



Brussels, 18 February 2025  
EMPL.D.5/BB/es (2025)4507802

## **Annual Performance Review of ESF+ Material Deprivation (2021LV05SFPR001) and Annual Review Meeting FEAD (2014LV05FMOP001)**

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*Tuesday 18. February 2025 (online, zoom)*

### **Minutes**

**Subject: Annual Performance Review ESF+ Material Deprivation  
Programme and Annual Review Meeting FEAD**

COM opened the meeting and presented the latest initiatives in the Commission. COM under the leadership of EVP Roxana Minzatu, is committed to advancing social inclusion and job creation through significant initiatives, including the development of a new European Pillar of Social Rights Action Plan and the EU's first anti-poverty strategy. Additionally, the European Affordable Housing Plan aims to address housing issues as a route to reducing poverty and homelessness, while continuing to strive towards the EPSR Headline Targets for 2030, including reducing the number of people at risk of poverty or social exclusion by at least 15 million.

The Managing Authority of the Fund Director Aurika Stratane provided an overview of the annual meeting and proceeded to the first presentation by the Ministry of Welfare (MoW) representative Evija Kūla.

## **1. Changes of poverty and severe material deprivation indicators, national policy developments with a potential influence on the situation**

The proportion of persons at risk of social exclusion is decreasing (AROPE rate in 2024 in Latvia was 24.3% a decrease from 25.6% in 2023), although still high compared to the EU level of (EU-27 AROPE 21.3%). Income inequality remains a challenge with the Gini coefficient in 2024 at 34.2% (vs EU-27 of 29.6%), as wealthier households have experienced significant income increases.

Despite inflation and the energy crisis, the severe material and social deprivation rate has decreased (in 2024 it was 5.3% vs the peak of 7.8% in 2022), however, issues like the grey economy persist. In 2022, there was a record number of households in need, with a large proportion being Ukrainian recipients of guaranteed minimum income (GMI).

Efforts continue in increasing pension adequacy and benefits for persons with disabilities. There are plans to address gender differences in poverty risk among the elderly, aiming for a base pension by 2028, however, this is a financially expensive instrument and thus the availability of funding also is highly dependent on geopolitical developments and national budgetary priorities.

COM inquired about state of play of homelessness. The MoW representative Evija Kūla elaborated those experts recently agreed on the definition of homelessness, but a common approach to solving homelessness is absent considering that homelessness remains a municipal responsibility. Regardless the study there is currently an ongoing procurement procedure to gather comprehensive data. Researchers will develop a framework of indicators to measure homelessness and suggest potential institutional measures to mitigate risks. Results are expected by the end of 2025.

COM inquired about gender differences in elderly and the poverty risk of this group, as well as if the MoW has any specific plans to mitigate the poverty risk of this group. The MoW representative Evija Kūla elaborated that the elderly, specifically women, face significant poverty risks. One way how to mitigate the risk include considering a base pension irrespective of taxation, however, this is a fiscally heavy policy and thus not much political support.

Since 2021 Latvia has increased the family benefit, COM inquired if they see any impact of the policy on poverty rate reduction. The MoW explained that impact of increased benefits to families with children is yet to be assessed, but improvements are sought for one-parent families, which face unique challenges.

Regarding the situation of integration of Ukrainian citizens in the labour market is showing improvements in integration, reducing the need for benefits for this group. Integration of UA refugees into the labour market demonstrates progress, reducing dependency on welfare as well as overall demand.

High inflation between 2022-2023 significantly impacted resources, and comparisons between income increases and inflation were discussed. The Ministry of Economics is

working towards defining a cost threshold for essential products. Inflation remains a critical consideration, with strategies required to manage its impact.

## **2. Presentation by Partner Organisation the Malta Order on the experience of the ESF+ programme implementation**

The presentation provides an overview of Maltas Ordeņa Palīdzības Dienests (MOPD), or The Assistance Service Of The Malta Order, highlighting its establishment, target groups, and core activities. The association was founded on August 11, 2021, and has gained the status of a public benefit organization on November 11, 2022. Operating from Riga and Saldus, Latvia, MOPD focuses on assisting children, youth, poor, low-income, and large families, individuals in long-term social care, seniors, and Ukrainian civilians.

