

Lithuania

# Trends, Recent Developments, Active Inclusion and Minimum Resources

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On behalf of  
**European Commission**  
DG Employment, Social Affairs and Equal Opportunities

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# 1. Recent Developments

## 1.1. Contexts of Social Policy

### 1.1.1. Economic Context

The common situation of the economy of Lithuania is improving. High rates of economic development recorded from 2001 to 2004 point to the improvement of the economic situation in the country (Table 1). Lithuania's real GDP grew at a rate of 6,4% in 2001, and 6,8% in 2002. In 2003, real GDP growth accelerated to reach 10,5%. Despite some decline of GDP in 2004 and 2005 compared with the growth in 2003, the forecast and other indicators (i.e. average monthly gross earnings, unemployment rate) show success in maintaining macroeconomic stability.

Table 1. Main indicators of economic and social development of Lithuania 1 EUR = 3,4528 LTL

	2001	2002	2003	2004	2005
Annual average population number, thou	3481,3	3469,1	3454,2	3435,6	3414,3
Inflation (December compared to December of previous year), in %	2,0	-1,0	-1,3	2,9	3,0
Average old-age pension, LTL	317,61	323,05	340,50	371,55	420,29
Changes of gross domestic product at constant prices of 2000, in %	6,4	6,8	10,5	7,0	7,5
Gross domestic product, per capita, at current prices, LTL	13950	14975	16436	18174	20819

Source: (49)

The structural reforms have stimulated a rapid growth of labour productivity. The fastest growth of productivity and added value was observed in production and consumption sectors. Productivity growth rates were higher in industry, construction and productive services than in overall the economy. The growth of productivity in the past three years exceeded the growth of wages thus enabling to maintain competitiveness under the conditions of appreciation of the nominal LTL exchange rate: during 2001-2003, wages grew by 11,5%, and labour productivity grew by over 20% (18).

Table 2. Gross average monthly earnings by gender, IV quarter, 2005, LTL.

	Total	Males	Females
Whole economy	1454,4	1596,9	1315,8
Public sector	1533,7	1774,4	1395,9
Private sector	1398,0	1519,2	1233,2

Source: (48)

Table 3. Indices of gross average monthly earnings by gender, IV quarter, 2005 compared to IV Q, 2004

	Total	Males	Females
Whole economy	110,9	110,2	111,6
Public sector	110,6	108,2	112,2
Private sector	111,8	111,9	112,1

Source: (48)

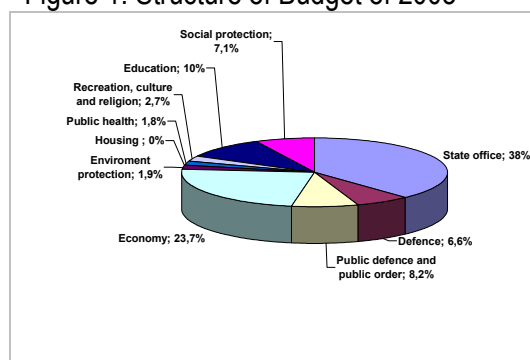
According to the Labour Force Survey data average gross monthly earnings in the country's economy, individual enterprises excluded, in the IV quarter of 2005 made up LTL 1453,4 and against the IV quarter of 2004 increased by 10,9%; in the public sector they totalled LTL 1533,7 and against the IV quarter of 2004 went up by 10,6%; while in the private sector they were LTL 1398,0 and as compared to

the IV quarter of 2004 rose by 11,8%. Average gross monthly earnings in the country's economy in the IV quarter of 2005 as compared to the III quarter of 2005 increased by 5,4%; in the public sector by 7,6%, while in the private sector by 3,7%.

### 1.1.2 Allocations for Social Protection

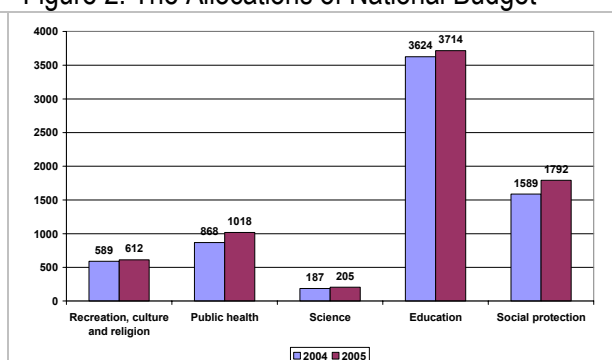
Allocations of national budget for the social protection in 2005 as compared to 2004 have increased 12,8% and amount to 1795 millions LTL and it consists 7,1% of the budget; the allocations for public health has increased 17% (up to 150 millions LTL – 1,8% of the budget); for education – 2,5% (up to 3714 millions LTL – 10% of the budget); for culture 4% (up to 612 millions LTL – 2,7% of the budget), etc. (Figures 1 and 2).

Figure 1. Structure of Budget of 2005



Source: (7)

Figure 2. The Allocations of National Budget



Source: (25: p. 43)

The social statistics witness small but positive changes in the field of social provision that facilitates access to resources, rights, goods and services for all. The increasing amount per capita of social transfers demonstrates the influence of the economic growth as well as the social policy changes. The increase in 2005 year of social transfers in the old age 8,5%, for family and children – 18,6% as compared to 2004 indicates social policy measures; the decrease of the social transfers to unemployed indicates the growth of economy and increasing emigration of labour force.

The level of financing is the most important problem of the Lithuanian social protection system (38). Less than 17% of gross domestic product is assigned to finance social security in Lithuania, whereas the EU average equals approximately 28,5% of GDP. Although social problems are more acute in Lithuania because of a lower standard of life, the proportion of funds allocated in all areas is less than the EU average. Housing and unemployment are the areas where financing is extremely insufficient and comprise as little as 17% of the EU level.

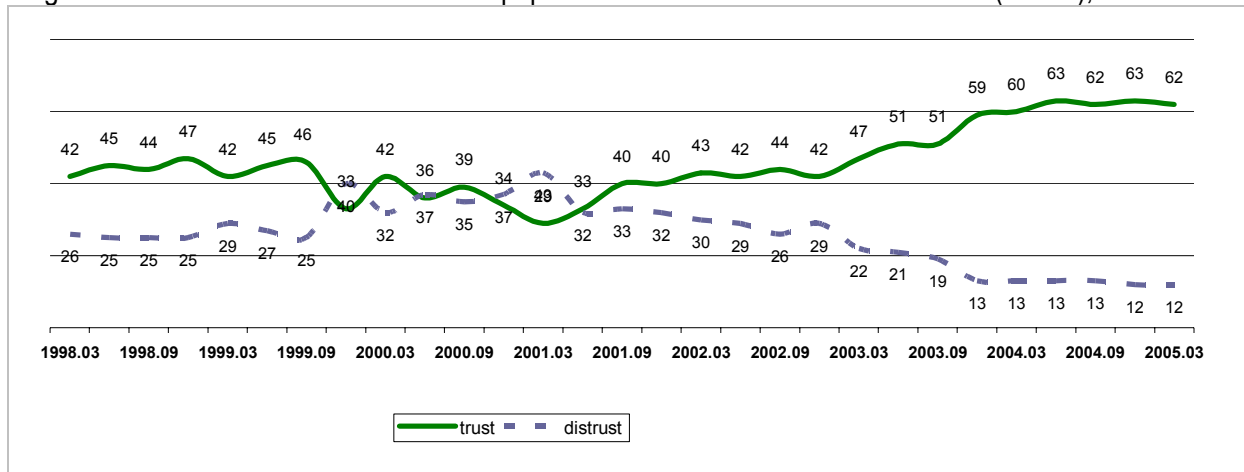
Some national experts are claiming that social policy does not succeed to profit from the high rate economic development and lag behind it (10; 19). The opposition parties share this statement (18).

