

Sanita Kudrjavceva

# **Social Services as Actors of Social Inclusion Policy**

## **Example of Latgale Region**



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Social Inclusion Policy**  
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Project «Poverty, social assistance and social inclusion –  
Developments in Estonia and Latvia in a comparative  
perspective»

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ISSN 0804-5135

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## Fafo's preface

This publication is one of a series of reports, working papers and student contributions from the project “Poverty, social assistance and social inclusion – developments in Estonia and Latvia”.

The project is carried through in cooperation between Tartu University in Estonia, University of Latvia and Fafo in Norway. The Research Council of Norway has funded the project.

The cooperation between Fafo and Baltic research institutions dates back to the late 1980s and Tartu University has been a main partner since the early 1990s. The University of Latvia joined the cooperation in 2003. This cooperation has contained living conditions studies in 1994 and 1999 as well as studies of social policy developments. The current project started in 2003. Reports and papers from previous cooperation projects can be found on [www.fafo.no](http://www.fafo.no).

The project contains 4 main issues:

- Poverty trends and structures of social exclusion
- Policy responses – understandings of poverty alleviation and social inclusion
- Social practice – the implementation and impact of policies
- Policy learning and possibilities for policy transfer

These four questions demand a multifaceted approach to methods and reporting, and are examined by a group of researchers in three countries. Consequently the reporting will be diverse and we try to let the reporting present the diversity of the project.

The project will be concluded in a seminar in Latvia in spring 2006. During the three years of research we have produced reports on poverty and social policy in Estonia and Latvia as well as comparative analyses containing also Norwegian perspectives. This student contribution is one of several contributions on the way.

I want to thank the whole team of researchers and student from the three countries that have been engaged in the work. The main contributors have been Dagmar Kutsar, Avo Trumm, Riina Kiik and Jüri Kõre from Estonia; Feliciana Rajevska, Linda Ziverte, Ilze Tra-penciere and Zana Loza from Latvia; Tone Fløtten, Aadne Aasland and Liv Tørres from Norway.

We also want to thank the Research Council of Norway for funding the project.

Arne Grønningsæter (project leader)

## **Annotation**

Social exclusion is a situation when a person cannot fully or partially take part in economical, social and cultural life of society because of his poverty, inadequate education or discrimination. The debate on reducing poverty and social exclusion became important in the political agenda of Latvian government since Latvia's joining the European Union (EU). When working out the Joint Inclusion Memorandum, the government of Latvia has declared reducing poverty and social exclusion as the priority of national social policy.

The paper "Social Services as Actors of Social Inclusion Policy – Example of Latgale Region" deals with the narrow aspect of social inclusion policy in Latvia, the guaranteed minimum income (GMI) that was introduced in 2003. The provision of GMI is a priority in granting social allowances in Latvia. The financial provision of GMI is a responsibility of local governments. The hypothesis of the work is: *the main factors that reduce the impact of social services in the process of allocating GMI are shortage of financial resources and discretion of social workers in the process of granting GMI.*

The author analyses the implementation of GMI in 8 municipalities of Balvi and Ludza districts in region Latgale in the period of 2003 – 2004. Six of these eight municipalities belong to the most poor and least developed municipalities in Latvia. The author investigates whether the implementation of GMI in small municipalities of Latgale is backed up with adequate financial resources, sufficient administrative capacity and competent personnel. The author tries to find out if social workers and poor people have clear understanding of the law. In order to reach the aim the author has made 8 interviews with social workers in municipalities of Balvi and Ludza districts; the author has analyzed some data on GMI recipients and financial resources spent for GMI. In order to evaluate the effectiveness of social assistance system in Balvi and Ludza districts, the author studies the types of co-activities and analyses other social allowances paid in municipalities.

In the first part of the paper the author focuses on the essence of concepts – poverty, social exclusion and social inclusion using theoretical cognitions made by Peter Townsend, Ruth Levitas, Pete Alcock and Graham Room. When studying poverty and social exclusion in Latvia, the author has used researches made by S. Dobelniece, F. Rajevska and R. Rungule. The next section deals with trends in the development of social assistance in Latvia. The author provides characteristics of the main tendencies in development of Latvian social services. In order to analyse social workers as political actors, the author uses a theory of street level bureaucracies developed by Michael Lipsky. In the empirical part of the paper the author examines the main

shortcomings encountered by social services and social workers while implementing GMI, finds out positive aspects of introducing guaranteed minimum income and projects possible solutions. The finding of the present paper is that GMI in Latvia works more as a tool of social assistance rather than as a tool of social inclusion.

### **Street-level bureaucracy in Latvia**

Latvia, with its social support delivered by local social services and social workers, is characterized by the view that social workers are best informed about the real situation at place<sup>1</sup> and therefore are the most efficient implementers of social policies. A Dutch social policies researcher, Franziska Gassmann, also supports the view that decentralized systems are more efficient in identifying the needs of the poor, as local communities may differ in the composition of most needy groups as well as in problems typical for the local settings<sup>2</sup>.

Since 2003 paying out GMI benefit to the needy community members has become an essential job for social services as well as social workers, and affected their daily practices. However, the tendency to preserve the usual arrangements and resist any innovation, according to M. Lipsky, characteristic of street-level bureaucracy, is clearly observable also in the Latvian case<sup>3</sup>. Although the GMI benefit in Latvia was dictated by an objective need to improve social assistance delivery to the poor, the policy-makers encountered with a certain resistance of the local governments and social workers concerning the issue. Such resistance has both objective and subjective reasons.

One of the major reasons for GMI benefit reluctance was limited resources which hindered the performance of local governments. This made topical the discussion about the GMI amount. As a result of local governments' resistance the initially planned GMI of 21 LVL has been cut down to 15 LVL. This decision was justified by the financial incapability to pay the benefit to all the needy, thus it significantly undermined the effectiveness of the new benefit and restricted the range of GMI eligible persons<sup>4</sup>. The second most frequently mentioned reason for cutting down was that a "generous" benefit would affect the recipient's motivation for job seeking and lead to developing a dependency culture.

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<sup>1</sup> Baltiņa S. Ar skatu pagātnē un nākotnē. // *Sociālās Palīdzības Vēstis*. Nr. 1. 2001.gada jūlijs. 1.lpp.

<sup>2</sup> Gassmann F. *How to Improve Access to Social Protection for the Poor? Lessons from the Social Assistance Reform in Latvia*. Paper prepared for the conference on Social Protection for Chronic Poverty at IDPM, University of Manchester, UK, 23-24 February, 2005.

<sup>3</sup> Lipsky M. *Street-level Bureaucracy. Dilemmas of the Individual in Public Services*. Russel Sage Foundation, NY. 1980. p.108.

<sup>4</sup> *Sociālais Ziņojums par 2002./2003.gadu*. Rīga, LR Labklājības ministrija. 2003. 35.lpp.

Furthermore, there were also some subjective reasons for local governments' resistance to GMI. M. Lipsky claims that the tendency to preserve the existing job arrangements is caused by the lack of information, funds, time and other resources chronically experienced by street-level bureaucrats and, in case of any changes making their jobs even more difficult. The resistance of Latvian social services and workers could also be explained by the fact that the GMI concept involved significant changes in delivering social assistance. It should be mentioned that this radical change in the social workers' duties has resulted neither in the salary raise nor the personnel extension. Being based on an individual-targeted approach, the GMI benefit cannot but involve a greater work load for policy implementers and demand a more qualified and detailed assessment of the benefit applicants. The review of the duties of a GMI-paying-out social worker makes one conclude that serving only one client a social worker has to perform quite a number of time-consuming operations:

- to consider the documents verifying a person's income and financial status;
- to assess the information on a client's family and housing conditions;
- to identify the low-income reasons;
- to agree with a benefit recipient on co-activities aimed at improving the client's situation and to solve the relevant problems together with the client.

Thus, it should be recognized that a social worker is not just a narrow-field specialist engaged in distributing material resources. They are expected to perform a responsible and time-consuming job: they talk to the client trying to identify his/her social problems and guiding them to possible solutions. Besides identifying problems and defining the client's further co-activities, the social worker has to consider not only the concrete settings but also the capability of the client to overcome the problems in these particular settings. Consequently, a social worker, besides being well aware of their immediate duties, should also be well informed about the situational context, settings and capabilities of the local community as well as the social needs of different community groups. Objective view of the social worker's duty scope reveals another feature characteristic of the street-level bureaucrat's job – capabilities inadequate to a huge range of duties. This particular feature makes the daily life of the benefit provider especially difficult in Latvia where still many local governments have neither social services established nor social workers employed.

The author supports M. Lipsky's statement that the street-level bureaucrat's job features discretion. In case of Latvia it should be admitted that a significant reason for GMI resistance on

the part of social services was their limited discretion<sup>5</sup>. The law *On Social Assistance* that since 1995 has regulated social assistance matters in Latvia grants great powers and discretion to local governments distributing social assistance. Only local governments are authorized to define groups of inhabitants eligible to assistance and set the benefit amount. After introducing GMI, such powers have become much restricted. The GMI concept includes a nationwide uniform minimum benefit level, and defines the status of needy persons eligible to the GMI benefit. Thus, hypothetically local governments' chances to manipulate with the benefit amount or provide benefits to inhabitants not in need have become limited.

In 2003, following long discussions, a new social assistance regulatory law came into effect in Latvia; the major novelty of the law was the guaranteed minimum income (GMI) benefit for the poor. Taking into account different views on local social services' capabilities of paying the benefit and its role in improving the people's conditions, it seems essential to consider in detail GMI paying practices, in particular those of the poorest Latvian region – Latgale. Reviewing GMI benefit granting practices in Balvi and Ludza districts, the author will focus on assessing GMI affects as well as investigating the role of social workers in implementing social policies and achieving final results. The author will attempt to find out whether social workers' practices feature typical street-level bureaucracy approaches, resources and coping strategies.

## **Guaranteed Minimum Income (GMI) benefit – theoretical background and implementation practices in Latgale municipalities**

### **Guaranteed minimum income as a social assistance concept**

Since the 1990s social policy discussions have emphasized a new approach to social security, i.e. guaranteed minimum income (GMI) benefit. A prominent French analyst, Pierre Rosanvallon, in his studies of social assistance role in facilitating society integration stresses that the solutions of modern society typical problems, such as poverty, social exclusion and marginalization, cannot be found within the conventional social assistance forms and approaches. Rosanvallon claims

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<sup>5</sup> Rajevska F. Social Safety Net in Latvia. Grām: *Politika un socioloģija*. Latvijas Universitātes raksti: „Zinātne.” 2004. p.53.

that exactly GMI benefit as a social assistance form can contribute to marginal persons or groups social integration<sup>6</sup>.