In Saldus, the association runs a soup kitchen, which aids children and young people, and supports young orphans. In Riga, their efforts are concentrated on the Ukrainian War Refugee Support Centre, support for lonely seniors, and families with children with disabilities. They also engage in volunteering activities in social care centres and the social care unit of Riga 1st Hospital. Volunteer work extends to areas like Liepāja, Saldus, Riga, Skaistkalne, and Madliena.

One of the areas the accompanying measures try to address is the loneliness of lone seniors, and single mothers. Social events help mitigate feelings loneliness, create a sense of community. Have had 7 events (such as celebrations) and numerous individual consultations conducted. Group measures were popular due to peer invitations, socializing at soup kitchens, and addressing loneliness.

When asked about the usefulness of the new KIM system in their work the representative explained that the digitalised KIM system aids in package eligibility verification.

## **3. Follow-up of the FEAD Programme implementation (2014-2020)**

The Managing Authority confirmed that 100% of the funds allocated have been absorbed, with all final documents for the 10th accounting year submitted in October. More precisely, the MA has submitted a final payment application to the EC in July 2024; submitted the final report to the EC on 20 October 2024; and documents for the 10th accounting year were submitted to the EC on 10 February 2025. At this stage the MA is awaiting any questions or feedback from the COM.

## **4. Overview of the ESF+ Programme implementation (2021-2027) - progress, difficulties encountered in implementation and solutions**

Society Integration Fund (SIF – Intermediate Body) discussed the support programme provided across Latvia, ensuring package distribution points in all municipalities. The SIF

presentation revealed a decrease in food aid kits issued in 2024 compared to previous years, attributed to a reduction in the number of individuals eligible for support under the program.

ESF+ Programme implementation picking up. A total of 24 POs have been approved, with contracts signed to facilitate operations. Support is being provided from 379 package distribution points and 27 soup kitchens.

Efforts to bolster documentation and reporting are ongoing, with the MAP system playing a crucial role in tracking and reporting progress effectively. Presented the digital tools used – IT systems (KIM and MAP) in facilitating monitoring, including the identification and correction of errors and possible non-conformities. Improvements in data traceability and distribution models are ongoing, with a focus on uninterrupted support.

## **5. Overview of the ESF+ Programme management (2021-2027) - Programme indicators, difficulties encountered in implementation and solutions, Mid-Term Review and Amendments to the Programming documents**

The Managing Authority highlighted reduced recipients in 2024. Half of the beneficiaries are children and the elderly aged 65+. However, over time the number of children as the main target group recipients is slowly decreasing (23% in 2023 vs 20% in 2024), while for the elderly there was a slight decrease in 2023 with 27% and has gone up to 32% in 2024, almost reaching 2021 levels of 33%.

Utilisation of funds accounts for 72% of the allocated EUR 36 million. Efforts focused on additional funding discussions and solutions for the programmes continuation through 2025-2027. Draft amendments to narrow the target group are in ongoing processing on COM level. A structured survey of end recipients is expected by June 2025, by carrying out an evaluation of the effectiveness and efficiency of the programme for 2024.

The programme's implementation has faced several challenges, primarily related to resource allocation and the need to fulfil diverse social needs, such as been ensuring the continuation of food aid at current levels while managing the programme's budget constraints.

In response to these challenges, specific measures have been employed. There has been a formal agreement on maintaining food aid for the most deprived, with an allocation of 30.4 million EUR to ensure two sets of aid per person per quarter.

For the current programming period for the MDP there is a total allocation of EUR 38.2 million out of which EUR 32.5 million is ESF+ financing and EUR 5.7 million state financing.

Compared to the FEAD programme the amount for material deprivation programme is reduced by 44% while facing inflation of the cost of food packages by 61%. Financial absorption of ESF+ MD programme is The MA presented that 72 % of the funding had

been used. On the other hand, if we mention repayments, they amount to EUR 10 million (19.02.2025. total amount of repayments EUR 15 million).