But Lithuanian population share this evaluation of the experts and opposition only partially, the political leaders who are responsible for the social policy reforms are popular and are among the rating leaders of the public opinion polls. It means that the politicians are enough successful in their public relations campaigns to present the changes in social policy as significant or at least satisfactory. For example, according to the public opinion polls the Ex-Minister<sup>1</sup> of Social Security and Labour V. Blinkėvičiūtė was one of the ratings leaders among politicians.

<sup>1</sup> On May 25, 2006 President V. Adamkus has signed a decree and she was discharged.

State Social Insurance Fund which is one of the most important parts of the social security system in Lithuania has regained trust of Lithuanian people. SoDra provides pensions (old-age, disability, widowers or orphans), sickness and maternity benefits, labour accidents and occupational diseases payments, remunerations. Therefore SoDra could be treated as metaphor of social security system and effectiveness of social policy.

Figure 3. Trust and distrust of Lithuanian population in State Social Insurance Fund (SoDra), in %



Source: (60)

Figure 3 demonstrates how the trust of Lithuanian population in SoDra during the past few years is increasing while distrust is decreasing. Since the distrust in SoDra in the period of 1999 – 2001 was first of all linked with deficit of SoDra budget and as the consequence retarding payments of social benefits, the growing trust in SoDra reflects its regained ability to balance the budget and to manage payments of social benefits.

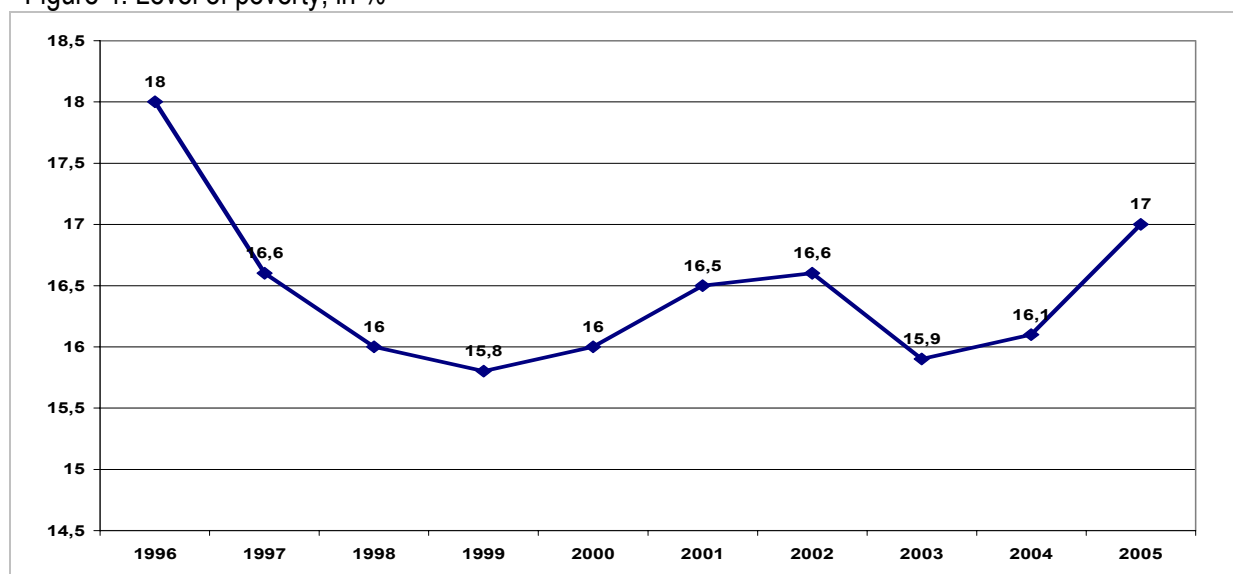
### 1.1.3 Poverty level

Some retardation in financing social protection system is reflected by the growth of relative poverty level. Since the incomes of average household in absolute numbers are increasing the growing level of relative poverty indicates the increasing inequality. Some liberal oriented experts, for example from Lithuanian Free Market Institute, congratulates such course of events claiming that free market in a longer run will guarantee welfare for all (38), but they are minority.

According to the poverty reduction strategy poverty in Lithuania might be defined as a lack of income and other resources (financial, cultural and social) guaranteeing a tolerable standard of living to the people of Lithuania. When analyzing the prevalence of poverty and planning the measures of social and economical policy the main criterion of poverty is the relative poverty line estimated as 50% of the average consumption expenditure.

The Figure 4 demonstrates that during the last year the level of relative poverty in Lithuania has increased by 1%, compared to 2004. If the poverty level were considered to be 50% of the average consumption expenditure calculated per equivalent consumer, the relative poverty level was 17% in 2005 (in 2004 – 16%). In 2005, the relative poverty level calculated this way amounted to 363 LTL per month per equivalent consumer, or 979 LTL per household consisting of two adults and two minors less than 14 years of age.

Figure 4. Level of poverty, in %



Source: (46; 52)

Table 4. Relative poverty rate by socio-economic group; in %

	Socio-economic group of household head			
	self-employed in agriculture	employees	self-employed, employers	pensioners
2002	35,9	11,0	7,4	21,5
2003	28,8	11,4	5,5	23,0
2004	30,1	11,6	6,9	24,5
2005	<b>21,6</b>	12,0	9,2	28,6

Source: (46; 52)

In the course of the survey, households were asked to assess their standard of life. 2% of all surveyed identify themselves with those living above the average standard, 66% – with those belonging to the average standard, whereas 28% say that they live below the average standard and 3% state they live in poverty. 61% of all interviewed think that their standard of life has not changed during the recent 12 months, while the standard of life has deteriorated to 21% and improved to 19% of all interviewed.

#### 1.1.4 The Level of Social Capital and Trust

Trust in people is an extremely important part of social capital. It has been recognised by modern research that when society lacks social capital it is impossible to ensure effective democratic order and welfare of the nation. The population of Lithuania tend to trust in their family most of all (62% indicated that they “fully trust in their family”), followed by trust in their relatives (respectively 21%), their neighbours (5%) and other people whom they know in person (7%) (33).

Data on trust in strangers reveal that social mistrust prevails among the members of society: as many as 90% of respondents state that they do not trust in or completely mistrust people whom they have never met. At the same time these data signify the weakness of social capital in Lithuania. Only 27% of the respondents indicate that one can trust in the majority of people.<sup>2</sup> In 1990, social trust was peculiar

<sup>2</sup> The level of social trust is much higher in Western Europe: in Italy and Austria those who trust in the majority of other people comprised 33%, in Ireland and Spain 36%, in Germany 38%, in Finland 58%, in the Netherlands 60%, in Norway 65%, in Sweden 66%, and in Denmark 67%.

to one third of Lithuania's population (32%). During the first years of Independence the level of social trust has decreased significantly: in 1995, the proportion of the Lithuanian population who thought that one could trust in the majority of other people (16%) was half of that in 1990. On the other hand, when comparing the 1995 data with those of 1999 and 2005, it is possible to claim that over the 15 years of Lithuania's independence, the level of trust, after having declined at the beginning, started slowly going up with the increase of economic and political stability in Lithuania (34).

Trust in unfamiliar members of society depends on the factors that influence people's sense of security in a certain society: their income, social and economic status, subjective perception of one's own welfare, relations with the family and friends who can be trusted in case of a misfortune and assessment of the security of social and political environment. The still existing low level of social trust in Lithuania demonstrates that the majority of Lithuania's population do not feel secure and are inclined to doubt in the goodwill and fairness of other people.

