



Brussels, 5 April 2024
EMPL.D.5/BB/es(2024)2902933

Annual Review Meeting 2024 of the Latvian FEAD Operational Programme (2014LV05FMOP001) and the Annual Performance Review 2024 of the ESF+ Programme for Addressing Material Deprivation (2021LV05SFPR001)

18 January 2024, Riga, Latvia

Minutes

On 18 January, DG EMPL took part in the Annual Review Meeting 2024 of the Latvian FEAD Operational Programme (2014LV05FMOP001) and the Annual Performance Review 2024 of the ESF+ Programme for Addressing Material Deprivation (2021LV05SFPR001). The meeting took place in the premises of the Ministry of Welfare in Riga. The main points discussed were the current situation with regard to the most deprived, the overview of implementation of both the 2014-2020 and 2021-2027 programming periods, followed by the presentation by the Samaritan Foundation, and concluded by the presentation of the Audit Authority on their audit report findings. After the meeting a project visit to the package distribution point by the Samaritan Association took place.

Introduction

The Ministry of Welfare (MoW, Managing Authority) presented the main developments with the past years having a significant impact on both of the programming periods and Latvian citizens, in particular those most vulnerable. Overall, the instruments available have made a significant contribution. In cases there are no significant positive changes, the poverty indicators at least remain stable.

Preliminary data show a decrease in income inequality in 2022, with the Gini coefficient decreasing to 34 % and the income gap decreasing by 6 pp compared to 2021. The situation in deep material deprivation is still concerning, however, according to provisional data

from 2023, this figure has fallen to 6.2 %, with the largest decrease in the age group of 65+. Most of the persons still have issues to cover unexpected expenses and are not able to afford a one-week holiday.

Part I – Annual Review Meeting FEAD operational programme

Strategic aspects of implementation

The implementation is well on track and 100% of allocated funds of EUR 68M (FEAD funding EUR 48.9M, national financing EUR 8.6M and EUR 10.4M additionally allocated from State Budget) from the 2014-2020 programme have been spent.

Based on the latest data available, in the year 2023 regarding the target group of LV persons receiving support 27% were persons 65+, children up to 2 years of age were approximately 2%, children in the age group until 16 constituted 13% while the age group 16-18 was 23%. COM enquired about the support received by persons above the FEAD support threshold and below the national poverty threshold. MoW explained that initially support was given only to needy persons, but now the target group is expanded by adding the low-income status persons, thus including not only persons in crisis situations, but also those of low-income, which is the poverty threshold. For persons who have income above this threshold NGOs and soup kitchens provide support.

COM enquired about the impact of specific measures to support the target groups (children, seniors 65+ and the homeless). Since 2022 the amount of support received depends per number of dependent children in the family, the overall tendency is positive showing that the approach is working. Seniors (65+) is one of the social priorities in Latvia, starting 2024 pension supplements will be made available to those who retired after 2012. In addition, during 2022/2023 persons receiving pension had state social support for the heating season. Lastly, on the homeless, this year the Ministry of Economics (MoE) and MoW have to come up with a definition, the work will start soon. Currently the Ministry is collecting data on the issue.

Accompanying measures

During the 2014-2020 programming period, the most popular accompanying measures were in the area of food preparation, health topics, life skills. 33-36% of those attending the accompanying measures are persons 65+, it is important that they socialise and attend events, as often they are quite isolated. In turn, in the last two years, the accompanying measures most in demand were individual consultations and recommendations relating to referrals to specific responsible services. There is a decrease in accompanying measures, mostly in regions where more social services are available. This is also related to activities provided by other funds; therefore, the real number of accompanying measures is difficult to estimate. Furthermore, Intermediate Body (IB SIF) mentioned psychological support as an important area of support provided - in particular for those who have lost their livelihoods or place of residence.

Distribution points

During 2023 there were 25 PO providing support in 410 distribution points and 29 soup kitchens. In comparison, in 2022 there were 439 distribution points. The IB SIF explained the decrease with the fluctuation of the number of distribution points, however, those points that were closed often are in rural areas where the number of people continue to decrease and thus the number of beneficiaries in the area concerned are reduced. In such cases, either the PO provides the delivery of support kits to the person's place of residence thus the need to maintain the distribution point disappears, or the delivery of the packages at the person's home is carried out by staff of the municipal social service (through a customer survey at home, in particular for persons with reduced mobility or others who have difficulty in having access to the place of distribution and receiving kits). Thus, the total number of distribution points and the number of these points in the region concerned are closely linked to the demand and the number of persons to be supported there.

An additional issue for distribution points is the availability of infrastructure to keep these packages in these rural areas. However, while some distribution points are closed, the information of available distribution points is made available by the social services.

Regarding FEAD support provided to UA citizens, during the past year the demand for support is decreasing, as they have now either found jobs, have settled or left, and thus do not qualify as a person in a crisis situation anymore.

Overview of programme performance

For the programming period 2014-2020 there were EUR 68M allocated to FEAD, all of which have been spent at this point. Overall, on average 74 thousand persons have received support, however, the past years the demand increased, with 99% of those who could receive support receiving it, thus covering almost all the target groups that are entitled to this support.

Communication

The results of a public opinion survey were presented, which showed relatively good knowledge of the population about EU funds and how they are implemented. The communication about the available support is mostly shared by social services. Based on the survey of end-recipients there is a positive impact on the household receiving support and the satisfaction of end-recipients is high. The provided support gave the households an opportunity to use saved money for other relevant expenditures (utilities, medicine etc.). However, the provided food support is used in a shorter time frame (in 2023 - 58% replied enough for a month vs 47% in 2022; last year 37% responded the food package is sufficient for longer than month vs 49% in 2022). This is enhanced by the rising costs needed to buy additional food.

