</sup></b>			
Minimum base for calculating old-age pension as of 1 January 2021			Amount EUR (% of NMI) as of 1) 1 July 2023 2) 1 January 2024
For persons who have reached retirement age	136		1) 157 (25%) 2) 171
For persons with disability since childhood	163		1) 188 (30%) 2) 206
<b>Minimum disability pension</b>			
	Coefficient	Amount EUR as of 1 January 2021	Amount EUR (% of NMI) as of 1) 1 July 2023 2) 1 January 2024
Persons with disability since childhood			
I disability group	1.6	260.80	1) 300.8 (30% +coeff.) 2) 329.60
II disability group	1.4	228.20	1) 263.2 (30% +coeff.) 2) 288.40
III disability group	Base	163	1) 188 (30%) 2) 206
Other persons with disability			

<sup>5</sup> + additional payment 20% from the Group II Disability amount of state social security benefit

<sup>6</sup> The minimum old-age pension for each year of length of insurance is defined by applying a coefficient of 1.1 to the base of the old-age pension calculation and for each subsequent year exceeding the length of insurance required for the granting of an old-age pension increasing the amount by 2% from the base of the minimum age pension calculation

I disability group	1.6	217.60	1) 251.2 (25% +coeff.) 2) 273.60
II disability group	1.4	190.40	1) 219.8 (25% +coeff.) 2) 239.40
III disability group	Base	136	1) 157 (25%) 2) 171
Minimum survivor's pension, amount EUR as of 1 January 2021		Amounts EUR as of 1) 1 July 2023 2) 1 January 2024	
Until 7 years of age of a child, including for children with disability	136		1) 157 (25%) 2) 171
From 7 years of age of a child	163		1) 188 (30%) 2) 206
Minimum income level in social assistance, amount EUR as of 1 January 2021		Amount EUR (% of NMI) as of 1) 1 July 2023 2) 1 January 2024	
Guaranteed minimum income level *	109 / 76		1) 125 (20%) / 87.50 2) 137 / 96
Income threshold of a needy household*	272 / 190		1) 313 (50%) / 219 2) 343 / 240
Income threshold of a low-income household *	Max amount 436 / 305		Max amount 1) 501 (80%) / 351 2) 549 / 384

\* Amount for the first or single person in the household and for other persons in the household by applying the equivalence scale 1 and 0.7.

By increasing the state social security benefit, the amounts of funeral benefits and benefits for the surviving spouse, minimum amount of service pensions and other benefits the amount of which is linked to the state social security benefit have been raised accordingly.

**As of 1 July 2023**, material support for orphans and children left without parental care after reaching the age of majority has been increased. Amount of benefits is linked to the minimum income threshold, providing for their revision annually. The lump-sum benefit for starting an independent life is set at 40% of the median minimum income, and for a child with a disability since childhood - at 60% of the median minimum income. Also, the lump-sum allowance for the purchase of household items will be recalculated annually from now on, applying a coefficient of 1.7 to the median minimum income. The monthly allowance for children who have reached the age of majority and continue their studies is 20% of the median minimum income, and for children with disabilities since childhood - 30% of the median minimum income.

To increase the adequacy of pensions and reduce the risk of poverty for pensioners, **as of 2024**, supplements to old-age and disability pensions will be paid for insurance years accumulated before 31 December 1995. The policy measure envisages gradual allocation of supplements over 3 years, depending on the year of granting the respective pension.

As regards sickness leave, since **1 April 2022**, the employer pays the sickness allowance (the sick-leave certificate A) from own funds until the ninth day of the employee's incapacity to work. Starting from the tenth day, the employee receives a sickness benefit (the sick-leave certificate



B) paid by the state. Before 1 April 2022, the employer had to pay the sick-leave from own funds until the tenth day of the employee's incapacity for work.

*6) Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.*

The cost of living aspects is considered when calculating the housing benefit since, as of 2021, the unified legal framework determines the expenditure items to be used to calculate the amount of housing benefit. Thus, besides the actual costs for housing, expenditure items and their price increases are considered.

However, pensions are the only social transfer indexed in Latvia to the cost of living. No new indexation mechanisms to respond to energy and related cost of living crisis were introduced. The only indexation mechanism that was provided differently to pre-energy price increase was earlier pension indexation. If usually the annual indexation of pensions takes place on October 1, then in 2022 the indexation took place two months earlier, i.e., on August 1.