P. Rosanvallon considers GMI benefit to be a new type of individual's social rights<sup>7</sup>, emphasizing that people off the labour market have a right for the crisis subsistence minimum to provide for their links with the society. It should be recognized that GMI is not a traditional benefit; it differs from usual benefit systems that grant the recipient's rights without placing on them any obligations. The GMI benefit is based on the principle of establishing individual's and society mutual rights and obligations. This particular idea of *an agreement* between an individual and society has laid the basis for the GMI benefit conception<sup>8</sup>. Accordingly, a recipient agrees to co-activities aimed at his/her integration into labour market and in turn s/he is granted a GMI benefit. The range of these activities is wide and depends on the recipient's capabilities or future goals; they may include special training or alcoholic treatment, etc. GMI providers, in their turn, have to secure the person's integration into labour market within the view of his/her individual purposes and have the right to monitor the recipient's behaviour. The *agreement* concept views the benefit recipient not just as a needy person, but also as an autonomous individual responsible for his/her current, though critical, situation improvement.

GMI switches the social action target from masses to concrete individuals, what Pierre Rosanvallon defined as the *society individualization* concept<sup>9</sup>. The GMI conception views social security as targeted to concrete people and not to categories of inhabitants; that means each individual has to work out a specific problem solution related to their specific situations.

As concerns GMI theoretical aspects it is interesting to state the things to be taken into account by policy-makers when choosing this particular national social assistance conception. It should be recognized that policy-makers choosing a social assistance model make a crucial decision. What approach of providing social assistance may prove successful? Who should be eligible to social assistance? What factors affect the benefit amount? What should be the assistance form? Who should be responsible for program funding, administrating and monitoring? These decisions make complicated and responsible tasks. F.Gassmann admits that to form a social

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<sup>6</sup> Розанваллон П. *Новый социальный вопрос. Переосмысливая государство всеобщего благосостояния*. Библиотека Московской школы политических исследований. Москва. 1997. с. 141.

<sup>7</sup> *Ibid.p.142.*

<sup>8</sup> *ibid.p.153.*

<sup>9</sup> *ibid.p.166.*

assistance policy effective for the poor support is a challenge, as there are a chain of factors affecting the chosen policy's success or failure<sup>10</sup>.

CEE countries are employing several social assistance models and their combinations. They have changed in the course of time and differ across nations and even national regions. A social policy researcher, Branko Milanovic, claims that a most important issue for the countries in transition establishing new social safety nets was that policy makers had to decide on a concrete social assistance conception optimal for their countries<sup>11</sup>. The two most common models were uniform category-targeted benefits, and means-tested benefits, such as the GMI system based on target-oriented social assistance. The GMI conception is characterized by defined national poverty threshold and benefit eligibility of any person with an income below the defined poverty threshold. However, most CEE countries after regaining their independence gave preference to other social assistance models, in particular category-oriented social assistance systems. According to this approach, an income below defined poverty threshold does not qualify a person as assistance eligible, and a significant role is played by such secondary criteria as single parent status, number of family members, invalidity, disability, etc. The universal benefit system could not bridge the gap between poverty threshold and real incomes of the CEE population, and the assistance amount mostly depended on local social workers assessments. Universal benefits are commonly criticized as middle-class “subsidies” since the needy get just their tiny share of that<sup>12</sup>.

Branko Milanovic in his comparative analysis of the two social assistance systems has attempted to find out which of them would make a better match with transitional economies. In this respect he emphasizes the following four criteria to be taken into account<sup>13</sup>:

- 1) *Correlation of poor and needy households' characteristics.* The greater the correlation the more adequate is the social assistance system targeted at particular groups. Thus, countries, where the number of family members and inhabitant's age are obvious features of poverty, could use category-targeted benefits as an effective poverty prevention tool.

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<sup>10</sup> Gassmann F. *How to Improve Access to Social Protection for the Poor? Lessons from the Social Assistance Reform in Latvia.* Paper prepared for the conference on „Social Protection for Chronic Poverty” at IDPM, University of Manchester, UK, 23-24 February, 2005.

<sup>11</sup> Milanovic B. Selected Issues in Social Policy. In: *Income, Inequality and Poverty during the Transition from Planned to Market Economy.* The World Bank, Regional and Sectoral Studies, 1998. p.115.

<sup>12</sup> Gassmann F. *How to Improve Access to Social Protection for the Poor? Lessons from the Social Assistance Reform in Latvia.* Paper prepared for the conference on „Social Protection for Chronic Poverty” at IDPM, University of Manchester, UK, 23-24 February. 2005.

<sup>13</sup> Milanovic B. Selected Issues in Social Policy. In: *Income, Inequality and Poverty during the Transition from Planned to Market Economy.* The World Bank, Regional and Sectoral Studies, 1998. pp.117.-119.

- 2) *State's capability to precisely detect the population income amounts*. The author claims that the GMI system would prove ineffective for reducing and preventing poverty and social exclusion in the countries suffering from “shadow economies”.
- 3) *National funding capacity*; that is the financial capability of the state to pay benefits. Since only few CEE countries with relatively low poverty deficits do not have acute poverty problems and could financially back up GMI, Branko Milanovic presumes that the former Soviet republics would hardly afford this system of national social assistance.
- 4) *Administrative capacity* or the capability of local governments to enforce the system adopted by the national government. The GMI model will work effectively only in case of adequate administrative capacity. B. Milanovic emphasises that, even if the GMI system could be introduced according to the above mentioned criteria, a weak administrative capacity may prove to be a critical obstacle<sup>14</sup>. The author adds that the GMI system could also prove unrealizable in less developed national regions.

Some social policy researchers, such as Michael Towsey, Jan Termalinski, Alex Adams and Kevin Sharp, also claim that deciding in favour of the GMI approach one has to weigh up four crucial aspects<sup>15</sup>, and namely: 1) if the new social assistance conception can be adopted by the national legislation or constitution; 2) if there is an adequate administrative capacity in the country; 3) if it is politically realizable; 4) if it is economically justified. So, we may draw a conclusion that many authors single out a number of aspects affecting GMI failure or success.

Despite the above mentioned aspects to be considered to provide for successful GMI benefit functioning, more and more European countries are making their choices in favour of GMI. The GMI conception popularity may be explained by a widespread belief that GMI level can solve one of the oldest social problems – poverty. British researchers Karl Widerquist and Michael Lewis claim that providing GMI level for the needy is the most efficient approach to poverty prevention, as it reduces poverty irrespective of its causes. The authors admit that this approach, as opposed to others, e.g. facilitating economic development and employment, raising the minimal wage level, creating new jobs, ensures incomes to those unable to work and therefore makes security nets more efficient<sup>16</sup>. However, GMI is often severely criticized for its high administrative costs.

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<sup>14</sup> Ibid p.119.

<sup>15</sup> Towsey M., Termalinski J., Adams A., Sharp K. The Guaranteed Minimum Income. Internet site: <http://www.basicincome.qut.edu.au/docs/Unemployed%20Workers%20Movement.doc>

<sup>16</sup> Widerquist K., Lewis M.A. *An efficiency argument for the basic income guarantee*. Paper No. 212 in the work paper series of the Levy Economics Institute of Bard College. 2005. Internet site: [www.widerquist.com/usbig/efficiency.html](http://www.widerquist.com/usbig/efficiency.html)

Since 2003 the Latvian social assistance has been regulated by a new law based on a differentiated approach to social assistance delivery. The new approach ensures a means-tested municipal benefit for needy inhabitants of municipalities, i.e. GMI benefit. Considering the theoretical aspects of the GMI benefit conception, it seems interesting to assess the relevant benefit delivery practices in Latvia and determine the role of social services in the national policy enforcement. Therefore the next subchapter focuses on social service activities on realizing GMI policy in Latgale region aiming to assess GMI efficiency in reducing and preventing poverty and social exclusion.

### **The guaranteed minimum income benefit in Latvia**

At present the Latvian social assistance system is regulated by *the Law on Social Services and Social Assistance*. It is aimed at establishing an effective social assistance system, reducing poverty and providing social assistance to the target group – the poorest population, as well as facilitating the social integration of socially vulnerable groups. Thus, *the Law* introduces the approach favoured in international practices, in particular, to ensure means-tested benefits and engage clients in their own problem solving. The social worker and the client present equal parties in the process of the client's problem solution. The major novelty of *the Law* is the GMI benefit granted to the poor. Its priority is to support Latvian poorest inhabitants and establish a security net for the people endangered by extreme poverty risks; as practice shows needy people can hardly combat poverty without any social support. Although the GMI benefit introduced in Latvia in March 2003 was a precondition for the EU accession, it also had some local necessity objectives.

Since 1995 the Latvian social assistance had been regulated by the *Law on Social Assistance* incorporating four types of municipal social benefits: social assistance benefits for poor families, housing benefits, benefits for care and funeral allowances<sup>17</sup>. F. Gassmann in her analysis of the social assistance situation in Latvia admits that the 1995 social assistance system was inefficient in achieving its target group, the poor, besides it lacked transparency and presented a huge difference between the amounts and eligibilities of benefits available at different municipalities<sup>18</sup>. Welfare Ministry representative Agrita Groza also admits the necessity of working out the GMI conception as municipal social benefits should be more effective, more

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<sup>17</sup> Likums *Par sociālo palīdzību*. Interneta adrese: <http://www.likumi.lv/doc.php?id=37776>

<sup>18</sup> Gassmann F. *How to Improve Access to Social Protection for the Poor? Lessons from the Social Assistance Reform in Latvia*. Paper prepared for the conference on „Social Protection for Chronic Poverty” at IDPM, University of Manchester, UK, 23-24 February, 2005.

target-oriented and rationally utilised<sup>19</sup>. The GMI conception intended to substitute the four municipal benefits by one, granting GMI to the needy.