Part II - Annual Performance Review Material Deprivation Programme ESF+

MoW has started to use the funding for the ESF+ programme already in the middle of last year, while in parallel continued to use the remaining funding for the FEAD programme

in the second half of the year. For the current programming period for the MDP EUR 38M are allocated, MoW expects that the first payment request will come in Q2 2024. All the procurements necessary for the provision of food and basic material assistance support have been carried out. Contracts for this product have been concluded until mid-2026 and longer. As a result, the full amount of funding available for the Programme has been committed.

At the time of approval of the ESF+ programme in May 2023, it was clear that the funding would be insufficient for support throughout the programming period. The MoW has reassessed the timeline and it is highly likely that the program will run out of funds in 2025. The Minister and the government are aware of this issue. As the MTR has to be submitted by 1 March 2025, the internal Cabinet of Ministers order is to prepare an overview/report beforehand, and the internal deadline of MoW is to have this overview/report in the second half of 2024.

Overview of programme performance

In the implementation the MoW was faced with certain challenges, namely that the sums planned for contracts ran out sooner than expected and thus had to organise new procurements for delivery of goods. There was a risk that baby food packages would not be available in the temporary distribution of support kits. However, thanks to successful order planning (with a certain reserve), the availability of children's food kits to the target group did not actually result in a break. In particular, regarding procurement/procurement contracts it was one of the challenges faced for the timely launch of the ESF+ programme, i.e. the provision of food aid and basic material assistance under the programme. This challenge was successfully addressed, thus providing continuous support to the target group (there was no interruption in support to the target group at the end of the FEAD programme and the start of the ESF+ programme).

The IB (SIF) wanted to bring the attention of the Commission to the high administrative burden procedures and evaluation, change of package codes to ESF+ MDP as well as the implementation of two programmes simultaneously. To address this challenge SIF has made internal key performance indicators (KPIs) to evaluate their own work.

New IT systems

IB (SIF) presented the new MAP and KIM electronic systems – which are two different interoperable IT systems. The MoW and IB are hopeful this would first allow for reduced administrative burden for all parties and second allow timely data monitoring and extraction. Digital skills of those who use the electronic system should still be developed. There is also a mobile version of the electronic system.

MA anti-fraud and audit

The MA presented the anti-fraud measures conducted in 2023 and planned for 2024. In the past year the MA updated the working table for documenting the steps of the fraud risk assessment process, MA employees supplemented and updated their knowledge. Lastly in

2023 the MA participated in WG for the development of the operation strategy and action plan for AFCOS 2024-2026 and is in the WG AFCOS Council. In 2024 the MA plans to develop and approve a working table for the documentation of steps of the fraud risk in ESF+ MDP, as well as continue the improvement of employee knowledge in relevant institutions and participation in WGs.

The AA presented the results of their system audit based on their audit report of 21 December 2023. There are no significant fraud cases found, at least not on the institutional level. The MA had a system audit. The overall evaluation of the audit is that the system works well, some improvements are needed. The improvements needed are with regard to audit trail and traceability, the strengthening of information measures and consulting of POs/volunteers on ESF+ conditions and lastly focusing on more risky areas to detect errors and reduce the workload more effectively.

The AA found that in POs in some distribution points the conditions for distribution of support sets have not been complied with, thus exceeding the permissible number of support packages provided. Furthermore, deficiencies in the accounting of support sets show in the progress reports more than actually distributed; errors in justifying documentation provided, in some cases with inappropriate information. As a separate accounting of support sets distributed to UA citizens was not ensured, the progress reports indicate an incorrect distribution of sets to LV and UA citizen. Lastly, the AA found that some POs had non-compliance with publicity requirements. Some of these deficiencies have been identified in previous audits.

In order to use the resources as effectively as possible and to gain certainty of appropriate use of EU funds the MA is preparing the governance system description of current programming period. The first accounting year will be until mid-2024, the AA is planning an audit during their second accounting year (next year). Therefore, expect that the AA letter to the Commission to inform of these events by end of June, or the start of next accounting year.

COM mentioned the positive experience with e-voucher system of LT and EE, in particular, that it has helped to reduce administrative burden for both the IB and POs. Furthermore, have heard positive feedback that the e-voucher system allows for more dignity and choice for those who use it.

Presentation of Samaritan Foundation

The association was founded in September 2011 and has the status of a public benefit organisation since October 2011. The target group of the foundation are children and young families; poor, low-income and large families, residents of social care homes, pensioners and persons with disability. From April 2018 until now, support is provided in Riga, Zemgale suburb and North District.

In 2023 the foundation provided support to 1994 persons, including 488 children, 333 pensioners and 32 persons with disabilities. In total, 247 persons have participated in accompanying measures provided by the Foundation.

The Samaritan Foundation provides additional support to the target group such as package delivery to home, additional products, clothes and shoes, household items, training and books, and others.

Project visit

After the conclusion of the meeting, COM jointly with MoW representative took part in the project visit of the Samaritan Association package distribution point in Tallinas street 81, Riga. During the project visit the Association members presented the package contents (foods and hygiene products) and explained the nature of the work of the association.

The Samaritan Association on average distributes 100 packages per day. If needed, all the packages of support a person is entitled to can be taken at once, if the person has the note from the social service confirming his low-income or being in need. This note also describes the amount of food packages the person is entitled to. When asked about the consumption of the food package content, the Association explained that people were initially hesitant to use some of the products (e.g. the canned meat). To address this the Association urged people to rather leave the product at the Association, so another person can have it instead of taking it and not using it. Furthermore, to encourage full consumption of the package, one of the accompanying measures is cooking with the components of the food package. When it comes to individual consultations, persons often turn to the Samaritan Association in Tallinas 81 regarding legal questions (rent contract, administrative questions etc.) for an individual consultation.