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FLASH REPORT

Country:	Latvia
Title:	Impact of COVID-19 measures on gender equality in Latvia
Date:	6 July 2020
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Context	
Issue at stake:	Impact of COVID-19 measures on gender equality
Grounds of discrimination:	Gender
Field of application:	Employment, Social security, Family related leave
Source:	National legislation

Content

Law/policy development:

Unemployment

The level of unemployment in Latvia on 31 May 2020 attained 8,4% (72 917 persons).¹ As a result, Latvia is among the EU Member States with the highest rate of unemployment. In comparison, during the last quarter of 2019 the level of unemployment was 6% (close to the highest point of economic activity during 2007 before the economic crisis of 2008)² and mid April 2020, unemployment rates were already 7,5% (68 264 persons). In other words, the number of officially registered unemployed persons has increased by 10 000 since the beginning of the COVID-19 crisis. As compared by the State Social Security Agency - during 2019 the monthly average number of applications for unemployment benefits was 6600, while at present, during the first half of April 2020, the total number of such applications submitted was 10 000 (daily around the 800).

Among the persons who have lost their job, there are employees of all qualification levels and from various sectors.

As regards most affected sectors - the collective redundancies announced to the State Employment Agency are from the passenger transport sector (35% from announced collective redundancies) and the arts and entertainment sector (24%).³ However, a wide range of sectors were affected.

According to the data provided by the State Employment Agency (between 29 February 2020 and 13 May 2020) among the registered unemployed persons females accounted for

¹ State Employment Agency, in Latvian at <https://www.nva.gov.lv/index.php?cid=6>.

² Special Economic Area of Latgale, Unemployment rate rapidly approaches rates on 2007 *Bezdarba rādītāji strauji pietuvojas 2007. gada līmenim*), 25 February 2020, available in Latvian at <https://lpr.gov.lv/lv/2020/bezdarba-raditaji-strauji-pietuvojas-2007-gada-limenim/#.Xq02cEBuK70>.

³ Latvian Radio, *Bezdarbnieku skaits Latvijā kopš krīzes sākuma pieaudzis par 10 000* (The number of unemployed persons since the beginning of the crisis in Latvia has increased for 10 000 persons), 17 April 2020, available in Latvian at <https://www.lsm.lv/raksts/zinas/ekonomika/bezdarbnieku-skaits-latvija-kops-krizes-sakuma-pieaudzis-par-10-000.a356326/>.

1/5 more than males. The increase of female unemployed persons especially grew in the age groups 25-34 and 40-44. The highest number of unemployed persons both males and females was in the age group 55-59.⁴

COVID-19 related social support measures

COVID-19 related legislative changes mainly concern special social security support measures.

On 26 April 2020, amendments to the Law on Insurance in Case of Unemployment entered into force. The amendments envisage that persons who cease to be entitled to unemployment allowance as of 12 March 2020, continue to receive specific emergency situation flat-rate unemployment allowance in the amount of EUR 180 monthly.⁵ As from 12 March 2020, 4700 persons lost the right to unemployment allowance and consequently qualified for such flat-rate unemployment allowance. Among those 4700 persons 60% were female and 40% male.⁶

Since the introduction of the emergency situation, the persons who were diagnosed with COVID-19 or were subject to 14 days of quarantine (returning from abroad or being in contact with infected persons) were paid sickness allowance by the state from the statutory social insurance budget for their entire period of sick leave.⁷ Normally, the first 10 days of sickness allowance is paid by the employer. The sickness leave on account of a COVID-19 diagnosis or quarantine was mostly used by female workers, i.e., such leave was taken by 833 persons among which 68,3% were female workers. Among the recipients of sickness allowance belonging to this group, female workers were entitled to a daily sickness allowance which was EUR 3,5 lower than for male workers. Respective data once again highlights the existing pay gap.⁸

Also, the entitlement to social insurance parental allowance was extended until the end of the emergency situation. It means that when a child reaches 12 months of age (or 18 months of age) - a period until which a parent is entitled to social insurance parental allowance - a parent retains the right to such allowance until the end of the emergency situation if a person is unable to return to their workplace. Such 'extended' parental allowance, however, may not exceed EUR 700.⁹ According to the data provided by the State Social Insurance Agency until 14 May 2020, respective parental allowance was paid to 589 persons, a majority of which were females since according to 2019 data 81,8% of recipients of parental allowance were women.