One of the reasons for reforming the Latvian social assistance system was its failure to achieve the target group, poor inhabitants. Despite the fact that the criteria of benefit eligibility were set by the Cabinet of Ministers, the Law itself could not make the local governments act accordingly, as it allowed for certain discretion of social assistance delivery at the local level. In this line, local governments had rights to determine not only benefit types but also benefit eligible social groups, benefit levels and the social benefit budget share. The research made by the World Bank in 1999 showed that the Latvian social assistance was not oriented to poor people. As many as three out of four social assistance recipients were not recognized as needy, consequently the poorest population share of social assistance accounted just for about 15%<sup>20</sup>. The annual household budget analyses carried out by the Central Statistics Agency also detected the tendency of financial shortage mostly experienced by families with children which fact contradicts to the widespread view that the poorest social group is pensioners. Branko Milanovic analyzing social processes in Latvia has come to the conclusion that in 1998 the rate of poor persons or families getting a social benefit was about 2%<sup>21</sup>. But social benefits should constitute a part of the social security system capable to reduce extreme poverty at the national level, so they must achieve the poorest social layers<sup>22</sup>.

When implementing the GMI benefit for poor inhabitants pilot project in 20 Latvian municipalities, it was found out that 90% of the benefit recipients were families with children and only 1% - pensioners<sup>23</sup>. Earlier it had been pensioners who received the greatest benefit amounts as public utility and heating allowances as well as compensations of medicines and medical treatment expenses while families with children had received the smallest benefit share. The project findings left no doubts about the necessity to establish a benefit system that would achieve the social assistance priority group, poor inhabitants.

*The Law on Social Assistance* ensured the local governments' rights to deliver social assistance depending on the locally available financial resources. Therefore, the difference between the

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<sup>19</sup> Groza A. Sociālais darbs attīstībā. // *Sociālās Palīdzības Vēstis*. 2001. gada oktobris Nr.2. 1.lpp.

<sup>20</sup> *Latvia – Poverty Assessment*. Main report. World Bank.1999. pp.26.-27.

<sup>21</sup> Gassmann F. *How to Improve Access to Social Protection for the Poor? Lessons from the Social Assistance Reform in Latvia*. Paper prepared for the conference on „Social Protection for Chronic Poverty”, University of Manchester, UK, 23-24 February, 2005.

<sup>22</sup> Zeibots R. Garantētais minimālais ienākums (GMI). // *Sociālās Palīdzības Vēstis*. 2003.gada oktobris, Nr.9. 2.lpp.

<sup>23</sup> Rajevska F. Guaranteed Minimum Income (GMI) as a Tool of Social Inclusion in Latvia. June 24-26, Bologna, 2004.

benefit amounts paid out in the rural districts and those offered in towns was dramatic. One of the main reasons for that situation was their differences in employment, wages and collected taxes. The research undertaken by the Welfare Ministry showed that in the cities the average benefit amount of the 1<sup>st</sup> quintile group equalled 62 LVL while their rural counterparts received only 15 LVL<sup>24</sup>. Consequently, the benefit amount received by rural inhabitants constituted only one fourth of that delivered to city dwellers.

In the course of time the social benefit granted to poor families has proved to be the most ineffective. In 1995 the benefit expenses accounted for 4.4 million LVL while in 2002 they made up just 87 thousand LVL<sup>25</sup>. Meanwhile the number of the benefit receivers had also steeply decreased; for example, in 1996 the benefit was granted to 157 thousand people as compared to only 64 thousand in 2001. This could be explained by the fact that, enjoying their autonomous powers, local governments quite often opted for paying medical allowances or special care benefits rather than paying the poor family social assistance benefit; some municipalities refrained from paying the benefit at all. In 2002, for example, the poor family social assistance benefit made up only 5.5% of the total municipal benefits<sup>26</sup>.

In consideration of the drawbacks of the social assistance system, such as differences in the range and amount of benefits offered by the local governments, their positions concerning eligibility criteria and application procedures, it was necessary to change the existing system for the one that would ensure uniform social assistance standards for all Latvian municipality inhabitants, moreover, the new system should give priority to the poorest inhabitants<sup>27</sup>.

Therefore, while developing a new GMI benefit conception as well as its regulating acts, it was important to consider the following aspects<sup>28</sup>:

- the benefit should be available to the poorest municipality inhabitants;
- the GMI benefit amount should be enough to provide support to its receivers without motivating them to prefer it to a job;
- paid from municipal budgets, the GMI benefit amount should not strain the respective budget to a critical point.

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<sup>24</sup> Sociālais Ziņojums par 2001. gadu. Rīga, LR Labklājības ministrija. 2001. 76.lpp.

<sup>25</sup> Sociālais Ziņojums par 2002./2003. gadu. Rīga, LR Labklājības ministrija. 2003. 73.lpp.

<sup>26</sup> *ibid.*p.35.

<sup>27</sup> Rajevska F. *Guaranteed Minimum Income (GMI) as a Tool of Social Inclusion in Latvia*. June 24-26, Bologna, 2004.

<sup>28</sup> Sociālais Ziņojums par 2002./2003. gadu. LR Labklājības ministrija, Rīga, 2003. 35.lpp.

The author of this work believes it is essential to examine whether the attempts in improving the Latvian social assistance system have been successfully implemented. Further the author is going to analyse the GMI benefit paying practices in Balvi and Ludza districts of Latgale region, outlining the major problems and achievements as well as discussing the role of social workers in the GMI policy implementation success.

### **GMI benefit paying practices in Latgale: Evaluation of positive and negative aspects**

Before starting to analyze the GMI implementation processes in Latgale municipalities, some background information about the region should be introduced. The region has featured a high unemployment rate for several years, which resulted in the poverty and desocialisation of local population. It is worth to mention that 16% of the Latvian population lives in Latgale that means that a great many of Latvian people are actually denied the right to decent and secure life conditions. Analysing the situation in Latvian municipalities, E. Vanags, O. Krastins and other researchers have worked out municipality development indices, which included such factors as unemployment rates, personal income tax amounts, demographic burden and some other. These factors characterise Latgale as the least developed Latvian region. The further analysis made by the author covers Kubuli, Susaja and Kuprava municipalities in Balvi district as well as Isnauda, Nirza, Goliseva and Nuksi municipalities in Ludza district. It is interesting that 6 out of 8 municipalities selected for the analysis are listed among the poorest and least developed Latvian municipalities (see Table 2).

*Table 2*  
***Development Indices and Ranges of Balvi and Ludza Districts' Municipalities***<sup>29</sup>

<b>District</b>	<b>Municipality</b>	<b>Unemployment rate</b>	<b>Income tax per person</b>	<b>Demographic burden</b>	<b>Population density per 1 km</b>	<b>Development index</b>	<b>Range</b>
Balvi	<i>Kuprava</i>	-0.459	-0.045	0.226	1.593	0.769	28
Balvi	<i>Kubuli</i>	-0.003	-0.156	-0.352	-0.013	-0.464	311
Ludza	<i>Isnauda</i>	-0.481	-0.155	0.070	-0.011	-0.572	333
Ludza	<i>Nuksi</i>	-0.302	-0.225	-0.138	-0.029	-0.888	404
Balvi	<i>Susaja</i>	-0.600	-0.230	-0.329	-0.065	-1.196	437
Ludza	<i>Nirza</i>	-0.556	-0.169	-0.269	-0.047	-1.349	453
Ludza	<i>Goliseva</i>	-0.968	-0.234	-0.127	-0.050	-1.490	457

<sup>29</sup> The analysis covered 465 municipalities.

The author of the present work is particularly interested in the ways the GMI benefit affected social workers' daily routine in small and poor Latgale municipalities; what problems they face with and what are the positive aspects of introducing the benefit.

### **Major GMI-Related Problems Encountered by Social Workers and Services**

The GMI benefit introduced in Latvia has been viewed as a main tool for preventing and combating poverty and social exclusion as well as the basic support for people without any income. Undoubtedly, the GMI was treated as a much promising social inclusion tool. However, the review of GMI benefit distribution practices makes one draw a conclusion about the benefit's numerous drawbacks. It should be realized that any topical and serious national issue is a matter of a well-formulated and balanced policy. Although Latvia has launched a six-month GMI pilot project with the purpose of testing the benefit adaptability in the local context, the author claims that the fact that the GMI benefit covers a large and complicated target group and implies essential changes in social workers' behaviours and jobs has gained little attention of the policy-makers. Therefore, we have to admit that the GMI caused serious concerns not only for social services and workers, but also for social assistance recipients.

#### ***Shortage of Municipal Funding Resources***

Funding resources are one of the basic factors setting limits to social activities; whether a Latvian social worker is capable of performing at least some part of their duties depends on the municipal budget capacity.

At present the Latvian government develops the social policy guidelines while its implementation is at the discretion of local governments. *The Law on Social Services and Social Assistance* stipulates that in Latvia social assistance is 100% local funded and assistance distribution is under the supervision of local social services or workers, thus social assistance efficiency largely depends on the capacities and priorities of local governments. This approach since the initial development of the GMI conception has raised objections of the Latvian Local Governments Association, who point out to the fact that the rapid increase of rural poverty is accompanied by acute shortage of funding<sup>30</sup>, so the poorest municipalities are incapable of paying the GMI benefit to all applicants.

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<sup>30</sup> Otersons B. Sociālā palīdzība – izaicinājums pašvaldībām. // LOGS. Nr.11. 1999. 24.-25.lpp.

Analysing the situation in Latgale we have to admit that municipal funding shortage is the major obstacle on the way to successful GMI benefit operating practices. Local social workers from Balvi and Ludza districts interviewed by the author mention the shortage of material resources as the critical limitation of the GMI policy that prevents them from paying out the benefits to all poor inhabitants. In 2003 three municipalities out of twenty-one in Balvi district and two – out of twenty-three in Ludza district did not pay any benefits at all for the only reason of resource shortage; **48%** of municipalities in Balvi district and **65%** - in Ludza district **refused the benefit to some poor inhabitants because of resource shortage.**

Although in 2004 the number of GMI non-paying municipalities decreased, the municipalities refusing the benefit for the reason of funding shortage still made up a significant amount. In 2004 **only two** out of eight reviewed municipalities in Balvi and Ludza districts **paid out the GMI benefit to all poor applicants.** The respective social workers admit that it became possible only due to the small number of GMI applicants. In case the number of applicants grows, which could be caused by local job cutting, the local governments will fail to grant the benefit to every applicant.