The relatively high level of mistrust or the lack of social capital is one of the reasons that determine poor levels of organisation in Lithuania's society: 17% of the country's population are involved in various public organisations.<sup>3</sup> This percentage has remained unchanged over several years: based on the data of a survey on European values carried out in 1999, 16% of Lithuania's population claimed to participate in activities of public organisations or movements. The 2005 survey shows that sports and active leisure organisations are the most numerous (3,2%). Trade unions (2,9%), education and culture organisations (2,6%), political parties and groups (2,5%), religious organisations (2,2%), health clubs (2%) and youth organisations (1,8%) are less numerous. People with lower levels of education and income tend to see less sense in creating and participating in voluntary organisations (33).

### *1.1.5 Emigration*

Although some statistics concerning Lithuanian citizens who emigrate from Lithuania has been registered since the declaration of Independence, there is a lack of accurate data in this area. According to the latest estimates, the number of people who left Lithuania during the period of Independence varies from 200 000 to 500 000 or even more. Similar (although not identical) recent official data can be found in different sources of statistics. Migration services state that 10725 persons declared their leaving in 2003, in 2004 this number was 13249, and during the first half of 2005 as many as 6754 citizens of the Republic of Lithuania officially declared their leaving Lithuania (59: p. 4). The National Demographic (Population) Policy Strategy reveals that 9700 residents left Lithuania in 2003 (59: p. 5). Based on the data of the Department of Statistics (59: p. 5), between 1990 and 2004, approximately 318 000 people left Lithuania, whereas in 2004 alone as this number was 15165. According to the current forecast by the Department of Statistics (59: p. 5), the intensive emigration that started following Lithuania's accession to the EU (approximately 15 000 people per year) should continue until 2010, and until 2030 the number of emigrants, although lower, will be higher than the number of those who come. Moreover, the official data is not always adequate to reflect the unofficial migration, which, based on qualitative assessment by experts, is relatively high. Based on the data of a survey conducted by Market Analysis and Research Group (RAIT), in 2005 Lithuanian population emigrated from Lithuanian because of low work pay (90%) and low motivation at places of work (11%). Some experts consider emigration from Lithuanian as a way to escape social exclusion and poverty (24: p. 11). The decrease of the level of unemployment is linked with the economic emigration of the work force.

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<sup>3</sup> This percentage is one of the lowest in Europe. In 1999, 56% of Swedes, 49% of the Dutch, 42% of citizens of Great Britain, 40% of the Greek, 38% of the Finnish, 37% of the Danish, etc. participated in various public organisations.

## 1.2. Social Exclusion and Poverty: Major Trends, Challenges and Groups at Risk

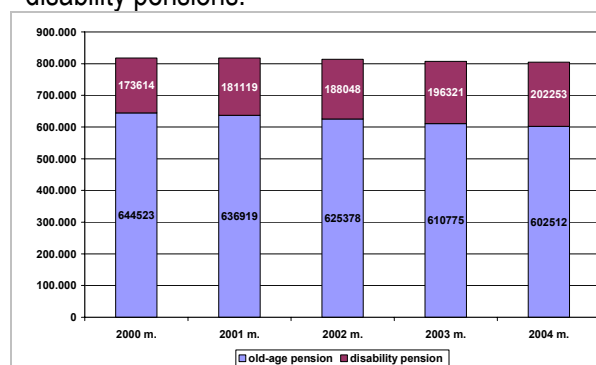
### 1.2.1. Poverty among Elderly

The analysis of relative poverty carried out by the Department of Statistics has revealed that during the last years the relative poverty level in the group of households of the elderly was higher than the country's average level. As much as 21.3% of members of elderly people's households lived in relative poverty (where consumption expenditure did not exceed 50% of the average consumption expenditure), while this number for the total population was 16,1%. In 2004 the relative poverty level in households of the elderly has increased by 1.6%, compared to 2003 (46).

In 2004, 54,7 thousand or 30% of 60–64 year-old population were employed and, compared to 2003, their number increased by 5 thousand or 10%. Out of those aged 65 or over, 19.4 thousand (4%) were employed. In the year, the number of the employed elderly in this age group decreased by 4.9 thousand or one fifth.

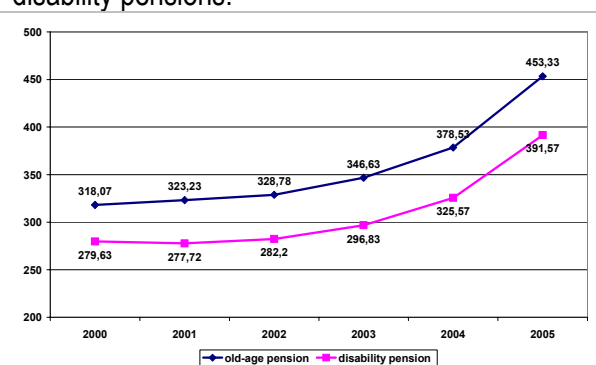
At the beginning of 2003, 17.7% of the country's population or 87.8% people of pensionable age were receiving old-age pensions. The aging of society taken into account, since 1995 the pensionable age has been gradually increasing so that the working population would have capacity to finance the pension system. The number of old-age pensioners decreasing due to this decision, however, is counterbalanced by the growth of the number of disability pensioners (Figure 5).

Figure 5. The proportion between old-age and disability pensions.



Source: (43; 58)

Figure 6. The dynamics of the old-age and disability pensions.



The number of people who will not be entitled to receive old-age pensions due to the fact that they have not participated in social insurance schemes is projected to increase. To this end, the Law of the Republic of Lithuania on State Social Assistance Benefits, which took full effect as from 1 January 2006 and according to which social assistance benefits will be also provided to those residents of Lithuania who do not have a social insurance record, is an important achievement. The social assistance pension includes into the social insurance system those elderly people of Lithuania who mainly due to lack of work experience have found themselves outside the systems of both social insurance and social pension.

The limited social security of the elderly in Lithuania is also reflected by low social insurance and social assistance payouts that do not ensure such a standard of life that would not humiliate human dignity (43). In December 2005, the average state social insurance old-age pension, if the criteria for the obligatory work record were met, was 454,54 LTL and its real value increased by 10,3 %, compared to December 2004. In 2005, the relative poverty level was 363 LTL per equivalent consumer, consequently the difference between the average pension and the relative poverty level slightly increased: in 2005

this difference equalled 91.54 LTL, whereas in 2003 it was 80 LTL. The social assistance pension committed to those of the pensionable age amounts to 0,9 of the basic pension. With effect from 1 July 2005, the state social insurance basic pension was increased up to 200 LTL, consequently the social assistance pension was 180 LTL at the beginning of 2006 and it is two times lower than the relative poverty level determined in 2005.

In Lithuania the average net replacement rate accounts for 40% (for workers with 30 years of contribution) with a huge redistributive impact (persons receiving higher salaries face a lower rate of replacement) (31).

As the number of the elderly increases, provision of social services at their homes is becoming extremely important. In 2004, 7.4 thousand pension-age people received aid and care at their homes, i.e. the number of such people went up by 512, compared to 2003. Another 806 (in 2003 – 821) people of this age who for various reasons had organised the service themselves received care payouts. In 2004, 7.7 thousand pension-age people, two thirds out of which were women, attended day care centres where the elderly can communicate with each other and receive various social services. Those elderly people who cannot take care of themselves settle in care homes for the elderly. In 2004, 1.1 thousand people settled in care homes for the elderly and at the end of the year there were 4,8 thousand elderly persons living in these homes. 41% of all residents of the care homes were alone, i.e. they had no children or close relatives. Every second resident of the care homes had a disability, and a third of them were in need of intensive care. Two thirds of the residents of the care homes were women.