**Pension** indexation takes place annually, considering the actual consumer price index (hereinafter - CPI) and 50% of percentage of the real increase in the social insurance contribution wage sum. A higher percentage of the real increase in the social insurance contribution wage sum is applied to old-age pensions with long insurance period.

Indexation applies to the state pension or a part of it which does not exceed 50% of the average national insurance contribution wage of the previous calendar year (EUR 470 in 2021, EUR 534 in 2022, EUR 609 in 2023). Full pension amount is indexed for politically repressed persons, persons with I disability group and participants of the liquidation of the consequences of the Chernobyl nuclear power plant accident.

Since 1 October 2019, the indexation is also applied to the supplement to pension (granted to the old-age and disability pensions until 2012 for insurance periods until 1996) taking into account 50% of insurance contribution wage sum real growth and CPI.

So, **in 2022**, all granted old-age, disability, retirement and survivors' pensions and remunerations up to EUR 534 were indexed. However, for pensions above EUR 534, only part – EUR 534 – was indexed.

In 2022, the following indices were applied to old-age pensions:

- 1) 1.2287 - if the length of the insurance period reaches up to 29 years;
- 2) 1.2314 - for the length of the insurance period from 30 to 39 years, or if the old-age pension had been granted for work in harmful, severe or especially harmful, especially severe working conditions (also if the length of the insurance period is less than 30 years);
- 3) 1.2369 - if the length of the insurance period is 45 years or more.

For disability, retirement and survivor's pensions, as well as for insurance benefits up to EUR 534, the index 1.2287 was applied, regardless of the duration of insurance.

The pensions of politically repressed persons, group I disabled persons, and participants of response to the Chornobyl nuclear power plant disaster were indexed for the entire amount of the pension.

At the same time, the supplements granted for the length of service up to 31 December 1995 were also increased by an index of 1.2287.

**In 2023**, the index included only the inflation indicator, and old-age pensions were not indexed with a higher index for a longer insurance period. Amount of EUR 609 was indexed by an index of 1.064. The index is applied to the amount before withholding of the personal income tax.

Pensions are taxed but there is a relatively high non-taxable minimum for a pensioner, and it gradually increases: EUR 330 per month in 2021, EUR 350 per month in January - July 2022 and EUR 500 per month from July 2022 and in 2023.

There is also an additional tax relief for persons with disability (EUR 154 for persons with I, II disability groups, EUR 120 for persons with III disability group), for politically repressed persons (EUR 154), for participants of the national resistance movement (EUR 154) and for a dependent (EUR 250 in 2020-2022). Such a high non-taxable minimum means that a large share of pensioners pays no or very low-income tax. Pensions granted before 1996 (and not recalculated after 1996) are completely exempt from the income tax.

*7) Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.*

Since December 2021, Latvia provided a set of support measures to ensure persons can meet their energy and food costs. Various forms of support measures have been provided to legal and natural persons in order to partially compensate for the rising energy costs, mitigate the negative socio-economic impact on the population's welfare and development of the national economy related to an unprecedented sharp rise in energy prices.

Thus, Latvia introduced temporary increases in the housing benefit and temporary state benefit targeted to the low-income population and other groups at higher risk of social exclusion to compensate for energy cost increases in the 2021-2022 and 2022-2023 heating seasons, together with partial compensation of energy bills for all consumers and increased discount in electricity bill for protected users.

During the heating season, there were several support measures to mitigate the effects of the energy crisis:

**1) *Energy-specific measures that were aimed mainly to compensate rising energy prices in the heating period***

Price thresholds for electricity, natural gas, centralised and decentralised heating were set based on average consumption and historical data on prices in the previous year. Compensation to households/ consumers was provided if the factual prices exceeded these thresholds. Households received support for energy and heating (very broad scope of heating types – pellets, briquettes, firewood, propane-butane gas, fuel diesel, natural gas and electricity). Alongside fixed part of electricity bill, the mandatory procurement component (a state-mandated support mechanism for electricity producers that co-generate electricity or use renewable energy resources) for a certain period was financed by the state.

**2) *Increasing adequacy and/or coverage of existing social assistance benefits, support for protected consumers***

Coverage of housing benefit which is permanently provided by local governments to low income households was broadened by increasing coefficients that are applied during the heating season in calculation of the amount of the housing benefit thus giving the possibility for more people/ households with relatively low income (but exceeding low-income household threshold) to apply for the housing benefit. In addition to the general support measures, the conditions for the granting of housing assistance were revised during the heating seasons of 2022 and 2023 to assist a wider range of households and provide more support to households at a higher risk

of poverty and/or social exclusion (single pensioner or person with disability, or household composed exclusively of persons of retirement age or persons with disabilities).