The Government and the Parliament has allocated around 4 billion EUR to tackle economic challenges. Among them the measures called 'downtime allowance' – an amount of 75%

⁴ Ministry of Welfare Newsletter 'Advancement of equality between men and women in Latvia and the World (*Sieviešu un vīriešu vienlīdzīgu iespēju veicināšana Latvijā un Pasaulē*)', May 2020, http://www.lm.gov.lv/upload/dzimumu_lidztiesiba/LM_Aktualitates_05.2020.pdf.

⁵ *Likums "Par apdrošināšanu bezdarba gadījumam"*, Official Gazette No.80B, 25 April 2020, available in Latvian at <https://www.vestnesis.lv/op/2020/80B.2>.

⁶ Ministry of Welfare Newsletter 'Advancement of equality between men and women in Latvia and the World (*Sieviešu un vīriešu vienlīdzīgu iespēju veicināšana Latvijā un Pasaulē*)', May 2020, http://www.lm.gov.lv/upload/dzimumu_lidztiesiba/LM_Aktualitates_05.2020.pdf.

⁷ Regulations of the Cabinet of Ministers No.133 'Amendments to the Cabinet of Ministers Regulation No.152 adopted on 3 April 2001 'On the procedure of granting sick-lists and their annulment' (*Grozījums Ministru kabineta 2001. gada 3. aprīļa noteikumos Nr. 152 "Darbnespējas lapu izsniegšanas un anulēšanas kārtība"*), Official Gazette No.52, 13 March 2020, available in Latvian at <https://www.vestnesis.lv/op/2020/52.1>. Amendments to the Law on Maternity and Sickness Insurance (*Grozījums likumā "Par maternitātes un slimības apdrošināšanu"*), Official Gazette No.57B, 21 March 2020, available in Latvian at <https://www.vestnesis.lv/op/2020/57B.5>.

⁸ Ministry of Welfare Newsletter 'Advancement of equality between men and women in Latvia and the World (*Sieviešu un vīriešu vienlīdzīgu iespēju veicināšana Latvijā un Pasaulē*)', May 2020, http://www.lm.gov.lv/upload/dzimumu_lidztiesiba/LM_Aktualitates_05.2020.pdf.

⁹ Amendments to the Law on Sickness and Maternity Insurance (*Grozījums likums "Par maternitātes un slimības apdrošināšanu"*), Official Gazette No.67B, 3 April 2020, available in Latvian at <https://likumi.lv/ta/id/313732-grozijums-likuma-par-maternitates-un-slimibas-apdrosinasanu->.

from previous pay of an employee or self-employed, but not higher than 700 EUR monthly. The 'downtime allowance' is a subsidy for the companies due to the loss of income due to forced inactivity during emergency situation. Thus 'downtime allowance' was not aimed at the employees but rather at employers as support for entrepreneurship, thus those are employers (companies). In order to get 'downtime allowance' for their employees the employers (companies) have to comply with certain criteria.¹⁰ Initial criteria set by the Cabinet of Ministers Regulations No.165 adopted on 26 March 2020 were obviously too restrictive. Due to this, initially only 3,2% of companies, which applied to such allowance, qualified to receive it. The Government responded to it and adopted two amendments to the Regulations No.165 easing the criteria on 2 and 9 April 2020 accordingly.¹¹ Finally, on 23 April the Government adopted an entirely new Regulations No.236.¹²

The 'downtime allowance' is also available to self-employed persons. The adoption of the new less stringent Regulations No.236 on 23 April 2020, provided less restrictive criteria entitling a wider cycle of self-employed persons to 'downtime allowance'.¹³

Data provided by the State Revenue Office (the institution currently responsible for the award of 'downtime allowances') highlights overall problems in the employment market and particularly in the considerable share of 'grey economy'. In particular, functioning with 'envelope' salaries or salaries which are officially declared only partially. It follows from the fact that the average amount of 'downtime allowance' awarded so far is only EUR 268 which is below the statutory monthly salary, which is EUR 430.¹⁴ Such fact is also approved by the research carried out by the Riga School of Economics. According to it the grey economy on 2019 in Latvia constituted 23,9% of GDP and 44% of it was 'caused' by 'envelope' salaries or partially declared salaries.¹⁵

As regards the sectors - the recipients of 'downtime allowance' represents 35% hospitality and the catering sector, 13% whole sale, retail, vehicle repair sector, and 11% art and entertainment sector.