Table 5. Old and elderly residents of care institutions

	2000	2001	2001	2003	2004
<b>Care institutions for the elderly</b>	<b>93</b>	<b>93</b>	<b>94</b>	<b>94</b>	<b>95</b>
<b>residents in them, total</b>	<b>4348</b>	<b>4545</b>	<b>4737</b>	<b>4761</b>	<b>4780</b>
<b>of retirement age</b>	<b>3679</b>	<b>3792</b>	<b>4044</b>	<b>4129</b>	<b>4165</b>
County care institutions	8	8	8	7	7
residents in them, total	1743	1760	1790	1636	1627
of retirement age	1336	1361	1353	1265	1272
Municipality care institutions	52	52	53	54	55
residents in them, total	1774	1785	1955	2069	2089
of retirement age	1566	1599	1754	1853	1871
Other care institutions	3	3	3	3	3
residents in them, total	265	313	320	333	326
of retirement age	254	290	310	323	314
Non-governmental care institutions	30	30	30	30	30
residents in them, total	566	583	672	723	738
of retirement age	523	542	627	688	708
<b>Care institutions for disabled</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>27</b>	<b>27</b>
<b>residents in them, total</b>	<b>5163</b>	<b>5258</b>	<b>5217</b>	<b>5450</b>	<b>5458</b>
<b>retirement age in them</b>	<b>2047</b>	<b>2063</b>	<b>2006</b>	<b>2175</b>	<b>2042</b>

Source: (53)

The Institute for Social Research emphasises (look 42), however, that, compared to other European states, only a small fraction of the elderly receive in-house care at care homes or aid services at home. When considering the general situation of the provision of social services to the elderly, it should be noted that the situation remains more or less stable over the recent five years. In 2000, people aged 65 and over living in various institutions (care homes, supported housing, service centres, etc. where special care services are rendered) comprised 6–10% of the respective age group in the Nordic countries and only 0,9% in Lithuania. The proportion of people who received services at home was respectively 8–24% in the Nordic countries and 0,8% in Lithuania.

Consequently, strictly speaking, the system of old-age pensions and social services at old age does not fully serve its purpose as it does not prevent poverty and does not ensure adequate social guarantees in the old age to all population (42). This issue becomes even more urgent as the Government of the Republic of Lithuania has a growing financial potential to increase the budget committed to social security and to perform its constitutional duty – “to guarantee to citizens the right to receive old age and disability pensions as well as social assistance in the event of unemployment, sickness, widowhood, loss of the breadwinner, and in other cases provided for by laws” (Article 52).

### *1.2.2. Social Protection of Disabled*

The Ministry of Social Security and Labour in its Social Reports of 2004 states:

“Old methods, based on sympathy for the disabled and understanding of their incapacity, are no longer acceptable. At present other actions are initiated, starting with the rehabilitation of the disabled, leading to their successful integration into society, and finishing with global philosophy, aimed at changing the community in such a way that it would be capable of involving all its members, including the disabled.”

As it is mentioned by the experts of Institute for Social Research (42), on which research this paragraph is based, the difference between the social risk related to disability and to old age is that disability cannot be planned for a certain period. Therefore, all population should be covered by a certain security scheme against disability from their birth to death, but this is not the case in Lithuania yet. Disabled children, persons under 24 years with a recognised disability or persons under 26 disabled as a result of an illness or injury are entitled to get a social assistance pension. In certain cases social assistance pensions are also provided for caring for a disabled person. Social insurance disability pensions are paid to those disabled who are covered under the social insurance scheme and who have the required, based on their age, minimum social insurance record.

Such a scheme covering the above-mentioned range of disability risk includes those persons who became disabled in their childhood or youth or to whom the usual model learning → working → disability applies (42). The social security system before some years did not provide for any disability payouts to those persons who due to certain subjective reasons do not fall within this model and have not accumulated the required minimum social insurance record in order to receive a pension. But mentioned Law of the Republic of Lithuania on State Social Assistance Benefits at least partially solves the problem. Unfortunately, no statistical data regarding the overall number of such persons is available but there is no doubt that such persons do exist as a result of illegal labour relations, similar to the situation with the insurance for old-age pensions. On the other hand, people can plan their preparation for their old age, whereas disability can take one by surprise, without any preparation, i.e. without the required insurance record accumulated and without any savings.

As it is indicated in Figure 8 variation of the number of persons receiving social disability pensions is insignificant and in comparison to 2001 increased by 3252 making 35014 in total. It could be explained by the provisions in the amendments to the Law of the Republic of Lithuania on Social Integration of the Disabled, enforced from 1 April 2004 concerning the assessment of disability for children till the age of 18 instead of 16.

Figure 7. Distribution of the Recipients of the Disability Pensions by the Size of Disability pensions; January of 2005

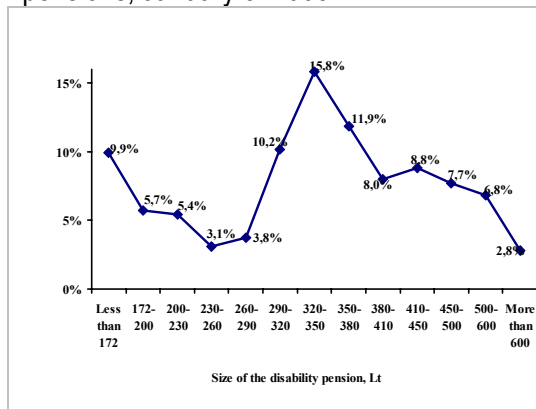
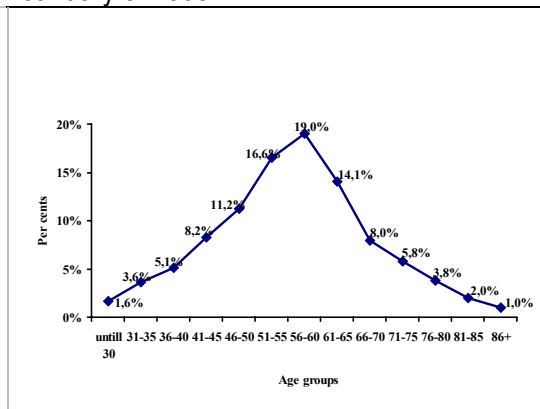


Figure 8. Distribution of the Recipients of the Disability Pensions by the Age Groups; January of 2005



Source: (58)

However, the same cannot be referred to individuals receiving SODRA disability pensions – this number slightly increases every year, and in comparison with the data of 2001, the number of such persons in 2004 was higher by almost 13% and amounted to 207327. The increasing numbers in this category of persons was also influenced by a high unemployment rate, demanding requirements on the labour market, extension of the retirement age and also the adoption of the new Law on Social Integration of the Disabled, providing that the disability level for individuals in the retirement age shall not be assessed. Therefore, persons close to the retirement age were striving for being awarded certain privileges and social guarantees, attempting to undergo disability assessment test before the enforcement of the new Law (look 42).

### Box 1. Case of controversial treatment of disabled

EQUAL Development Partnership for business encouragement of disabled people aims at promoting an open labour market and developing better conditions for the disabled to (re-) enter the labour market. The project pretends to stimulate businesses of the disabled through the network of special centres for disabled pretending to run their own business.

Direct results of the project are planned to be: the newly established six business development centres and their effective services for the disabled businessmen; high governance and management quality of these centres; virtual training centre and its specific training programmes; databases of the disabled people and available vacancies; training and counselling services for the disabled businessmen; influence on Lithuanian national policy regarding integration of the disabled people into the labour market. The final result of the project will be a detailed research regarding national and foreign conditions of the labour market for the disabled people and the dissemination of the results of the research and the project. [http://www.equal.lt/uploads/docs/062\\_aprasymas.doc](http://www.equal.lt/uploads/docs/062_aprasymas.doc)

From the project is unclear why EQUAL DP is institutionalizing the division of business people into normal and disabled. Renovation and accommodation of the existing business centres for the special needs of the disabled persons is sufficient decision that not stigmatizes the disabled.