The greatest demand for GMI benefits is observed in rural municipalities, where social workers encounter high unemployment, dramatically low incomes, lack of job offers, a large number of needy and idle people generated by desocialisation processes; the contradiction of this situation is that people often turn to local social services for benefits or other support to improve their critical living conditions, however many of Latgale's small municipalities cannot provide much assistance due to the shortage of funding. According to some Latgale's municipality social workers, this situation leads to poor people's mistrust of social assistance institutions, so some of them opt to find support relying on their personal contacts and other people's assistance. As a social worker from Nuksi municipality of Ludza district, Aija, said: *“People are aware that the local government has no funding for benefits, and they have to rely on their neighbours' help. People in small municipalities know each other and try to offer their neighbours any kind of support, give them food or clothes.”* Nevertheless, social workers, observing the local situation developments, have noticed a certain decrease in the tendency of community assistance reliance, since *“people see that at present no one can enjoy an easy life, especially living in the country, and they recognize that now everyone has to fight for themselves<sup>31</sup>.”*

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<sup>31</sup> The interview with Aija, social worker of Nuksi municipality.

The general overview of the Latvian case proves that social assistance distribution obviously differs between the municipalities. However, it must be mentioned that not only unequal financial resources, but also local governments' priorities and perceptions of social assistance concept play here their important roles. The analysis of GMI benefit implementation practices has shown that the conception of GMI benefit as an essential benefit for the poor has still to win its positions. In 2004 the eight reviewed municipalities featured utmost differences between the GMI and other benefit shares. So, in Nuksi, Ludza district the GMI accounted for only 7% of the total benefits, while in Goliseva it made up as much as 64% of the total amount. Such differences can be largely explained by social workers' perceptions and attitudes concerning the role and importance of the benefit. Investigating social workers' opinions, the author has come to the conclusion that in Goliseva and Nirza municipalities, where the GMI presented the greatest proportion to other benefits, they consider the GMI benefit a major priority in delivering social assistance and try their best to grant benefits to all applicants.

The data obtained make us conclude that so far GMI, in spite of its being aimed at improving the social and economic conditions of the poor, has not got its place as a main municipality benefit. Municipalities in Latgale for various reasons keep spending most resources on other benefit types – free lunches at schools or kindergartens, housing benefits, medical treatment and transport expenses coverage, allowances for child education, and etc. (see Table 3).

*Table 3*

***GMI as Compared to Other Municipal Benefits Ratings (%) in 2004***

<b>Municipality</b>	<b>GMI funding (%) out of the total municipal social benefits</b>	<b>Other benefit funding (%) out of the total municipal social benefits</b>
<b><i>BALVI DISTRICT</i></b>		
Susaji	20%	69%
Kuprava	17%	83%
Town of Balvi	16%	80%
Kubuli	19%	47%
<b><i>LUDZA DISTRICT</i></b>		
Goliseva	64%	30%
Isnauda	13%	72%
Nuksi	7%	91%
Nirza	63%	35%

*The Table is compiled by the author using the data obtained from municipality sources.*

Although the GMI funding as compared to other benefit funding is obviously lower, we have to admit that the municipalities rational resource management tends to spend most funding on food, housing, health and educational purposes (see Table 4). The data on social benefits allow the

author to conclude that the structure of social benefits is largely dependent on the municipality specific problems and people's needs. In Kuprava municipality, Balvi district most inhabitants are working-age people, who migrated to Latvia from other USSR republics in the 1980s. During that period the municipality experienced rapid development, they built a factory and blocks of flats for its workers. In the early 1990s the main production was shut down leaving most of the population unemployed. Since the majority of the population still lives in the blocks of flats, housing benefits constitute a pretty share of municipal social benefits, so the unemployed inhabitants can cover their rent and public utility expenses. Meanwhile in Susaji municipality, where most inhabitants are of pre- or retirement-age people, the social benefit structure is formed by medical allowances. It should be noted that such regularities are also observed in other Balvi and Ludza municipalities.

*Table 4*

***Resource Allocations (%) to Various Benefits in Balvi and Ludza Municipalities in 2004***

Municipality	GMI	Emergency allowances		Other benefits				
		Funeral allowance	Natural disaster allowance	Free lunches at school/kinder-garten	Housing benefit	Medical allowance	Child Educ./ Care benefit	Transport expenses
<b><i>BALVI DISTRICT</i></b>								
Susaji	20%	11%	-	16%	13%	21%	17%	1%
Kubuli	19%	34%	-	15%	8%	15%	1%	-
Kuprava	17%	-	-	2%	58%	5%	-	3%
Town of Balvi	16%	4%	-	12%	21%	4%	-	0%
<b><i>LUDZA DISTRICT</i></b>								
Goliseva	64%	4%	1%	19%	-	-	-	-
Isnauda	13%	8%	3%	26%	2%	8%	6%	5%
Nuksi	7%	2%	-	23%	-	15%	11%	-
Nirza	63%	3%	-	9%	-	-	4%	20%

*The Table is compiled by the author using the data obtained from municipality sources.*

Another serious problem directly connected to funding shortage and affecting social assistance quality and efficiency is an inadequate number of social services and workers. 39 – 53% of Latgale's municipalities experience staff deficit. In 2003 52% of Balvi and 50% of Ludza municipalities had no social services established or no social workers employed. The analysis of the situation in Latgale region, in particular that in small municipalities, let us admit that the absence of a social service or worker, or their inadequate number can often be explained by the

lack of wage funds. However, it should be added that many municipalities have still to reform their opinions of social assistance role as in many municipalities the job of social worker is viewed as an unaffordable luxury<sup>32</sup>. Small municipalities in Latgale quite typically demonstrate the opinion that **social workers “are just money waste”**, that the social worker’s only job is to distribute benefits, which could be performed by any municipality worker. Such municipalities tend to explain social problems only by economic reasons, for example, they view unemployment only as a problem of economy. They still have to come to investigating particular unemployment reasons in every concrete case, the job usually done by a social worker when s/he tries to trace the low income or other problem causes. Thus, many municipalities face the situation when there are jobs established, but the people employed either have had no special training or lack essential psychological characteristics and skills. In such case, they only deliver benefits to people without trying to give relevant advice or engage a person in improving his/her own situation, which is a part of the social worker’s job; consequently the problems remain unsolved<sup>33</sup>.

One more essential problem to be mentioned in connection with the reviewed Latgale’s municipalities is that, irrespective of its importance for improving poor inhabitants’ conditions, social assistance is **not rated among priority goals** in local budgets. As social assistance is one of the fields implying direct and close personal contacts, its quality is crucial for improving poor people’s conditions. However, the results of the analysis of Latgale case and interviews with social workers make us admit that quite a number of municipalities keep cutting their social funding and often resources for social matters are the last to be allocated. The situation across Latvia is characterized by huge differences in prioritizing social assistance between the municipalities: some municipalities spend on social benefits as much as 10% and other – only about 2%; and their decisions cannot be affected by the state<sup>34</sup>. Undoubtedly, social assistance should become Latgale’s major priority, as the region has most dramatic poverty and social exclusion levels and the highest number of poor people in the country. Nevertheless, in 2004 Balvi district’s social insurance and social security expenses on the average accounted for 6 -7% of the local budget, with the priority given to other spheres, for example, education consumes 63% of the municipal budgets. During the same period Ludza district allocated for the same purposes 7.7%<sup>35</sup> of its budget expenditures.

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<sup>32</sup> Briede Z. Sociālais darbinieks – palīgs un traucēklis. // *Lauku Avīze*. 2002. gada 30. maijs. 7.lpp.

<sup>33</sup> Stobova I. Par labklājības sistēmas attīstību, prioritātēm un iespējām. // *Sociālās Palīdzības Vēstis*. Nr.10. 2003.gada nov. 1.lpp.

<sup>34</sup> Groza A. Sociālais darbs attīstībā. // *Sociālās Palīdzības Vēstis*. 2001. gada oktobris. Nr.2. 1.lpp.

<sup>35</sup> Valsts kases dati. Interneta adrese: [www.vkase.gov.lv/doc.upl/2\\_P\\_statistikas\\_institutam.xls](http://www.vkase.gov.lv/doc.upl/2_P_statistikas_institutam.xls)

The comparative data analysis of the situations in Latgale's municipalities with that in Latvian cities has detected an obvious tendency; the GMI benefit amount depends on the funding resources available to municipalities. *The Law on Social Services and Social Assistance* confirms the municipalities' rights to raise the GMI level within the limits of their resources as well as grant to the population additional support, provided such actions are stipulated by municipal regulations and get publicized. In the Latvian capital, Riga, for example, the GMI level is set significantly higher than that determined by the Cabinet of Ministers; in 2004 it made up from 18 LVL per person of working age for childless families up to 39 LVL for child of up to 20, student, disabled invalid or single pensioner. Meanwhile none of the reviewed Balvi and Ludza district municipalities exceeded the GMI benefit level of 18 LVL set by the CM in 2004.

The situation in Latgale region's municipalities shows that a great many of them lack material basis for paying out the GMI benefit. Thus, **one of the essential drawbacks of the social assistance model is an inadequate assessment of the GMI benefit viability in the municipalities**, whose inhabitants experience extreme poverty; in some municipalities GMI applicants still constitute a considerable part of the population<sup>36</sup>. In 2003 Goliseva municipality of Ludza district, for example, had the GMI applicant number making up 14.5% of the total population and the problem of shortage of GMI funding was stated critical. Besides, the GMI levels differ between towns and rural areas; towns, as opposed to small municipalities, can afford raising the GMI level, while the latter often refrain from paying out GMI at all. However, we should admit that municipalities not infrequently have to share the responsibility for evading GMI regulations, since they, claiming to have no funds for GMI, still find it possible to pay out other benefits.

The general assessment of the national situation proves that the GMI does not seem to be a burden for well-off municipal budgets; moreover, some of the municipalities now find it easier to allocate and even save up their resources<sup>37</sup>. However, Latgale region faces a serious problem of **municipalities failing to grant the GMI benefit to the poor, which is ignored by the state**. Such municipalities need, at least partial, state funding as well as monitoring and assessment in order to secure the GMI to the population. Latvian policy-makers define the GMI rules but fail to provide additional GMI funds; as a result, municipalities have to 'find' the relevant funds in their own budgets. As the national government has little influence on municipal GMI policy

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<sup>36</sup> Paševica B. Tikai komandas darbs. // *Sociālās Palīdzības Vēstis*. 2003. gada oktobris. Nr. 9. 1.lpp.

<sup>37</sup> Jansons A. GMI pabalsta ieviešana Amatas novadā. // *LOGS*. 2003.gada jūlijs. Nr.7. 13.-14.lpp.

implementations, local governments' motivation to observe the respective national laws obviously decreases, as they are free to allocate funding as they please.

