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## **Annual Performance Review of ESF+ Material Deprivation (2021LV05SFPR001)**

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**Wednesday 18. March 2026 (Riga, Latvia)**

### **Minutes**

**Subject: Annual Performance Review ESF+ Material Deprivation Programme**

COM opened the meeting by welcoming participants and underscoring the need to address the challenges faced by Latvia's most deprived. COM highlighted the critical role of the Material Deprivation Programme amid persistent socio-economic difficulties and thanked the authorities for their successful programme implementation and meeting organisation. Under the leadership of EVP Roxana Minzatu, the Commission is advancing key social initiatives, including the EU's first Anti-Poverty Strategy, aimed at meeting the 2030 EPSR targets and setting a path to eradicate severe poverty by 2050. The strategy will be supported by strengthened measures under the European Child Guarantee and a new Council Recommendation on Fighting Housing Exclusion. Additional initiatives, such as a VET Strategy, a new EPSR Action Plan, and a Quality Jobs Act, will follow by the end of 2026. The Commission is also working to secure social priorities in the next Multiannual Financial Framework and finalise the Social Climate Fund, which will allocate nearly €450 million to Latvia to support vulnerable groups affected by ETS2.

Head of FEAD Managing Authority 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 latest poverty and social deprivation trends in Latvia reveal a concerning rise in at-risk populations, particularly the lowest income quintile, where employment income growth has failed to keep pace with pensions and social transfers. Since 2021, the absence of COVID-19-related support has exacerbated vulnerabilities, with 2024 marking the first year without supplementary income measures.

Poverty risks have increased for both young people and for persons aged 65+, though youth poverty remains relatively low overall. The 55+ age group faces acute challenges, including labour market exit, health decline, and fixed incomes, especially those over 65 experience disproportionately higher poverty risks (40–50% higher than a decade ago), often due to widowhood and lower lifetime earnings. Single-person households, particularly older men with histories of physically demanding work or dependencies, along with large families where one parent may be unemployed, also show elevated poverty risks. Despite these pressures, severe material and social deprivation indicators have improved, likely due to efforts undertaken to reduce the shadow economy. However, inflation and geopolitical shocks continue to strain households, including higher-income groups.

The Guaranteed Minimum Income (GMI) reform, implemented in 2021, has raised thresholds and reduced recipient numbers as employment improved, though future shifts remain uncertain amid potential crises. Housing benefits, the second-largest municipal expenditure, have seen increased recipients since 2022 linked to the GMI thresholds and household income standards. Social policy updates in 2024 include enhanced compensation for guardianship (50% of the median income), adoption support (70% of the average salary), and foster care allowances, alongside pension supplements, though demographic impacts of these policies remain unclear.

Latvia's poverty reduction challenges persist, with the at-risk population remaining relatively high and income inequality ranking third highest in the EU. Regarding homelessness there is a newly agreed national definition and an ongoing study to assess its scale beyond current data, though coordination gaps remain as municipalities lack centralised oversight body. A base pension scheme is under long-term development to address structural poverty pressures since 2022, which have outpaced support measures, leaving many households, especially fixed-income pensioners, struggling in stabilised inflation.

## **2. Overview of the Programme Implementation 2021-2027**

COM noted the programme is delivered by 8 social services, 10 NGOs and other partners, with the next Programme Operator selection due in Q3 2026. Following a district merger, administrative territories have reduced by one, though coverage remains strong despite lower overall support provision—a decline primarily driven by the 1 January 2025 eligibility changes, which excluded the low-income group (previously 20% of recipients).

Soup kitchen and meal package distribution has increased. Children's hygiene pack reductions appear steeper than 20%, possibly due to fewer young children and school-aged

children in poverty, though further analysis is needed. Procurement for children's food packages will begin in 2026, with updated pricing to follow new contract awards.

Ukrainian civilian participation in additional activities has decreased, likely due to developments in Ukraine, while support remains split between individual consultations (40%) and group activities, often focused on catering skills. Most events occur in Riga, raising questions about regional balance.

The KIM system has improved distribution efficiency, but separate distribution processes still require further improvement. Suggestions like adding historical support data could simplify monitoring. COM asked whether support reductions stemmed solely from eligibility changes or broader factors like funding; the MA confirmed the 20% low-income exclusion as the main cause. For children's hygiene packs, the MA noted a potential steeper decline due to demographic shifts but stressed the need for deeper review.

### **3. Presentation of the Partner Organization**

The PO Salaspils County municipality's institution "*Salaspils county social service office*" presented their activities, which include supporting low-income individuals by providing minimum guaranteed benefits, housing allowances, and social services, with the most requested being home care and long-term rehabilitation. When asked about the impact of changes to eligibility for food and material packages, the PO explained that some long-term beneficiaries no longer qualify. The PO has introduced a system where unclaimed items can be left in a designated box for others, as recommended by the Social Integration Fund to reduce waste. This box is frequently used by individuals who are no longer eligible for food package support.