Instead of the former disability groups, the level of disability is determined for persons under 18 years and the level of employability is determined for persons from 18 years to their old-age pension age, and for persons who have already reached their old-age pension age the level of special needs is determined. The employability level is determined not only on the basis of medical but also on the basis

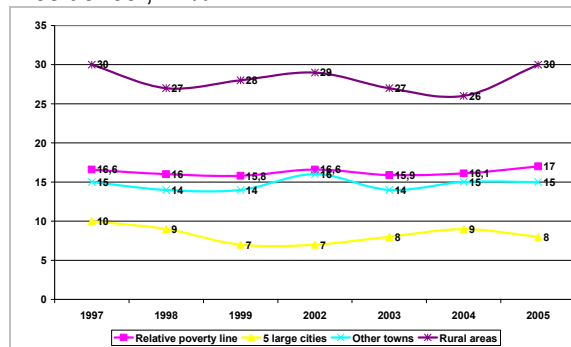
of professional and other criteria that influence a person's employability and his/her employment potential. The amount of pension to be received is related to the percentage of the determined employability level. Following identification of the need for professional rehabilitation, such services are provided and professional rehabilitation allowance is paid during the course of the professional rehabilitation programme.

### 1.2.3. Social Exclusion in Rural Areas

Among the EU members Lithuania belongs to a group of countries with a proportionately large rural population. In 2005 about 33,4% of a total population of 3,43 million lived in rural areas. There are 21.5 thousand villages in Lithuania. The majority of them (66,7%) were small settlements with 50 residents or less (44: p. 56). The reported positive trends in economy are linked with the urban sector. The official statistics is not so bountiful for rural life. On the contrary, the official statistics does not notice the signs not to speak about the trends of improvement of rural sector. In official statistics the rurality first of all is presented from the agriculture perspective, and secondly as a contrast to the improving urban life.

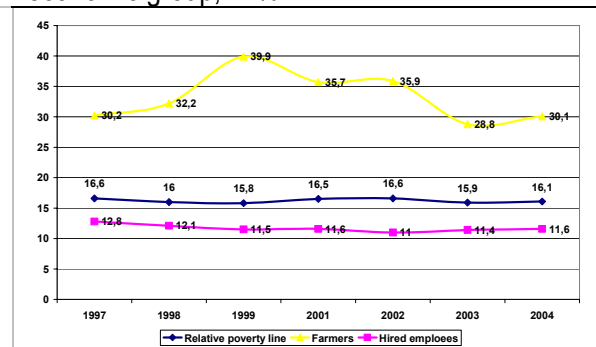
Rural statistics appears in full when the issues of poverty are presented. For example, the statistics of the relative poverty level demonstrate that the rural population lives in less favourable conditions than the urban population (Figure 9). In 2005, same as in previous years, the highest level of relative poverty was in rural areas and the lowest level was in the largest cities. 30% of the rural population, 8% of the population of the largest cities and 15% of other cities' population lived below the relative poverty level. Compared to 2004, the relative poverty level slightly decreased in the city and increased in the countryside. In 2005, the rural population suffered from poverty two times more than inhabitants of Lithuanian towns and four times more than the inhabitants of the five largest cities.

Figure 9. Relative poverty level by the place of residence, in %



Source: (46; 51)

Figure 10. Relative poverty level by socio-economic group, in %



The core group of rural poverty are farmers and particularly small scale farmers. Figure 10 demonstrates that one third of the farmers are permanently living under the relative poverty line. In March of 2005 there were more than 320 thousands registered farmers with the average farms of 8.84 ha. 78% of them are less than 10 ha. Most of them were registered as family farms which were the key-stone of the agricultural reform after the declaration of independence in 1991. But still only about 5% of farms predominantly have an agriculture land over 30 ha, the area that is required for a viable farm.

Summarizing this snapshot of the rural exclusion the following conclusions could be formulated. The growth of economy is recording comparatively high rates but it is mostly linked with the urban sector. Figures 11 and 12 demonstrate the different structure of income and its dynamics in rural and urban areas. Among urban population the share of social benefits in the income structure is decreasing when in rural areas the role of social benefits is increasing.

Figure 11. Changes in average rural household incomes

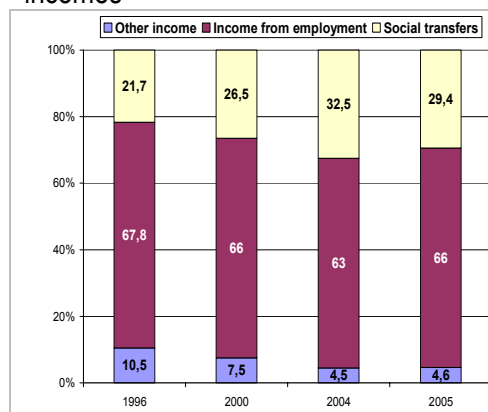
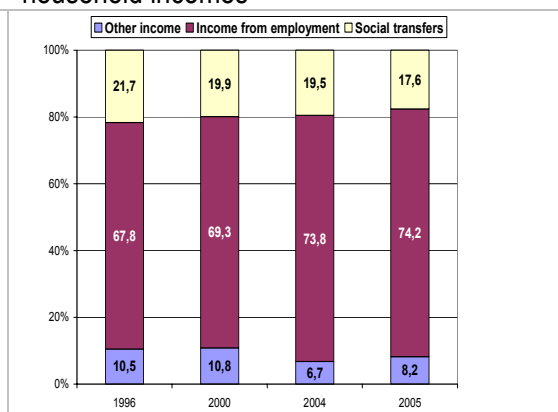


Figure 12. Changes in average urban household incomes



Source: (16: p. 63; 52)

One third of Lithuanian population is living in rural areas and suffers from poverty three times more than urban population. One third of farmers are living under the relative poverty line.

#### 1.2.4. Unemployment

Lithuania has, in recent years, witnessed a drop of unemployment. The average annual level of unemployment dropped from 17,4% in 2001 to 8.2% in 2005 (47). In 2005, the unemployment rate of female population was 8.3%, of male population – 8.2%. According to the Labour Force Survey data, in 2005, the unemployment rate of population aged 15–24 decreased to 15.7% (in 2004, it reached 22.5%). The number of young unemployed persons aged 15–24 has been decreasing. In 2005, it decreased to 20.7 thousand (15.6% of the total number of unemployed), while in 2004 it reached 31.0 thousand (16.8% of the total number of unemployed). In 2005, the number of unemployed population aged 55–64 was 12.6 thousand, i.e. 9.5% of the total number of unemployed.

With the decrease of the number of unemployed, the number of long-term unemployed, i.e. those who were seeking for a work for a year or longer, decreased as well. In 2005, it was 72.9 thousand or 54.9% of the total number of unemployed. In 2004, it was 98.2 thousand or 53.3% of the total number of unemployed. In 2005, the greatest number (59.1 thousand) of such unemployed was people aged 25–54, who made up 54.9% of unemployed of this age group.

Table 6. Unemployment rate by age group, in %

	2004	2005	2004 IV Q	2005 IV Q
Total	11,4	8,3	10,6	7,1
15-24	22,5	15,7	22,7	13,6
25-54	10,4	7,8	9,7	6,7
55-74	9,9	6,2	8,8	5,1

Source: (48)

According the data from Labour Exchange the number of unemployed was 85.2 thousand as of 1 March 2006. The percentage of unemployed females made up 60.0%. The number of unemployed in February 2006 compared with February 2005 decreased by 42.4 thousand or 33.2%. As of 1 March the unemployed made up 4.0% of the working age population, while in previous year the unemployed made up 6.1%. Number of the unemployed over the year lessened in all municipalities (44).