### ***Social Worker's Competences***

*The Law on Social Services and Social Assistance* presumes a widened range of social workers' duties and demands of them special knowledge and skills enabling a social worker to perform these duties successfully. The GMI has led to a growing amount of documents which have to be examined by the social worker while making a decision on the benefit. Welfare Ministry representative A.Masejeva admits that the new social assistance delivery arrangements are estimated as too complicated for a social worker<sup>38</sup>.

The interviews with social workers of Balvi and Ludza's municipalities demonstrate that there are still some cases when social workers have no clear idea of GMI as well as other benefit regulations and use their own preferences in distributing benefits. The author draws a conclusion that this tendency is typical for municipalities whose social workers have limited possibility to attend seminars or courses. For example, a social worker from Kuprava, Balvi district, Inara Komarovska openly declares: "We certainly lack knowledge. Shortage of funding prevents me from attending seminars, so my only sources of relevant information are media or colleagues from neighbour municipalities. Sometimes I really don't know whether a person is benefit eligible, then I have to account on my personal opinions and municipal funding capacities." Some municipalities have still to develop and adopt local benefit regulations. To sum up, due to the inadequate information social workers fail to distribute benefits fairly and often benefits do not reach their target group – the needy.

Social problems being individual-centered, professional social workers should ensure an individual approach to every client. Therefore, demands set to professional worker's training and experience become even stricter. *The Law on Social Services and Social Assistance* states that the right to perform the social worker's job is granted to people having a relevant higher education or listed in the certified social workers' register<sup>39</sup>. Here the major objective is to ensure professional qualifications of social workers and increase the efficiency of social problem solving; in this way the law lays the basis for future social exclusion decrease. It should be noted that the above demands come into force on 1 January, 2008. Nevertheless both heads of local

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<sup>38</sup> Masejeva A. Atbildes uz reģionālo semināru dalībnieku uzdotajiem jautājumiem par garantētā minimālā ienākuma (GMI) pabalstu. // *Sociālās Palīdzības Vēstis*. 2003.gada oktobris. Nr.9. 6.lpp.

<sup>39</sup> Sociālo pakalpojumu un sociālās palīdzības likums. Interneta adrese: <http://www.likumi.lv/doc.php?id=68488>

governments and social workers express doubts whether there will be enough specialists to fill in all vacancies. In 2003 none of 18 social workers from Balvi district had a relevant higher education, and Ludza district could boast 1, out of 15, professionally trained social worker. In 2004 the eight interviewed social workers from Balvi and Ludza's municipalities had not got a relevant higher education and only one worker just started his studies.

According to some social workers' opinion, the new demands set to workers qualifications may make local governments functioning even more complicated; though the Welfare Ministry has planned some public funding for the social workers' educational purposes, many of the rural municipalities have no access to it. They are actually responsible for the budget-funded education possibilities being mainly used by Riga's municipalities<sup>40</sup>. Moreover, social workers admit that due to low wages they cannot afford paying their education fees. Thus the newly set demands could result in social workers' staff shrinking. The heads of local governments express their deep concern that low wages can make it hard to attract young and skilled staff. At present many social workers, in particular those of small municipalities, because of low wages have to reconcile their main jobs with jobs in the local administration, library or court. This situation affects their work efficiency and communication with the client as they have to handle additional tensions and work amounts.

### ***Inefficiency of Co-activities in Municipalities with High Unemployment Rates***

Co-activities with the social institution is one of the conditions of receiving the GMI benefit; the needy person has to be actively engaged in seeking a new job, doing temporary social works, or undergoing some occupational retraining or rehabilitation, etc<sup>41</sup>. It is worth to add that the purpose and ideological basis of such co-activities is to implement a person's rights to solve their own problems and improve their conditions<sup>42</sup>. Co-activities are the social worker's lever to get people motivated in improving their own situations. Regarding the role of co-activities in receiving social assistance and reducing social exclusion, it is important to review the relevant practices and their efficiency in Latgale region.

In Latgale region co-activities cover a wide range of activities. Small municipalities mostly engage their clients in providing services to elderly and disabled people; such as delivering firewood, sweeping off snow or bringing water. Besides, co-activities may include attending some courses on children education, doing repair works in public institutions, getting registered

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<sup>40</sup> Zulina V. Ministre atbild uz ludzāniešu jautājumiem. // *Ludzas Zeme*. 2004. gada 6. augusts. 3.lpp.

<sup>41</sup> Garantētā minimālā ienākumu (GMI) līmeņa pabalsta rokasgrāmata. Interneta adrese: <http://www.spf.lv/NotesCMS.nsf>

<sup>42</sup> Masejeva A. Atbildes uz reģionālo semināru dalībnieku uzdotajiem jautājumiem par garantētā minimālā ienākuma (GMI) pabalstu. // *Sociālās Palīdzības Vēstis*. 2003.gada oktobris. Nr.9. 6.lpp.

with the local employment agency, undergoing substance-abuse rehabilitation or participating in retraining programs. However, the situation in small and poor municipalities with high unemployment rates is really dramatic. In 2004 Balvi district registered unemployment level reached 27% and Ludza – 28.3%<sup>43</sup>; they were among the highest rates in Latgale region. Social workers yet claim that the real figure is between 40% and up to 50% in small municipalities. They face the problem of finding adequate co-activity opportunities and often have to invent their own co-activity offers within the local context. In such case co-activities may involve cleaning the house, attending a doctor or psychoanalyst, maintaining basic sanitary norms or taking care of children. This situation has been vividly described by the head of social assistance department of Balvi town, Lolita Laicane: *“In these (small) municipalities co-activities mainly involve some primitive actions – if a person has health problems, we ask him/her to visit their family doctors or go to hospital, we have some clients who got registered as disabled invalids because they just ignored their health. Even tidying up the house yard or permitting a social worker to visit the client’s dwelling place may be regarded as co-activities. In this line, clients may also be demanded to secure their children school attendance<sup>44</sup>.”*

It should be noted that such co-activities are low-efficient tools in reducing poverty; according to social workers, **only those who succeed in finding a job have prospects to get out of poverty.** This opinion has been voiced by a social worker, Inara saying that *“the possibility to earn one’s living is the basic one. However people here still have to realise that social assistance is only a “temporary treatment” but not a panacea for all their problems.”* Small rural municipalities can offer limited job opportunities, so we may conclude that collaboration there functions only as a precondition for getting social assistance.

Nevertheless, social workers admit that co-activity duties are useful means of reducing social exclusion and integrating the poor into community life, as *“often people have been desocialised and excluded from community life for years. It is due to co- activities that many of them finally discover social employment and psychological consultation services<sup>45</sup>.”* Not infrequently, co-activities help clients cope with their chronic health problems as well as reestablish links with the community; and it is crucial for a person to maintain their community links since quite often, being off the labour market, people loose their community relations and end up with social exclusion.

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<sup>43</sup> Pāparde I. Latvijā tūkstošiem trūcīgu cilvēku. // *Neatkarīgā Rīta Avīze*. 25.09.2004. 3.lpp.

<sup>44</sup> The interview with Lolita Laicane, head of social assistance division of the town of Balvi.

<sup>45</sup> The interview with Vesma Mierina, social worker of Susaji municipality, Balvi district.

Desocialisation and idleness, so typical of small municipalities with unemployment and poverty having been topical issues since the early 1990s, are also listed among the problems to be managed through co-activities<sup>46</sup>. According to some social workers from Balvi and Ludza municipalities, at times they to refuse a benefit because a person doesn't want to be engaged in his/her own problem solving, doubts the co-activity effectiveness and usefulness, and rejects any co-activity offers. This tendency can be illustrated by the fact that four municipalities out of the eight reviewed haven't made any co-activity agreements with their GMI benefit recipients (see Table5).

Table 5

**Agreements made with GMI benefit recipients in 2004**

Municipality	Co-activity agreements (%) with GMI benefit recipients
<b>BALVI DISTRICT</b>	
Susaji municipality	59%
Kuprava municipality	55%
Town of Balvi	55%
Kubuli municipality	0%
<b>LUDZA DISTRICT</b>	
Goliseva municipality	0%
Isnauda municipality	45%
Nuksi municipality	0%
Nirza municipality	0%

Marita, social worker of Goliseva municipality, Ludza district also points to desocialisation impacts as she says: *“irrespective of job offers, we can't claim that people are persistent job seekers. There are people who are simply unable to work, as we discovered some people, in particular at pre-retirement ages, lack mere initiative<sup>47</sup>.”* Social workers openly admit that many of their everyday challenges are inherited from the socialist past with its social security system. A great many of people still consider social assistance to be the duty of the state and keep operating with the concepts “I have the right” or “I must be secured with”. This discouraging attitude costs social workers much effort; they *“strive to make the client understand why s/he has found themselves in such situations and what should be done to cope with it. Otherwise the benefit has no sense; it is not a subsistence force but a temporary assistance for families to get out of crisis<sup>48</sup>.”*

<sup>46</sup> Paševica B. Tikai komandas darbs. // *Sociālās Palīdzības Vēstis*. 2003.gada oktobris, Nr.9. 1.lpp.

<sup>47</sup> The interview with Marita Stepanova, social worker of Goliseva municipality, Ludza district.

<sup>48</sup> The interview with Aija, social worker of Nuksi municipality, Ludza district.

### ***Does the GMI achieve the target group?***

*The Law on Social Services and Social Assistance* states the status of a needy person grants the right to claim social assistance, and namely the GMI benefit. However, according to some social workers, in many cases needy people do not receive any social assistance, for some reasons, as they do not apply for it. The main reasons mentioned in this respect are (1) *low amount of the GMI benefit* inadequate to high demands set to benefit recipient, (2) *lack of information* on social assistance possibilities, and (3) *moral concerns* of the needy.

### ***GMI benefit amount***

Researchers admit that to set a GMI benefit amount is a crucial and complicated step: the benefit should not be too generous as it can lead to establishing dependency culture, while too low benefit level will fail to cover the basic maintenance expenses<sup>49</sup>.

Social workers from Latgale region consider that one of the main reasons for needy people not applying for the GMI benefit is their disbelief in the benefit potential to improve their situations as the present benefit amount is below the basic living maintenance level. The growth of GMI recipients' number in 2004 as compared to 2003 was observed in three out of the eight reviewed Balvi and Ludza municipalities; the social workers explain this tendency by the increase of the benefit amount from 15 LVL in 2003 to 18 LVL in 2004.