Existing support for protected consumers (monthly compensation for electricity bill, fixed amount for each group of protected consumers) is targeted at those under higher risk of poverty and/ or social exclusion – low income households, needy households, families with 3 and more children, families raising a child with disability, persons with very severe functional impairments (Group I disability).

Since 2021, specific payment reductions applied to protected users for electricity, system services and mandatory procurement components, excluding the value added tax (see Table 3).

Table 3

**Electricity payment reductions for protected users**

<b>Group of protected users</b>	<b>Payment reduction (untill November 1, 2021), EUR</b>	<b>Payment reduction (from November 1, 2021, to July 31, 2023), EUR</b>	<b>Payment reduction (from August 1, 2023), EUR</b>
Needy or low-income household (person)	5	15	20
Family (person) who cares for a child with a disability	5	15	20
Persons with very severe functional impairments (Group I disability)	5	15	20
Families with 3 and more children	10	20	25

**3) Introduction of temporary differentiated state benefit to pension and certain state benefit recipients**

Temporary support provided to vulnerable groups was additional to the existing support, i.e., no replacement was made.

From 1 January 2022 to 30 April 2022, temporary benefits were provided to seniors and persons with disabilities (EUR 20 per month), and families with 3 and more children (EUR 50 per month).

Similarly, from November 2022 to May 2023, pensioners, families with children with disabilities, refugees and people with alternative status received monthly support in addition to their pension or benefit.

As for targeting, recipients of pensions received support according to their pension amount – the less the pensions, the higher support:

- EUR 30 per month for pensions below EUR 300,
- EUR 20 per month for pensions from EUR 301 to EUR 509,
- EUR 10 per month for pensions from EUR 510 to EUR 603,
- No allowance for pensions above EUR 604.

The state allowance in the amount of EUR 30 was also granted and paid to persons living in Latvia and receiving the supplement to the family state allowance for children with disabilities. Additionally, the EU funds aid has been used to **reduce material deprivation of the most deprived** by providing food support and basic material assistance as well as accompanying

measures to reduce their social exclusion. In 2015, Latvia launched the Operational Programme for the 2014-2020 programming period (with the funding of EUR 68 060 650) under the Fund for European Aid to the Most Deprived (FEAD). In June 2023, the assistance was continued by launching the European Social Fund Plus Programme for Material Deprivation for the 2021-2027 programming period (total funding EUR 38 280 000).

Target groups under both programmes are: a) needy households; b) low-income households c) households in a crisis situation (includes Ukrainian refugees in according to the Law on Support of the Ukrainian Civilians). To qualify for the aid, a household shall receive a written statement of a status issued by local government. Each person in the household within three months period receives the following types of support: 2 food packages; 1 package of hygiene and household items; 2 additional baby food packages for families with small children aged 6 to 24 months; 1 additional package of baby hygiene items for families with small children aged up to 2 years. In addition, once a year the households with children in primary and lower secondary school age can receive one package of school supplies.

Due to the significant increase in consumer prices, the biggest impact was fixed in prices for food products, housing-related goods and services as well as transport-related goods and services. To support low-income families and seniors, from October 2021 to December 2021 and from November 2022 to April 2023 (in the heating seasons), the most deprived persons were entitled to an additional food package – one top up package per three months. Soup kitchens have also operated as a part of both Programmes (meals can be received without a statement on any status and without presenting any other documents).

Also, the most deprived persons are encouraged to participate in the accompanying measures: informative activities (information on opportunities to receive social assistance, social services, on the procedures in relation to employment opportunities, medical care, on the possibilities for leisure time etc.), individual and group work, informal educational activities, etc.

The need and demand for support is high - an average of 74 thousand of the unique persons are supported each year with 300 to 400 thousand of food packages. The results of the annual surveys on the end recipients show the effectiveness and efficiency of the support and a high level of target group satisfaction. With the increase in the cost of living, food support and basic material assistance have played a more important role with a positive impact on the situation of the low-income families, reducing food insecurity.

*8) Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.*

Historical information on monetary poverty is provided based on EU-SILC methodology and typology of households (see Table 5). In Latvia, no forecasts for upcoming years regarding monetary poverty development are made as the Ministry of Welfare has no statistical tool/system at its disposal. As far as we are informed about statistical forecasts and microsimulation methods, such forecasts could be made to analyse potential impact of policy measures and initiatives on some monetary poverty indicators, but not to make general assumptions.