According to the data of the Department of Statistics at the Government of the Republic of Lithuania, the situation of men and women in the sphere of employment is different. In 2005, activeness of women in the age of 15 – 64 reached 64,9%, when total labour force activity rate by age 15 – 64 was 68,3%.

Table 7. Labour force activity rate

	1998	1999	2000	2001	2002	2003	2004	2005
Total								
Labour force activity rate by age 15 – 64	72,0	72,1	70,5	69,4	69,3	69,7	69,0	68,3
Labour force activity rate by age 15 – 24	42,9	42,1	36,3	32,6	30,7	30,0	26,2	25,0
Women								
Labour force activity rate by age 15 – 64	66,7	68,2	67,1	65,8	65,7	66,5	65,6	64,9
Labour force activity rate by age 15 – 24	35,8	36,7	30,6	27,8	26,7	25,9	21,5	20,5

Source: (48)

In 2005 the level of employment among women in the age group of 15 – 64 was lower than of men, and accounted for 59.4% (among men – 66.0%). The level of employment among women in the age group of 55 – 59 was 61.2%, and among the same age men – 66.7%. However, the level of employment among senior women of 60 – 64 was 22.5%, and among men of the same age – 50.9%.

Table 8. Employment rate by age groups and sex (average annual; in %)

	Year/Age	15-64	15-19	20-24	25-29	55-59	60-64	65+
Total								
	2003	60,9	4,0	43,9	75,8	63,2	27,0	4,8
	2004	61,1	3,1	39,5	76,9	64,4	30,3	3,7
	2005	62,6	2,9	40,8	79,3	63,6	34,5	3,9
Men								
	2003	63,7	5,3	50,6	76,5	71,4	38,6	8,1
	2004	64,6	4,4	45,6	81,4	69,0	45,7	6,2
	2005	66,0	3,8	47,3	83,6	66,7	50,9	6,3
Women								
	2003	58,4	2,8	36,9	75,2	56,7	18,7	3,0
	2004	57,8	1,8	33,1	72,4	60,8	19,2	2,4
	2005	59,4	1,9	34,2	74,9	61,2	22,5	2,6

Source: (48)

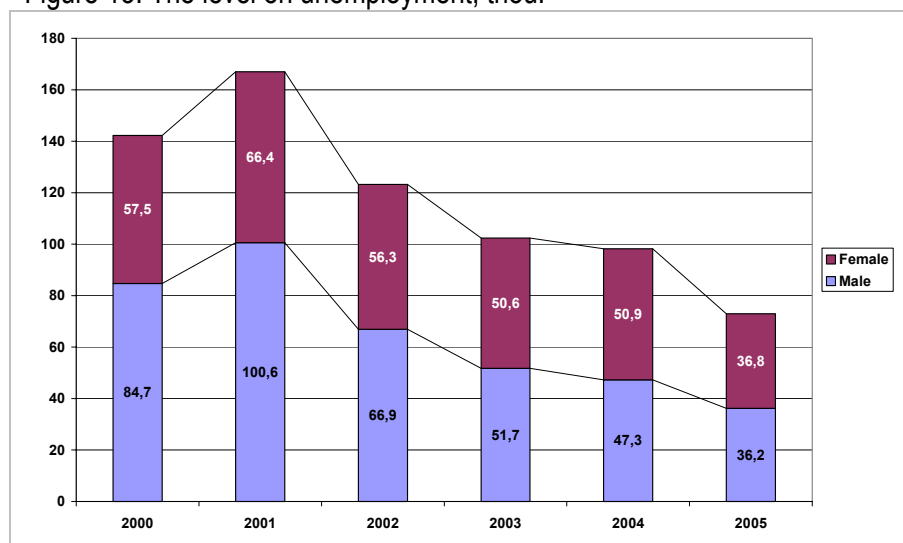
Table 9. Unemployment rate by age groups and sex (average annual; in %)

	Year/Age	15-64	15-19	20-24	25-29	55-59	60-64	65+
Total								
	2003	12,4	45,2	21,8	12,1	11,5	11,5	5,8
	2004	11,4	41,1	20,2	9,8	11,3	8,7	4,5
	2005	8,3	29,3	14,4	6,3	8,3	3,8	0,3
Men								
	2003	12,7	39,9	19,7	15,3	9,8	13,2	2,7
	2004	11,0	37,2	20,3	10,7	9,2	10,5	2,4
	2005	8,2	26,7	14,9	6,8	8,6	5,6	0,6
Women								
	2003	12,2	53,4	24,5	8,6	13,1	8,8	10,0
	2004	11,8	49,1	20,2	8,7	13,0	5,5	7,0
	2005	8,3	34,2	13,8	5,8	8,0	0,7	...

Source: (48)

The level of unemployment among women has been lower than among men since 1994, but in 2004, 2005 exceeded the level of unemployment among men. In accordance with the data of the Department of Statistics, in 2005 the average annual level of unemployment among women accounted for 8.3% (in 2004 – 11.8%), and among men – 8.2% (in 2004 – 11.0%).

Figure 13. The level on unemployment, thou.



Source: (48)

Statistical data indicate that in those economic sectors, where women work prevails, wages are much lower, than in the sectors, where most men are employed. Despite the higher education level of women, the wages of women in the IV quarter of 2005 accounted for 82.4% of men's wage (in 2004 – 81.4%). This difference in the public sector was 78.7% (in 2004 – 75.9%), and in the private sector – 81.2% (in 2004 – 81.0%).

Table 10. Unemployed by education, end of IV quarter 2005, in %

		Of which women
Total	100	61,1
Higher university	7,2	68,9
Professional colleges (non-university)	18,4	73,9
General upper secondary	53,5	60,7
General lower secondary	16,4	50,3
Primary	4,3	39,6
Without primary	0,2	57,5

Source: (48)

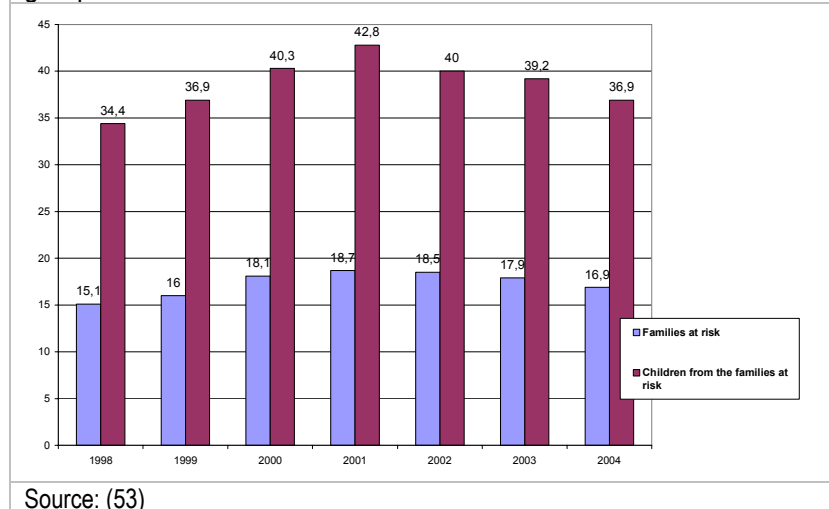
### 1.2.5. Children and Poverty

At the beginning of 2005, 746.3 thousand children, accounting for 21.8% of all population, lived in Lithuania. Over the recent five years the number of children decreased on the average by 25 thousand per year. In 2004, 30,4 thousand babies were born, i.e. by 179 babies less than in 2003 and by 3,7 thousand babies less than in 2000. Last year, on the average 8.8 babies were born per one thousand population, this number being 8.9 in 2003 and 9,8 in 2000. Between 2000 and 2002 the average number of babies born by a woman during her life (summary birth rate) went down from 1.39 to 1.24, whereas in 2003–2004 this rate was 1.26.