The PO will also host a European Solidarity Corps volunteer for six months. Volunteers actively organise workshops such as on wound and burn care, clothing repairs, and crisis preparedness, including a well-attended event on 72-hour survival kits and bomb shelter awareness, with 22 events held and 78 participants engaged. While accompanying measures for Latvian citizens remained the same, Ukrainian beneficiaries now require less assistance as many have completed language courses, found jobs, or returned home, though separate state-funded support, like Latvian language and cultural orientation programmes continue.

### **4. Preparation for 2028-2034 period: State of Play**

Stakeholder discussions on future funding (2028–2034) focused on direct versus indirect support models, with Latvia currently favouring direct support model. While vouchers reduce administrative burdens long-term, initial accessibility concerns remain.

Regarding indicative budget for the next programming period, the Ministry explained that EUR 74.2 million would be needed for the next period to ensure stable support levels, with EUR 14.1 million needed to bridge the gap between the current and the next programming period. Support levels should remain stable, with EUR 60.1 million allocated for 2028–2034.

COM noted support is split between direct (64%) and indirect (36%) methods, with Estonia and Lithuania favouring indirect support, though no clear best approach exists as effectiveness varies. Latvia provides more support than either. The target group, needy and crisis-affected households remain unchanged, but delivery methods are under review, balancing cost, administrative burden, and recipient impact. Indirect support via payment cards would require retailer partnerships, raising procurement and coverage challenges. Research and stakeholder consultations may yet shape decisions. Key questions remain on voucher distribution, reaching target groups, and maintaining soup kitchens.

The stakeholders highlighted operational challenges, including reduced distribution points and bureaucracy, urging a focus on beneficiary needs and reduced red tape. While additional measures were introduced post-transition, recipient numbers continue to decline. Soup kitchens, also run by municipalities and religious groups, remain vital.

The Ministry of Welfare emphasised that indirect support would not support purchases of restricted items. Municipal representatives noted improved efficiency, with fewer unused products and better target alignment. Rural access concerns were raised, as small shops and mobile vendors often serve those unable to reach supermarkets. Price analyses show procurement is far cheaper 3x for food, 4x for hygiene than cash equivalents, reinforcing the value of direct support.

## **5. Audit and anti-fraud**

COM outlined the ongoing anti-fraud measures carried over from 2024, allocated a budget of EUR 68,476 thousand. Fraud incidents primarily involved inconsistencies such as signatures not matching when collecting packages, alongside incorrect social security information and inaccuracies in accompanying measures, including cases where support was claimed for a deceased person or a two-year-old child no longer eligible. Training seminars usually attract 50 to 60 participants, with Partner Organisations (POs) ensuring at least one representative attend either in person or online if they cannot be physically present. Feedback gathered from POs shows that the majority are performing at a significant level.

The IT system audit covered both operational and control processes and identified several key issues. The MAP system was originally intended for use by multiple ministries and had been transferred to the Ministry of the Interior, but it will now be moved to the Ministry of Welfare. The transition from paper-based to electronic record-keeping in the KIM system has been challenging, particularly in ensuring the timely entry of CPR data fields. The audit also recommended improvements to existing control systems. During the 4-year accounting period, there has been an increase in recorded activities, as only the acquisition, not the distribution, of parcels had previously been documented. The audit found persistent deficiencies similar to those in past years, including insufficient or incorrect documentation and a lack of proper records for demonstration packs, particularly under the error-prone paper-based distribution method.

The KIM system needs enhancements to verify a child's age when providing food support and to retain historical data on recipients' situations at the time of aid, as this information is currently not saved. Issues were also found with school supplies distribution, as the system was designed to distribute only one package per year but instead operated based on notifications from social services. The audit noted horizontal deficiencies in document management and publicity requirements. While the Society Integration Fund (SIF) relies on the KIM algorithm, the system can still be bypassed through manual input during package distribution. Additionally, the system cannot detect if multiple support requests are made by the same individual.

## **6. Project visit**

For the project visit, representatives from the Commission and the Managing Authority went to see *Caritas*, a partner organisation that distributes food and material support packages. They also deliver these packages to people's homes for those who cannot collect them in person, using their own vehicle for these deliveries.

Besides distributing support packages, Caritas offers additional services for families with children who have physical or mental disabilities, funded by the European Social Fund Plus. These services include psychological support, speech therapy, canine therapy for children, and a day centre where families can get support and leave their children for four to five hours while they are cared for. There is strong demand for these extra services, and Caritas relies on volunteers, of which they have enough to meet the need.

When asked which of these additional services was most needed, Caritas said that guidance on cooking and food preparation was in the highest demand. Many people are unfamiliar with some of the items in the food packages, so showing them how to use these ingredients helps ensure nothing goes to waste.