Speaking about the GMI, social workers admit that the demands set to clients applying for the benefit are too high as opposed to the benefit amount. In order to receive the GMI benefit a needy person has to agree to certain co-activities, and namely, to seek a job, go through retraining, do some public works, get registered with an employment agency, or refrain from abusing psychoactive substances. According to some social workers these demands can often prevent people from applying for the benefit. Most contradictory views are expressed concerning the optimal GMI benefit amount which should be enough for a person to get out of crisis and at the same time not lead to dependency culture development. The predominant view is that the GMI should be raised by at least 50% of the minimum wage level, as the present amount cannot cover even the survival minimum. This view is supported by economist J. Aboltins, who says that 'even 21 LVL per month is enough to survive only *on paper*<sup>50</sup>.'

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<sup>49</sup> Howell F. Strategies for Improved Social Protection in Asia: Social Assistance: Theoretical Background. 2001. Internet site: [http://www.adb.org/Documents/Books/Social\\_Protection/chapter\\_07.pdf](http://www.adb.org/Documents/Books/Social_Protection/chapter_07.pdf)

<sup>50</sup> Vīksne I. Ministrija mudina ignorēt iztikas minimumu. // *Neatkarīgā Rīta Avīze*. 2004. gada 29.novembris. 3.lpp.

However, there is an opposite argument that the benefit amount should not be raised in small municipalities as majority of rural employees get minimum wages, and the raise of the benefit amount can affect their motivation to work. This view is shared by Olga, social worker from Nirza municipality of Ludza district, '*The GMI benefit in small rural municipalities of Latgale should not be increased; otherwise it will become a rival of the local low wages*<sup>51</sup>.' Another argument against the increase is the dependency culture and lack of motivation to get back to the labour market. Nevertheless, Belgian researchers Bea Cantillon and Ive Marx, in their analysis of GMI practices in 15 European countries<sup>52</sup>, state that such dependency mainly develops in the countries where needy, alongside with the GMI benefit receive some other benefits, for example, free lunches, child care benefit, etc.

### ***Lack of information on social benefit accessibility***

Facilitating people's awareness of the forthcoming changes is crucial for the implementation of a new policy, program or reform, especially when it aims at improving the living conditions of the needy. According to the founder of street-level bureaucracy theory M. Lipsky, the information about the service or assistance accessibility delivered by bureaucrats is one of the aspects of providing assistance itself<sup>53</sup>. The Latvian *Law on Social Services and Social Assistance* stipulates that social services are to inform people about their rights to social services and assistance<sup>54</sup>. Despite the role of information for successful policy implementation, some social workers claim it is particularly the lack of information about the relevant rights and obligations that prevents people from applying for the GMI benefit.

Discussing the possible ways of channeling GMI-related information to people, social workers from Balvi and Ludza municipalities mentioned first local newspapers and then interpersonal communication. However, the analysis of the information media preferred by social services proves that newspapers cannot be regarded as efficient tools for informing needy people due to a number of reasons. The major shortcoming here is that the relevant information is seldom published, for example, Balvi regional newspaper *Vaduguns* and *Ludzas Zeme* of Ludza district have published information about GMI and its accessibility only once, moreover many of the needy just cannot afford subscribing or even buying a newspaper. The interviewed social workers acknowledge having paid little attention to the information issue since they presume

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<sup>51</sup> The interview with Olga Sjakste, social worker of Nirza municipality, Ludza district.

<sup>52</sup> Cantillon B., Mechelen N., Marx I., Bosch K. The Evolution of Minimum Income Protection in 15 European Countries, 1992-2001. Internet site: <http://www.staff.bath.ac.uk/hsstp/home/TP-research/minimum%20income%20protection.pdf>

<sup>53</sup> Lipsky M. *Street-level Bureaucracy. Dilemmas of the Individual in Public Services*. Russel Sage Foundation, NY. 1980. p. 91.

<sup>54</sup> Sociālo pakalpojumu un sociālās palīdzības likums. Interneta adrese: <http://www.likumi.lv/doc.php?id=68488>

most information in small municipalities including that on social assistance is spread by word of mouth.

M. Lipsky, referring to street-level bureaucracy coping tactics, claims that manipulating with information and its volume is one of the most common ways of limiting the client number<sup>55</sup>. This tendency is also observed in the reviewed Balvi and Ludza municipalities. Assessing the possibilities of informing population about GMI accessibility, Marita, social worker from Goliseva of Ludza district, says: *'this benefit accessibility needn't be popularized, anyway we cannot grant the benefit to everyone and in case people learn about municipality paying out such benefit there will be many non-eligible applicants. Excessive information just hinders our performance as people tend to abuse their rights.'* A reserved attitude to spreading relevant information was also demonstrated by some social worker from the town of Balvi; she said that the relatively large number of town population prevents the service from informing every citizen, therefore *'a person should take the initiative finding out about benefit possibilities and then come to us with an application.'*

Such inadequate information leads to inefficient GMI utilization, as the benefit fails to fully cover its target group. The lack of information on social assistance should be mentioned among the most essential drawbacks of social services implementing the social inclusion policy.

### ***Moral reasons***

Moral reasons are also mentioned by social workers among the obstacles on the way to applying for social assistance. The sense of shame and fear of being stigmatized are serious reasons inherited from the Soviet past with its attitude to poverty; during the Soviet era to be poor meant to be socially excluded as though poverty was typical only of born losers<sup>56</sup>. Social worker from Isnauda of Ludza district Daina admits that *'There are people who feel ashamed to turn to social assistance service; it is not so simple for them to come and ask for help. We have had some cases when people ashamed to apply for assistance were evicted from their dwellings because of the enormous rent debts. Such people say they cannot bear the feeling of having to go somewhere and ask for something, the feeling of being dependent on somebody'*<sup>57</sup>.

The situation is aggravated by the lack of confidentiality often encountered by the inhabitants of small municipalities. This fact is confirmed by Aina Stahovska, social worker from Kubuli, saying: *'The view that it is wrong to apply for benefits and that people have to solve their*

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<sup>55</sup> Lipsky M. *Street-level Bureaucracy. Dilemmas of the Individual in Public Services*. Russel Sage Foundation, NY. 1980. p. 91.

<sup>56</sup> Paparde I. Nabadzīgie cilvēki meklē iespējas izdzīvot. // *Neatkarīgā Rīta Avīze*. 2000. gada 26. februāris. 3.lpp.

<sup>57</sup> The interview with Daina Laganovska, social worker of Isnauda municipality, Ludza district.

*problems by themselves is deeply rooted in our municipality. For many it is beneath their dignity to say in front of their community – “Yes, I am poor”, since the municipality is small and information spreads in no time<sup>58</sup>.*

### ***Problems of means testing***

One of the reasons why the GMI benefit often fails to achieve needy inhabitants is that people, according to some social workers, tend to conceal their incomes, which hinders means testing. In Balvi and Ludza districts this problem has become very topical since the moment the GMI was introduced, as means testing makes the social worker's job much more complicated. Social workers admit that some of poor municipality inhabitants do unofficial jobs in neighbour municipalities or towns, therefore their means testing or proving becomes rather problematic. F. Gassmann and B. Milanovic also emphasise that means-tested benefit systems are difficult to utilize in the countries characterized by *shadow economies* and concealed incomes<sup>59</sup>.

### ***Social workers' discretion and the role of subjective attitudes in policy implementation***

The efficiency of social services and workers functioning depends on social support, funding, information, technology and human resources as well as a range of other essential factors. According to M. Lipsky, the behaviour and functioning of street-level bureaucrats are largely dictated by such subjective factors as professional knowledge and skills, attitude and sympathy to the client, etc. These subjective factors often result in a bureaucrat's non-objective approach to their job. The author would like to refer to Lipsky's conclusion that *discretion* is a significant reason for bureaucratic non-objectivity; this discretion features the process of granting social assistance and GMI benefit, and actually makes the relevant decision making more subjective. There are several reasons for this; some people arouse more sympathy than others, besides certain bureaucrats believe that some clients deserve assistance more than others, which prejudice strongly affects bureaucrats' behaviour<sup>60</sup>. A Danish researcher, C.S. Winter, also claims that the actions of street-level bureaucrats are often affected and dictated by their preferences and attitudes to the target group<sup>61</sup>.

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<sup>58</sup> The interview with Aina Stahovska, social worker of Kubuli municipality, Balvi district.

<sup>59</sup> Gassmann F. *How to Improve Access to Social Protection for the Poor? Lessons from the Social Assistance Reform in Latvia*. Paper prepared for the conference on „Social Protection for Chronic Poverty”, University of Manchester, UK, 23-24 February, 2005.

<sup>60</sup> Lipsky M. *Street-level Bureaucracy. Dilemmas of the Individual in Public Services*. Russel Sage Foundation, NY. 1980. p. 111.

<sup>61</sup> Winter C.S. Explaining Street-level Bureaucratic behavior in Social and Regulatory Policies. Paper prepared for the XIII Research Conference of the Nordic Political Science Association held in Aalborg 15-17 August 2002. Internet site: <http://www.socsci.auc.dk/institut2/nopsa/arbejdsgruppe7/winther.pdf>

The role of social workers in improving the situations and facilitating the process of social inclusion cannot be underestimated as they have personal contacts with people and are responsible for ensuring the needy a fair treatment and equal access to social assistance. However the GMI implementation practices in Balvi and Ludza districts of Latgale prove that the efficiency of GMI as a social inclusion tool is reduced not only due to the resource shortage but also due to social workers' discretion, which allows for their prejudiced and biased approach to the client.

We should admit that in small municipalities the decision to grant or refuse a benefit to a person often depends not only on means tested but also on social worker's subjective assessments and attitudes or sympathies to the client, ignoring the basic principles of social policy - solidarity and equal opportunity. F.Gassmann also acknowledges the significant role of personal attitudes and prejudices in assistance delivery process; she emphasizes that in the small communities, where 'all people know each other', social workers are rather tempted to rely on their personal knowledge while deciding about a benefit and, in fact, develop an unfair and prejudiced attitude to the client. Referring to the Latvian situation, Gassmann admits that 23% of Latvian inhabitants would not apply for social assistance even in case of necessity, and 40% - doubt if social assistance could help at all<sup>62</sup>. Consequently, we may conclude that society doubts social assistance fairness and efficiency.