In 2004, 8736 children (28.7% of all newborns) were born out of wedlock, i.e. 286 babies less than in 2003. In 2004, as many as 68% of all children born out of wedlock were registered on the basis of an application presented by both parents, whereas in 2003 the majority of such children (approximately 55%) were registered on the basis of their mother's application. Over the recent three years 11 thousand couples divorced per year and approximately 10 thousand children started living with one of their parents.

Standard of life. Based on research data, in 2004, consumption expenditure of households with children under 18 years amounted to 453 LTL per person per month (512 LTL in all households). Consumption expenditure of households with two children comprised 82% and of households with three or more children – 64% of the country's average level. Households with three or more children could afford for food as little as 4,7 LTL per person per day (the average number for all households being 6,5 LTL), although food expenses accounted for 44% of their consumption expenditure.

Figure 14. Changes of families and children registered as risk groups.



The analysis on relative poverty conducted by the Department of Statistics has revealed that the group of those living below the poverty line is dominated by households with children. In 2004, the relative poverty level among households with children under 18 years was 16,8%, the country's average being 16,1%.

Orphans and children who have lost parent care. Families of social risk comprise one of the most serious social problems. At the end of 2004, 16,9 thousand social risk families were registered with municipal children's rights protection services and 36,9 thousand children were raised in these families. In 2004, 3267 children lost parents' care, and 41% of them were children under 7 years of age. Every thirteenth child left without parents' care is an orphan. At the end of 2004, there were 14,5 thousand orphans and children without parents' care, 55% of these children were fostered in families, 2% in family-type households and 43% in children's homes. In 2004, 297 children were adopted, approximately one third of them were adopted by foreign families.

Delinquency. In 2004, minors aged 14–17 years committed 4,3 thousand crimes and 700 misdemeanours. Thefts account for every second crime and three fourths of misdemeanours committed. In 2004, courts convicted 1,7 thousand minors, i.e. by 26% less than in 2003. Their sentence being suspended, 1,2 thousand convicted children remained at large. At the beginning of 2005, 124 (in 2003; 119) convicted minors served their sentence at places of imprisonment. The average sentence imposed on minors to serve was 3 years but the real one was 11 months.

Violence against children. More children become victims of crime. According to the data of the Ministry of the Interior, in 2004, 3,9 thousand children suffered from various criminal activities. Most of them were boys aged 14–17 years. In most cases children are subject to crimes related to property. In 2004, every fourth child of those who suffered from crimes was robbed and every sixth child was subject to a theft. Last year, 217 children became victims of sexual offences. Most of them were girls (86%). This

data does not reveal the real situation since only some children who had fallen victims to crimes or their parents inform law enforcement institutions.

Levels of bullying (at least twice a month) range from 1% to 50% across all countries and regions and age/gender groups. The survey's averages show bullying to be higher among boys than girls and to increase slightly between 11 and 15 years of age.

Levels of bullying remain consistent across age groups in certain countries. For example, the Czech Republic, Ireland, Malta, Scotland, Slovenia, Sweden and Wales have consistently low levels, while Austria, Greenland and Lithuania have consistently high levels. Levels of being bullied show similar patterns, although the gender difference is smaller. (65) In Lithuania according to the data of 2005 level of bullying among children reaches the level of 70%. It means that 7 children from 10 experience bullying in schools from their contemporaries. It is the highest rate of bullying among children in Europe (32).

Levels of physical fighting also show cross-national variation and marked gender differences, with very low levels of fighting among girls. The highest levels of fighting at 13 and 15 years are consistently reported in Estonia and Lithuania; while consistently low levels at all ages are reported in Finland, Germany and The former Yugoslav Republic of Macedonia (65).

### **1.3. Developments of the Social Inclusion Policy**

#### *1.3.1. Governmental Policy in the Field of Social Exclusion and Poverty*

The different places of the programme of the Government as well as its activities address the issues of social exclusion and poverty. If the conceptual and ideological approaches and planned activities are reflected in the governmental programme the accomplished activities could be viewed in the annual governmental reports.

##### 1.3.1.1. Programme of the Government

The Government of the Republic of Lithuania in its Programme for 2004–2008 (9) was planning to implement different measures that deal with the problems of social exclusion and poverty. In the field of rural exclusion the Government with the help of EU structural support was attempting to solve socio-economic problems of small and uncompetitive farmers. According to the Government programme the rational use of the EU funds would increase the employment in the rural areas. To this end the provision of the support for the development of alternative activities, small businesses, crafts, tourism, and other services sector was planned. The additional direct annual payments from relevant EU funds to farmers working on poor soils and less favoured areas as well as areas with environmental restrictions would sustain regional development. One of the priorities of the Government is young farmers and it was planning to provide the best possible conditions for the youth to settle in the rural areas, to support the young farmers from the EU structural funds, thus ensuring the continuity of farming or other business activity from generation to generation.

The Government was planning to promote the development of rural cooperation, consolidation of land plots and creation of preconditions for the formation of agricultural holdings of the competitive farms helps to combat poverty among the farmers; to increase the role of the farmer self-governance and rural nongovernmental organisations in the agrarian sector as well as support for rural communities.

In the field of social security the Government was planning to implement an active employment and human resources policies; to provide conditions for the creation of at least 150 thousand new jobs; to achieve that the unemployment level is brought down to 8 percent and less and reduce the youth and long-term unemployment; to support the establishment of appropriately equipped workplaces; to increase of the minimum monthly wage to LTL 800 per month by 2008; to modernise the Lithuanian labour market from the EU funds, to exercise an active employment policy, to develop human resources.

In the area of legislation regulating labour relations, the Government has claimed the attempts to apply the principle of coordination between the flexibility of labour relations and safe employment; to promote fair relations between employer and employee, social partnership, and development of collective labour relations.

In the area of implementation of employment and social security policy measures, the Government was pretending to seek social harmony and dialogue; on the regional and national level, to regularly cooperate with social partners such as employers' organisations, trade unions, and non-governmental organisations representing interests of different social groups.

Among the targets of the programme was modernization of the pension system, its better transparency, validity of benefits and financial stability. The steady annual increase of social insurance old-age and disability pensions was planned in order to make it at least LTL 650 per month in 2008. The raise of the minimum non-taxable income to LTL 390 and the minimum monthly wage to LTL 600 in 2006 would also increase the income.

For the motivation of the senior people to stay in the labour market, lifelong learning opportunities were ensured. In order to improve social security for individuals who have lost their jobs with 3-5 years prior to the retirement age the advance pension payment system was planned. The Government was planning to implement the mechanism for wage and social benefit indexation protecting individual earnings from inflation.

The Government has claimed to guarantee the necessary means of special support and to provide a better and greater range of social services that would meet needs of disabled people, to make the living environment better suit their needs. The Government pretends to create conditions for the disabled who are willing and able to work to find a job according to their capabilities.

The Government planned to implement measures that would enable parents who have left the labour market due to the child care to return to it in an easier way, to help them refresh their professional skills, to create conditions for their employment and further a successful balance between their work and family duties; to provide social support to families bringing children: to implement the payment of allowances for each child until 18 years of age or longer until they go to secondary school; to gradually increase the maternity (paternity) benefits that are paid until the child turns one year old; to provide social support to large families; to provide lump-sum benefits to children from socially disadvantaged families for their preparation for school and free of charge meals in education institutions.