Table 4

<b>At-risk-of-poverty rate, %</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total population</b>	<b>23.3</b>	<b>22.9</b>	<b>21.6</b>	<b>23.4</b>	<b>22.5</b>
<b>By age group:</b>					
0-17 years	17.5	14.5	15.8	16.9	16.2
18-64 years	17.8	17.2	16.9	18.3	18.4

65 and more years	45.7	47.9	40.9	44.6	40.5
<b>By household type (above total AROP):</b>					
One person household	52.6	52.6	49.1	53.4	47.1
One person household (65+ years)	74.0	74.9	71.7	73.6	68.4
Two adults without dependent children (at least one 65+ years)	33.5	36.5	28.9	31.8	27.7
One adult with dependent children	32.6	26.2	30.6	37.4	29.4
Persons with disabilities*	37.3	36.7	33.7	37.5	36.0

\*According EU-SILC methodology data on health problems that have limited person's home, work and leisure activities for at least 6 months, based on self-assessment. European Commission services (and Eurostat) interpret self-reported limitation as disability. These data of EU-SILC survey do not correspond to factual situation on persons with disabilities recognised through medical examination process according nationally established criteria and collected as persons with disabilities in administrative registers. The main group of persons having reported severe limitations in EU-SILC survey are persons aged 65+.

Data source: Official Statistics Portal, data tables NNR020, NNR040

*9) Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.*

Coordinated approach to poverty reduction is applied during development of legal acts and policy planning documents. When line Ministries draft laws and Cabinet Regulations or make amendments to existing laws and regulations and the new legal norms apply to needy or low-income persons or households, the Ministry of Welfare reviews the proposed changes. Besides, each Ministry has developed its long-term strategy which also has been discussed with the Ministry of Welfare. As a result, these strategies (the current ones apply until 2027) include measures which apply to people at-risk-of poverty and social exclusion. For example, *Strategy on Social Protection and Labour Market Policy for 2021 - 2027* includes direction of action aimed to develop the state-provided legal support system, extending access to justice for vulnerable persons. *Strategy on Housing Affordability for 2022 – 2027* includes a number of actions and measures to improve the housing affordability and availability for persons who are at risk of poverty, e.g., to draw up a new Law on Accessible Housing to replace the existing Law on Assistance in Solving Housing Issues where the main target group is vulnerable people.

*10) Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organisations representing their interests in the process of designing of measures in response to the crisis.*

Usually, crises situations require immediate actions to provide support to people, there is little time for extensive and qualitative discussions. However, consultations and expression of views usually take place during the official process of coordination of legal acts where everyone,

including non-governmental organisations and other stakeholders, has the opportunity to express their view.

### **Extracts from the ECSR's case law<sup>2</sup>:**

**Article 4§1** guarantees the right to a fair remuneration such as to ensure a decent standard of living. It applies to all workers, including to civil servants and contractual staff in the state, regional and local public sectors, to branches or jobs not covered by collective agreement, to atypical jobs (assisted employment) and to special regimes or statuses (e.g., migrant workers).

To be considered fair within the meaning of Article 4§1, the minimum wage paid in the labour market must not fall below 60% of the net average national wage. The assessment is based on net amounts, i.e., after deduction of taxes and social security contributions. For these purposes, taxes are all taxes on earned income. Indirect taxes are thus not taken into account. Where net figures are difficult to establish, it is for the State Party concerned to provide estimates of this amount. When a statutory national minimum wage exists, its net value for a full-time worker is used as a basis for comparison with the net average full-time wage (if possible calculated across all sectors for the whole economy, but otherwise for a representative sector such as a manufacturing industry or for several sectors). Otherwise, regard is had to the lowest wage determined by collective agreement, or the lowest wage actually paid. This may be the lowest wage in a representative sector, for example, the manufacturing industry.<sup>640</sup> Where the net minimum wage is between 50% and 60% of the net average wage, it is for the State Party to establish that this wage permits a decent standard of living. Where the minimum wage is low, the Committee may, when assessing compliance with Article 4§1, take into consideration other elements, such as whether workers are exempt from the co-payment in respect of health care or have the right to increased family allowances. A wage does not meet the requirements of the Charter, irrespective of the percentage, if it does not ensure a decent living standard in real terms for a worker, i.e., it must be clearly above the poverty line for a given country.