Relating to the impact of subjective factors on street-level bureaucrats' functioning, C. Winter concludes that their attitudes and behavior are largely dependent on local social norms<sup>63</sup>. Latvian social workers are mostly affected by the dominating view that some social groups deserve more support than others. In most cases society opts to support single pensioners and invalids. However, social opinion denies this support to those who need it urgently: single parents, homeless people, former prisoners or substance abusers.

Latvian society still demonstrates the view that poverty and social exclusion are the results of a person's disregard of social norms and values as well as the lack of initiative to resolve their problems<sup>64</sup>. This leads to the situation when certain groups are left to the mercy of fate as concerns their living maintenance, and moreover, society cultivates the awareness that such

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<sup>62</sup> Gassmann F. *How to Improve Access to Social Protection for the Poor? Lessons from the Social Assistance Reform in Latvia*. Paper prepared for the conference on „Social Protection for Chronic Poverty” at IDPM, University of Manchester, UK, 23-24 February, 2005.

<sup>63</sup> Winter C.S. Explaining Street-level Bureaucratic behavior in Social and Regulatory Policies. Paper prepared for the XIII Research Conference of the Nordic Political Science Association held in Aalborg 15-17 August 2002. Internet site: <http://www.socsci.auc.dk/institut2/nopsa/arbejdsgruppe7/winther.pdf>

<sup>64</sup> Gassmann F. *How to Improve Access to Social Protection for the Poor? Lessons from the Social Assistance Reform in Latvia*. Paper prepared for the conference on „Social Protection for Chronic Poverty” at IDPM, University of Manchester, UK, 23-24 February, 2005.

people are to blame themselves for their problems. In Balvi and Ludza districts such differentiated approach to social assistance granting can be detected, for example, when dealing with alcohol abusers and families with children. Here social workers openly say that, for a number of reasons, they do not have a slightest desire to inform *alcoholics* about assistance opportunities.

One of such reasons is *shortage of funding* which prevents municipalities from providing the GMI benefit to all applicants and makes social workers set their own priorities. According to Daina, social worker from Isnauda, *'if we had enough funding to provide the GMI benefit to all applicants, I wouldn't refuse it to anyone. But in reality I have to decide in someone's favour, and when we see that a person is likely to spend his/her benefit on alcohol our preferences are granted to those who would use it more effectively<sup>65</sup>.*'

So, we may draw a conclusion that social worker's job often puts a dilemma: on the one hand, the law grants the needy person high priority in accessing social assistance, on the other hand, often benefit recipients' behaviour and moral standards do not correspond to the social justice concept, in other words, they are not considered as *deserving* assistance. Therefore, a social worker may experience a conflict between the legal and moral considerations. The author claims that the problem of needy persons' *segregation* is extremely topical in the municipalities suffering from funding shortage.

According to social workers, alcohol abuse and idleness are among the reasons that hinder engaging such people in co-activities. The interviewed workers predominantly believe that people's unwillingness to work in the field gets them to ask for benefits and finally results in dependence culture development. In this line, a social worker from Kubuli, Aina admits: *'there are cases when you happen to know a person and cannot make yourself help him. (...) just imagine, a person doesn't care to do anything even in his own backyard and is drunk all the time if he dares to come after a benefit, do I have to give it to him? If yes, he would be back in two days asking for another benefit to "cure" himself from a hangover<sup>66</sup>.*' This position is also shared by other social workers who claim that very often they have to persuade their clients into such co-activities as visiting a doctor or tidying up their homes.

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<sup>65</sup> The interview with Daina Laganovska, social worker of Isnauda municipality, Ludza district.

<sup>66</sup> The interview with Aina Stahovska, social worker of Kubuli municipality, Balvi district.

However, despite this segregation there is a positive tendency when social workers initiate providing GMI benefits as food or services delivery, for example, buying teaching aids, paying for public utilities or supplying firewood for the clients. In 2004 17% of GMI recipients from the reviewed Balvi and Ludza municipalities received their benefits in the form of food or services. This approach is commonly practiced with the needy, who suffer from alcohol abuse, leave their children unattended or deliberately don't pay for their public utilities and spend the benefit for other purposes.

*The Law on Social Services and Social Assistance* stipulates the precedence of the GMI benefit over other benefit kinds. Nevertheless the analysis of the situation in Latgale region proves that many municipalities enjoying their discretion tend to ignore the law and actually **develop their own benefit system**. So, GMI benefits are substituted by benefits meant for different purposes. Social workers themselves agree that a considerable part of free lunches, housing benefits, medical services and transport allowances, or child care benefits recipients cannot be qualified as the needy. The author concludes that the new law has not succeeded in eliminating the old norms and left much room for the municipality manoeuvre to pay different benefits.

Social workers substantiate their position with a number of arguments; most often GMI resources are spent for other benefits due to *humane* necessity to support employed inhabitants whose incomes are below the basic living maintenance level or lonely pensioners with pensions not covering maintenance and medical expenses, because their wages before the retirement were too modest. Social workers' conviction that they are close to people and know the environment, and *'are better informed about the situation and people's needs'*<sup>67</sup>, is one of the most popular arguments for ignoring the law. Since the national social assistance monitoring system is not efficient, a great many of social assistance benefits for the needy are provided by municipalities according to the principle *'in case there are any funds left over.'*

*The Law on Social Services and Social Assistance* places on the social worker an obligation not only for distributing benefits but also for engaging the client in their problem solving. Although social workers' **knowledge of local community members and their living conditions**<sup>68</sup> is often mentioned as a small municipality advantage, the workers themselves claim that this particular aspect affects and complicates their routine jobs and hinders **objective decision making**. Referring to the drawbacks of direct contact with the client, social workers emphasise that when

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<sup>67</sup> The interview with Aija, social worker of Nuksi municipality.

<sup>68</sup> Briede Z. Sociālais darbinieks – palīgs un traucēklis. // *Lauku Avīze*. 2002. gada 30. maijs. 7. lpp.

you know a client personally and are well aware of his/her dramatic situation or family circumstances it is difficult to deny them assistance even though they are not eligible to it. Moreover, the knowledge of local settings and inhabitants facilitates social workers' coping. The workers of small municipalities do not conceal the fact that they often refrain from means testing and justify their decisions about granting or refusing the GMI benefit by their good knowledge of community members and their living conditions. This can be exemplified by Kubuli municipality social worker Aina saying: *'As I know the local people quite well I don't have to do any testing. I can assess their incomes on the spot without any checking.'* It should be noted that the social workers' tendency to rely on subjective assessments and untested data may result in a non-objective and wrong conception of assistance eligibility and affect the benefit efficiency in achieving the target group.

### **Positive aspects of GMI**

The author believes that, irrespective of the GMI-related problems encountered by social workers and municipalities as a whole, the benefit should get a positive assessment for a number of reasons. The first positive aspect to be mentioned is that the benefit aims at and actually achieves the social assistance target group – the neediest inhabitants. The comparative analysis of the data on social assistance benefits granted to poor families in 2002 and the GMI benefits in 2003, the year when GMI was introduced, detects an increase not only in the number of benefit recipients but also in the amount of funds spent on benefits as well as in the number of those who received the benefit for the second time (see Table 6).

*Table 6*

#### ***Social assistance benefit for poor families and GMI benefit comparison***

		<b>Social assistance benefit for poor families in 2002</b>	<b>GMI benefit in 2003</b>
Funds spent	In thousand LVL	897.3	2556.6
	% of the benefit total	5.6	16.4
Number of recipients	Thousand people	67.5	68.5
Average benefit per recipient per year	LVL	13.30	37.34
Second time recipients	Thousand people	21.8	53.6
	% of the total number	32.36	78.3

*Reference: Social Report for the years 2002-2003. The Welfare Ministry of the Latvian Republic: 2004, p.36.*

A positive tendency in social assistance delivery observed at the national level is a gradual GMI benefit raise to ensure the needy a realistic income level. This tendency, according to social

workers from Balvi and Ludza municipalities, also stimulates the growth of the GMI applicant number, as the benefit amount increase helps to bridge the gap between the high demands set to GMI applicants and the low GMI benefit level.

Another positive GMI aspect detected in the analysis of Balvi and Ludza municipality cases is the establishment of a social worker's job with an aim to achieve the target group more efficiently and solve the problems of the needy more successfully. Having reviewed eight municipalities, the author may conclude that in particular in Susaji of Balvi district and in Nirza of Ludza district GMI was followed by social worker's job creating. This can be also explained by the enlarged range of benefit provider's duties which couldn't be performed by the usual municipality personnel. For example, Vesma Mierina from Susaji municipality of Balvi district admits: *'I was employed only due to the GMI benefit. Before that the head of the municipality himself distributed all benefits as he pleased. (...) the applications were collected and the distribution lottery began – we have enough money to cover this application, so the applicant will get a benefit, and this cannot be covered so s/he will get nothing. That was a usual distribution procedure'*<sup>69</sup>.

The GMI conception based on recipient's co-activities also deserves a positive evaluation. Although social workers predominantly express the opinion that municipalities with high unemployment rates cannot offer co-activities facilitating a person's inclusion in the labour market, yet the co-activity duties not infrequently help to integrate a desocialised person back into the society. The people, having been socially excluded for years, get a possibility to attend courses, communicate with neighbours, visit a doctor or psychologist and solve not only health but also mental problems; besides the GMI encouraged developing an individual approach to every client. According to some social worker from Goliseva municipality: *'Before the new law was introduced we used to be mostly involved in paying out benefits and allocating resources, but now we spend most time communicating with people – talking, solving or trying to solve their problems. We can say that our routine has changed completely'*<sup>70</sup>.

To sum up, the GMI benefit has both positive and negative aspects, and the latter have to be treated constructively. The issue of social assistance delivery should become topical both for national decision makers as well as for the immediate social policy implementers, i.e. social services and social workers, who should adjust their attitudes, positions and behaviour accordingly.

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<sup>69</sup> The interview with Vesma Mierina, social worker of Susaji municipality, Balvi district.

<sup>70</sup> The interview with Marita Stepanova, social worker of Goliseva municipality, Ludza district.

## CONCLUSIONS

In layman's mind poverty and social exclusion are directly associated with individual- or group-related unfavourable living conditions. However, we should distinguish between these two concepts; poverty is caused by resource shortage encountered by an individual or social group, while social exclusion is a multidimensional condition that includes not only economic but also social, cultural and political aspects. Social exclusion often results from the lack of social cooperation, integration and capability to participate in current social processes. Individuals endangered by social exclusion are hardly able to get off the risk zone themselves. Therefore, reducing poverty and social exclusion should be a concern of the whole society; since the society is responsible for ensuring individual's opportunity for a decent life. Whatever survival strategies may be used by the poor, they often fail to combat poverty and exclusion. When all the possible means are exhausted, it is time for social safety nets to join in and prevent a person or household from sliding into extreme poverty.