In the beginning of May 2020 the State Revenue Office published the 'portrait' of a recipient of 'downtime allowance' – it is young female residing in the capital Riga, who worked as a waitress over the last 3 years, and who has received a remuneration lower than 80% from her average salary. In total there are twice as many women who are the recipients of 'downtime allowance' than the men.¹⁶

Key points of analysis: As follows from the facts above, the statistics demonstrate that COVID-19 related social support was used more by women, at the same time due to the

¹⁰ The Cabinet of Ministers Regulation No.165 (Noteikumi par Covid-19 izraisītās krīzes skartiem darba devējiem, kuri kvalificējas dīkstāves pabalstam un nokavēto nodokļu maksājumu samaksas sadalei termiņos vai atlikšanai uz laiku līdz trim gadiem), Official Gazette No.62B, 27 March 2020, available in Latvia at <https://www.vestnesis.lv/op/2020/62B.1>.

¹¹ The Cabinet of Ministers Regulations No.184, Official Gazette No.67A, available in Latvian at <https://www.vestnesis.lv/op/2020/67A.13>; The Cabinet of Ministers Regulations No.205, Official Gazette No.71D, available at <https://www.vestnesis.lv/op/2020/71D.1>.

¹² The Cabinet of Ministers Regulations No.236 adopted on 23 April 2020 'Regulation on downtime allowance for employed and self-employed who have been affected by spread of Covid-19' (*Noteikumi par dīkstāves palīdzības pabalstu darba ņēmējiem un pašnodarbinātajām personām, kuras skārusi Covid-19 izplatība*), Official Gazette No.83A, 29 April 2020, available in Latvian at <https://www.vestnesis.lv/op/2020/83A.2>.

¹³ The Cabinet of Ministers Regulations No.236 adopted on 23 April 2020 'Regulation on downtime allowance for employed and self-employed who have been affected by spread of Covid-19' (*Noteikumi par dīkstāves palīdzības pabalstu darba ņēmējiem un pašnodarbinātajām personām, kuras skārusi Covid-19 izplatība*), Official Gazette No.83A, 29 April 2020, available in Latvian at <https://www.vestnesis.lv/op/2020/83A.2>.

¹⁴ The State Revenue Office, VID mēneša laikā izmaksājis dīkstāves pabalstus 6,6 miljonu eiro apmērā (The State Revenue Office has paid 6,6 milj EUR in 'downtime allowances'), 28 April 2020, available in Latvian at <https://www.vid.gov.lv/lv/vid-menesa-laika-izmaksajis-dikstaves-pabalstus-66-miljonu-eiro-apmera>.

¹⁵ Economy which is put into envelope (*Ekonomika, kas ielikta aploksnē*), newspaper Diena, <https://www.diena.lv/raksts/uznemeja-diena/zinas/ekonomika-kas-ielikta-aploksne-14242704>.

¹⁶ Ministry of Welfare Newsletter 'Advancement of equality between men and women in Latvia and the World (*Sieviešu un vīriešu vienlīdzīgu iespēju veicināšana Latvijā un Pasaulē*)', May 2020, http://www.lm.gov.lv/upload/dzimumu_lidztiesiba/LM_Aktualitates_05.2020.pdf.

considerable share of grey economy it is difficult to draw the conclusion that women were more affected financially than the men, because the men are more likely to participate in the grey economy. There are more females than males employed in public sector and opposite – more males than females employed in private sector. Further, females are still in favour of lower salary but stable employment while men prefer higher salary. In addition, the 'envelope' salaries are mostly used in male dominated sectors such as construction. As a result the men are most likely to not qualify for social support due to the unregistered or partially registered ('envelope') salaries. They thus lack official taxable income and social security contributions.