## **6. Anti-Fraud Measures**

The ESF+ programme implementation has encountered challenges with irregularities detected in the reports, amounting to a total of EUR 68,476 (EU funds EUR 61,629). Irregularities were identified through checks conducted on the PO quarterly reports due to suspected fraud. As a result, the funding has been withheld from the PO and the irregularities have been reported to the Programme's irregularity working group, forwarded to law enforcement, including the State police and European Public Prosecutor's Office (EPPO), OLAF IMS and AFCOS. Discrepancies within accompanying measures found included signature differences, as well as an individual consultation given to a 2-year-old child.

Efforts to prevent such occurrences include multiple meetings, seminars, and training sessions focusing on accurate documentation and reporting. Organisations at high risk remain under strict scrutiny. Engagement and training of POs remain vital components in ensuring compliance and reducing fraud risk.

Regarding fraud detection, the introduction of the KIM system allows for detailed data navigation and assessment, helping identify suspicious cases through household checks and reducing pressure on social services. The impact of training on fraud reduction was discussed, where recent seminars for new POs have been beneficial, encouraging proactive engagement to understand and mitigate risks associated.

## **7. Audit Findings**

The Audit Authority summarised their audit work for both the concluded FEAD 2014-2020 and the new ESF+ 2021-2027 programming periods. While no significant discrepancies were found, technical inaccuracies in procurement were noted, alongside recommendations for improvement, particularly the development of a procedure manual for the ESF+. The management declaration highlighted a need for system-based report preparation, included in the annual report for improvement.

In 2024 had two audits – FEAD (audit of operations; audit of accounts; management declaration; ACR) and ESF+ MD (system audit; audit of operations; audit of accounts; ACR). For the 2014-2020 programming period the audit findings indicate no deficiencies with financial implications identified. The overall audit assessment fell into category 2, suggesting an adequately functioning system with room for improvement.

For the 2021-2027 programming period, the audit of operations shows some similarities to the previous period such as deficiencies in supporting documentation, nevertheless, these findings that did not impact funding eligibility. Overall, there were 10 recommendations

for improvements for the 2021-2027 programming period in PO selection, procurement and IT system improvements.

Audit findings indicate minor technical issues, with recommendations provided for procedural enhancements to support ESF+ operations. IT systems play a crucial role in fraud detection and reducing administrative pressure, necessitating ongoing improvements and support measures.

(e-Signed)

Daniel WOEHL  
Head of Unit

**Annex A****List of participants**

Attendee	Function
Daniel Woehl	European Commission DG EMPL D.5, Head of Unit
Beata Berke	European Commission DG EMPL D.5, Desk officer
Aurika Stratane	Managing Authority (MoW); member of the consultative group
Rita Rimša-Vihmane	Managing Authority (MoW); member of the consultative group
Ilze Latviete	Managing Authority (MoW)
Aigars Kļavinskis	Ministry of Welfare (MoW)
Ilze Skrodele-Dubrovskā	Ministry of Welfare (MoW); member of the consultative group
Evija Kūla	Ministry of Welfare (MoW)
Nata Lasmane	Audit Authority (AA)
Anda Štegmāne	Audit Authority (AA)
Ilona Šteinberga	Audit Authority (AA)
Gunta Landsmane	Intermediate body (IB)(Society Integration Fund (SIF)); member of the consultative group
Sanita Lāce	Intermediate body (IB)(Society Integration Fund (SIF))
Daiga Ročkus (President)	Malta Order
Uldis Līkops	Representative of NGO “Red Cross”; Member of the consultative group
Ilze Rudzīte	Representative of NGO, “Latvian Association of local and regional governments”; Member of the consultative group
Anda Vītola	Representative of NGO, “The union of managers of social service centres of local governments of Latvia”; Member of the consultative group
Agita Kraukle	Representative of NGO, “The Samaritan Association of Latvia”; Member of the consultative group
Tamāra Reine	Representative of association “EAPN-Latvia”; Member of the consultative group