Latvian safety net, like many other national safety nets, makes up a social insurance and assistance system, which is mostly characterized as a benefit system. The Latvian social assistance system had expected a significant decrease in poverty and social exclusion due to the GMI benefit for the needy introduced in 2003. The duties of benefit distribution were placed on municipal social services and workers. The introduction of GMI was a precondition put by the European Union to eliminate the drawbacks of the national social assistance system. Besides, GMI popularity in other European countries, as GMI is assumed to be a key social integration tool for marginalized individuals, granting one of the basic human rights. Social policy researchers emphasize that deciding upon the GMI, policy makers should consider the following factors; needy household characteristics, national funding and administrative capacities as well as means testing possibilities.

In the framework of the present paper the author has studied the experience of eight municipalities of Balvi and Ludza districts, Latgale region, in implementing GMI; for that purpose she has investigated relevant municipal documents and made the analysis of the data obtained. The author has come to a conclusion that GMI cannot get an unequivocal evaluation as it has both positive and negative aspects.

At the national level, GMI benefit implementation practices deserve a positive evaluation; GMI granted the Latvian needy the right to minimum income to ensure the basic living maintenance in

case they cannot solve the situation themselves. One of the most positive GMI aspects is its advancement in achieving the target group, as the focus of social assistance has shifted from pensioners and invalids to poor families with children. Consequently, the GMI benefit has stimulated a more rational and needy-oriented social assistance system.

Co-activity as a demand set to benefit recipients has contributed to social integration of the desocialised needy in Latgale region. Besides, co-activity is a good way of limiting dependency culture. The interviews with social workers have revealed that often the GMI benefit gave needy inhabitants of small municipalities an opportunity to tackle their health problems or re-establish social contacts.

Another positive GMI-related aspect is social worker's jobs created in some small municipalities as a result of the adopted GMI conception demanding for a more professional and individual-oriented attitude to the client. An individual treatment of each concrete case implies a more qualified and constructive approach to social assistance.

However, the case studies have also detected a number of significant GMI-related drawbacks caused by objective as well as subjective reasons. It should be added that social reforms and innovations, directly affecting people and their living conditions, have always been a challenge of overcoming people or policy implementers' resistance.

Social workers when implementing the GMI policy have encountered the following *problems*:

**Shortage of benefit funding;** social assistance is most urgently needed by in particular financially insecure municipalities, which leads to a paradox situation – the more demanded assistance is, the less chance is to get it. Therefore the benefit fails to be granted to all benefit-eligible inhabitants of small municipalities. Moreover, funding shortage is the reason for many small municipalities not to pay wages to their social workers. Nevertheless, the shortage of funding cannot be viewed only as an objective barrier on the way to successful policy implementation; in many cases GMI benefit inefficiency results from social workers keeping to grant a wide range of other social assistance benefits, which according to the legislation should not take priority over the GMI benefit.

**GMI contradicts to the fairness concept dominating in the society.** The GMI conception grants the benefit to every officially registered needy person. However, the society still largely supports the view that certain social groups, for example, pensioners or invalids, deserve

assistance more than others. Since social workers, being street-level bureaucrats, enjoy high discretion and tend to rely in their decisions on subjective reasons, such as attitudes or sympathies to the client, they often favour the groups who, in their opinion, *deserve* assistance. Consequently, potential GMI benefit recipients from the social groups who need assistance most urgently, for example, former prisoners, alcohol abusers, homeless people, are simply ignored by social workers. Thus, the *social worker's subjective attitude* to the client should be regarded as a serious GMI-related drawback typical of small municipalities with their lack of confidentiality.

The analysis made in the frames of this work has proved that **the GMI benefit still does not achieve a considerable part of needy persons and household**, in particular those in distant municipalities. This fact can be explained by lack of information on social assistance accessibility, caused by social services and social workers failure to establish optimal information channels as well as by people's unawareness of their rights. Other reasons for the present situation are the discrepancy between the high demands set to the benefit recipients and the low benefit amount as well as people's prejudice against turning for help to social services, especially in small municipalities where 'all people know each other'.

**Concealing of private incomes** is another factor affecting GMI distribution efficiency. According to social workers, some needy inhabitants get incomes from their unofficial jobs in neighbour towns or municipalities which can hardly be tested. This leads to a situation when the GMI benefit is granted to people who are not needy and is not received by those without any other income.

The GMI benefit conception, being based on integrating individuals into labour market, emphasizes the role of the client's participation in co-activity, decision making and problem solving processes in that way working for his/her own situation improvement. However, **co-activities** in small Latgale municipalities **cannot ensure integrating individuals into labour market** due to their high unemployment rates, moreover idleness and desocialisation make a great many of co-activities inefficient. The author has to conclude that in case of Latgale region the GMI benefit functions not as the labour market integration tool but rather as a crisis subsistence source. Municipalities of Latgale should concentrate their efforts on creating new jobs and reducing unemployment if they want GMI co-activities to become more purposeful.

It is undeniable that some of the GMI policy shortcomings result from lack of experience in means testing which takes highly professional treatment of every client on the part of social

services. However, the performance of national social services on the whole and in Latgale in particular demonstrates that one of the obstacles to raising GMI efficiency in combating poverty and social exclusion is to be found at the *policy formulation* stage. According to some social policy researchers, a good formulation of a new policy, program or reform should consider its legal or constitutional adaptability, administrative capacity, and political and economic viability<sup>71</sup>. Referring to the Latvian case, we should say that GMI has been practically implemented in twenty municipalities during the period of six months. Nevertheless only two out of the twenty municipalities are listed among Latvian neediest and least developed hundred municipalities<sup>72</sup>. Therefore the GMI pilot project cannot claim to fully represent the real situation. The author believes that the developers of the GMI conception should have considered the fact that the benefit would be mostly demanded by needy rural municipalities and should have specially assessed the benefit adaptability in poor municipalities. The present situation reveals that GMI proves to be the greatest burden for poor municipalities.

Inadequate *political support* has also made its impact on GMI efficiency. Policy makers faced the resistance of municipality heads and social workers, who were convinced that municipalities could not afford paying out the GMI benefit, already at the stage of conception developing. Many municipalities still keep to the position GMI was not a good decision, arguing that, on the one hand, the costs of GMI are too high, and, on the other hand, that the government should not strictly regulate recipients' eligibility as social workers, being close to people, "know it better who really needs assistance". This position has led to the situation when **municipalities actually introduce their own benefit systems** and keep providing material support to those who are not needy.

The hypothesis of the work that *social services have little impact on municipality procedures of granting the GMI benefit due to the following main factors: shortage of financial resources and discretion of social workers* has been proved; although there are numerous factors affecting the social worker's decision to grant or not to grant the benefit, the author draws a conclusion that the shortage of resources and discretion are the key factors preventing social services from doing their jobs in full.

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<sup>71</sup>Towsey M., Termalinski J., Adams A., Sharp K. The Guaranteed Minimum Income. Internet site: <http://www.basicincome.qut.edu.au/docs/Unemployed%20Workers%20Movement.doc>

<sup>72</sup> Vanags E., Krastiņš O. (zin. red.). Dažādā Latvija: pagasti, novadi, pilsētas, rajoni, reģioni. Vērtējumi, perspektīvas, vīzijas. Rīga, Latvijas Statistikas institūts, Valsts reģionālās attīstības aģentūra, 2004.328.-341.lpp.

The role of social services and social workers of Latgale region in implementing GMI is undermined by their lack of constructive methods on upgrading social assistance and social inclusion policies. Society still shares the view that social inclusion policy is the responsibility of social welfare experts. However, the problems of poverty and social exclusion cannot be solved just by providing social assistance; due to their multidimensional and complex character these problems take an interdisciplinary, inter-institutional and inter-regional co-operation as well as an individual coordinated and integrated co-operation at different levels. Until now the co-operation between different national structures in providing social assistance cannot be evaluated as active and coordinated enough; the national government just sets the policy guidelines while local governments have to implement such policy relying on their own resources. Furthermore successful poverty and social exclusion combating is closely related to solving problems in housing, health care, employment and education spheres.

The studies of the Latvian case have proved that the major drawback of GMI implementation is caused by leaving it in the entire authority of municipalities. We should agree to B. Milanovic's statement that GMI implementation may fail in case of poor administrative capacity or awkward economic development of the country regions<sup>73</sup>. The analysis of the GMI-related problems encountered by social services and workers of small municipalities in Latgale region indicated to the necessity of establishing a system of local policy implementation monitoring and control. Besides, the heads of local governments should realize the importance of employing professional teams of social workers. It should be noted that the success of social inclusion policy depends not only on the state allocated resources but also on new jobs to be created in Latgale with the purpose of decreasing the unemployment rates and ensuring GMI applicants an opportunity to join the labour market which presumes their following social integration. However, we cannot claim that all municipalities face similar problems; some municipalities assess GMI as a positive step facilitating the adequate distribution of funds to achieve the target group. In this respect, the examples of 'good practice' should be popularized and positive experience should be shared with other municipalities.

To conclude, at present the GMI benefit functions as a social assistance rather than social inclusion tool, which to a great extent is explained by the drawbacks in Latvian GMI policy implementation. Although poverty and social exclusion are recognized national priorities while the GMI benefit is the priority of national social assistance, this has not been reflected in the

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<sup>73</sup>Milanovic B. Selected Issues in Social Policy. In: *Income, Inequality and Poverty during the Transition from Planned to Market Economy*. The World Bank, Regional and Sectoral Studies, 1998. p.119.

state budget, i.e. the national government does not allocate any relevant funds for municipalities. Thus, so far social inclusion priority has rather a declarative character in Latvia. The state should promote the idea that efficient social assistance is an essential step towards successful social inclusion policy, since social assistance is not only to deliver support to people in crisis who have no other sources to rely upon, but also to ensure their effective social and economic integration, in other words, to provide them social security and protection. Furthermore successful poverty and social exclusion combating is closely related to solving problems in housing, health care, employment and education spheres.



# Social Services as Actors of Social Inclusion Policy



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Fafo-paper 2005:27  
Student contribution  
(Bachelor paper)  
Order no.: 786  
ISSN 0804-5135