Under **Article 12§1**, the level of income-replacement benefits should be such as to stand in reasonable proportion to the previous income and should not fall below the poverty threshold defined as 50% of the median equivalised income, as calculated on the basis of the Eurostat at-risk-of-poverty threshold value.

Assistance under Article 13 must be “appropriate”, i.e., make it possible to live a decent life and sufficient to cover the individual's basic needs. In order to assess the level of assistance, basic benefits, additional benefits and the poverty threshold in the country are taken into account. (The

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<sup>2</sup> These extracts are for background information and not because the Committee will be making legal assessments.

<sup>3</sup>

poverty threshold is set at 50% of the median equivalised disposable income and calculated on the basis on the Eurostat at-risk-of-poverty threshold). The equivalised disposable income is calculated by Eurostat on the basis of the income of a household, established by summing all monetary income received from any source by each member of the household and deducting taxes and social contributions paid. In order to reflect differences in household size and composition, this total is divided by the number of “equivalent adults” using a standard scale, the so-called ‘modified OECD scale’. The resulting figure is attributed to each member of the household (Source: Eurostat). In the absence of this indicator, the national poverty threshold is taken into account. Assistance is appropriate where the monthly amount of assistance benefits

– basic and/or additional – paid to a person living alone is not manifestly below the poverty threshold in the above sense. In conducting this assessment, the level of medical assistance is also taken into account.

**Under Article 16** States Parties are required to ensure the economic protection of the family by appropriate means. The primary means should be family or child benefits provided as part of social security, available either universally or subject to a means-test.

Family benefits must constitute an adequate income supplement for a significant number of families. Adequacy is assessed with respect to the median equivalised income (Median equivalised income (Eurostat): the income of a household is established by summing all monetary income received from any source by each member of the household. In order to reflect differences in household size and composition, this total is divided by the number of “equivalent adults” using a standard scale (the so-called modified OECD equivalence scale). The resulting figure is attributed to each member of the household.). The level of benefit should be adjusted as necessary to keep pace with inflation. Other forms of economic protection, such as birth grants, additional payments to large families or tax relief in respect of children, are also relevant to the implementation of this provision.

The obligation of States under **Article 15** to take measures to promote persons with disabilities’ full social integration and participation in the life of the community is strongly linked to measures directed towards the amelioration and eradication of poverty amongst people with disabilities.

Likewise, under **Article 17** the prevalence of child poverty in a State Party, whether defined or measured in either monetary or multidimensional terms, is an important indicator of the effectiveness of state efforts to ensure the right of children and young persons to social, legal, and economic protection. The obligation of states to take all appropriate and necessary measures to ensure that children and young persons have the assistance they need is strongly linked to measures directed towards the improvement and eradication of child poverty and social exclusion.

When assessing adequacy of resources of older persons for the purposes **of Article 23**, the Committee takes into account all social protection measures guaranteed to older persons and aimed at maintaining income level allowing them to lead a decent life and participate actively in public, social and cultural life. In particular, the Committee examines pensions, contributory or non-contributory, and other complementary cash benefits available to older persons. These resources will then be compared with median equivalised income. For this purpose, the

Committee will also take into consideration relevant indicators relating to at-risk-of-poverty rates for persons aged 65 and over.

**Article 30** requires States Parties to adopt an overall and coordinated approach, which shall consist of an analytical framework, a set of priorities and corresponding measures to prevent and remove obstacles to access to social rights, in particular employment, housing, training, education, culture, and social and medical assistance. It must link and integrate public policies in a consistent way, embedding the fight against poverty and social exclusion in all strands of policy and moving beyond a purely sectoral or target group approach. Effective coordination mechanisms should exist at all levels, including at the level of delivery of assistance and services to the end users. Adequate resources must be made available for the implementation of the measures taken in the context of the overall and coordinated approach under Article 30. In many instances, a significant and enduring expansionary fiscal policy effort by the States Parties will be necessary to prevent an increase in poverty and social exclusion. Adequate resources are one of the main elements of the overall strategy to fight social exclusion and poverty and should consequently be allocated to attain the objectives of the strategy. The measures should be adequate in their quality and quantity to the nature and extent of poverty and social exclusion in the country concerned.

Adequate housing under **Article 16** (housing for families) and **Article 31** includes a dwelling which is safe from a sanitary and health point of view, i.e., that possesses all basic amenities, such as water, heating, waste disposal, sanitation facilities, electricity, etc.