The Government has pretended to reduce the numbers of children in child care institutions and to promote their care in families and families, to reform the child care system, to improve work with problem families; protect the interests of the child, to exercise proper protection of their rights. The improvement of adoption procedures is necessary precondition.

In the programme of the Government it was mentioned an equal opportunities policy, to further implement legal, administrative and other measures so that nobody is discriminated against on the

grounds of gender, race, nationality, convictions or other reasons. Taking account of the significant demographical changes, the Government was planning to pursue the social security and employment policy on a consistent basis and implement the provisions of the National Strategy on Demographic Policy and the National Strategy on Overcoming the Consequences of Population Ageing.

#### 1.3.1.2. Accomplishment of the Governmental Programme (based on 25)

Protection of Children Rights. In 2005, protection of children's rights was further developed. When implementing the Programme to Improve Activities of Children's Rights Protection Services within Municipalities approved by virtue of Resolution No. 1179 dated 18 September 2003 of the Lithuanian Government, between 2004 and 2005, material facilities of all 60 municipal services of children's rights protection were improved:

The services were provided with new computer equipment and cars. Within the framework of the 2005–2008 Programme on Support and Integration into Society of Orphans and Children who Have Lost Parent Care approved by virtue of Resolution No 1279 dated 13 October 2004 of the Lithuanian Government, a scientific research, Assessment of the quality of life and readiness for an independent life of persons who have lost their parents' care, was conducted. Results of the research will be used to prepare a strategy for reorganising the child care (social work) system and other legislation pertaining to the reorganisation of the child care (social work) system.

Within the framework of the 2005–2007 National Programme on Prevention of Violence against Children and on Children Support approved by virtue of Resolution No. 491 dated 4 May 2005 of the Lithuanian Government, short-term and long-term complex assistance was rendered to 410 children and an event May: a Month without Violence against Children was organised.

Within the framework of the 2005–2007 National Programme on Children's Day Centres approved by virtue of Resolution No. 1525 dated 1 December 2004 of the Lithuanian Government, over 3250 children were provided with services, including education, assistance with homework, leisure activities and catering, at these day centres and social work was carried out in respect of 1950 families of social risk.

Improvement of Social Services. In 2005, the reform of the provision of social services was continued. A new Law of the Republic of Lithuania on Social Services (No X-493) was drawn up and was adopted on 19 January 2006. The law establishes new objectives of social services by encouraging self-assistance and emphasising the provision of services in accordance with personal (family) needs assessed on a detailed basis, specifies the functions of district principals and municipalities, sources and forms of financing of social services, payments for social services and provides for granting licences to social services institutions and for controls of services provided by such institutions.

In 2005, the legal basis for training of social workers was regulated anew. Work pay of all social workers at state institutions was associated with their qualification categories attained during assessment.

The 2004–2006 Programme for Development of the Infrastructure of Social Services approved by virtue of Resolution No. 1178 dated 18 September 2003 of the Lithuanian Government was further carried on. As a result of the projects under this programme, as many as 60 social services institutions were either established or updated in 39 municipalities. These institutions started providing employment, advisory, hygiene, work therapy and other social services and carrying out work, cultural, social and psychological rehabilitation. Upon implementation of these projects, approximately 1600 new clients were provided with various services and up to 150 new jobs were created.

When implementing measures of the 2004–2008 National Programme on Control of Drugs and on Prevention of Addiction to Drugs approved by virtue of Resolution No. IX-110 dated 8 April 2004 of the Seimas of the Republic of Lithuania, various services of social and psychological rehabilitation were provided to approximately 300 drug addicts. When implementing measures of the 2005–2008 Programme for the Prevention and Controls of Trafficking in People approved by virtue of Resolution No. 558 dated 19 May 2005 of the Lithuanian Government, diverse integrated support was provided to 287 victims of human trafficking.

Within the framework of measures of the 2004–2007 Programme for Social Adaptation of Convicts and Persons Released from Places of Imprisonment approved by virtue of Resolution No. 1179 dated 25 October 1999 of the Lithuanian Government (revised version of Resolution No. 143 dated 9 February 2004) over 170 persons released from correctional institutions were provided with services of social rehabilitation and integration into the society and labour market; vocational training was rendered and vocational and psychological advice was given to 60 persons at correctional institutions.

To achieve the objectives provided for in the National Demographic (Population) Policy Strategy and the National Strategy to Combat Consequences of the Aging of the Population, appropriate measures were launched as approved by virtue of Resolution No. 572 dated 23 May 2005 of the Lithuanian Government On the Approval of the 2005–2007 Measures to Implement the National Demographical (Population) Policy Strategy and by virtue of Resolution No. 5 dated 10 January 2005 On the Approval of 2005–2013 Measures to Implement the National Strategy to Combat Consequences of the Aging of the Population. Implementation of these measures means more favourable conditions for young people to create families and raise children and for the elderly to live a full personal, public, professional and cultural life. Support was given to activities of non-governmental organisations representing the elderly. To satisfy special needs of people of various age groups and improve the quality of their life, to widen the variety of social services and social support to families in need and families raising minor children, to stimulate higher employment in regions, measures to implement the 2004–2006 National Action Plan to Combat Poverty and Social Exclusion approved by virtue of Resolution No. 1002 dated 13 September 2005 of the Lithuanian Government were approved for 2005–2006.

With effect from 1 July 2005, the Law of the Republic of Lithuania on Social Integration of the Disabled (No. IX-2228) came into force. It ensures the implementation of the system of social integration of the disabled and equal opportunities for the disabled to become equal and full-pledged members of the society. The new system is based on a different attitude towards a disabled person and different treatment of a person's disability and her/his potential. A disabled person can choose what she/he wants or can do, and it is the society's responsibility to assist her/him to achieve this.

### *1.3.2. Opposition on the Government's Activities in the Field of Social Inclusion Policy*

As stated in the draft report prepared by representatives of the opposition, in 2005 the Government did not substantially impair conditions for business and rapid development of the Lithuanian economy was retained, however it failed to succeed in turning the development of economy into a better life for ordinary people (18).

Despite the speedy growth of GDP, the cost of a working hour (an hourly rate) in Lithuania remains approximately 6–7 times lower than that in the EU and 1,5 times lower than in Poland. The worst of it is that from 2001, after the Lithuanian economy had recovered from the effects of the Russian crisis and when the annual GDP growth had reached 7–8%, the ratio of the hourly rate to GDP started to decrease significantly, whereas in Estonia opposite trends were observed at the same time: this ratio

has been constantly increasing since as early as 1996. It used to grow like this in Lithuania until 2000. The above taken into consideration, one can draw a conclusion that after 2000 the growth of economy in Lithuania does not fully reach the working people and their wages grow slower compared to the economy of the country.

In the opinion of the opposition, the Government continued a flawed social policy, which is witnessed by an increase by almost 1%, up to 17%, of the level of poverty for the first time in the recent ten years. In the view of the opposition, instead of being bridged, the economic and social gap between Vilnius and the provincial Lithuania became even wider as the support from the European Union and foreign capital investments are disproportionately concentrated in the capital (18).

According to the critics of the Government, it failed to solve in principle the country's demographic problems, which has led to a further decrease in the number (by another 23 thousand) of the Lithuanian population over the recent year, and the level of emigration from Lithuania was the highest if compared to that from all EU member states.

As it was noted in the opposition's report, the Government failed to achieve significant changes in reversing the Lithuanian economy from labour-intensive into knowledge based economy by developing the infrastructure of knowledge and telecommunications. Consequently, Lithuania is said to rank last among European states in terms of both the exports of high technologies and internet users at home.

Moreover, with the growing economy the Government is said to have failed to take advantage of an opportunity to implement a more effective and more radical tax reform and to improve the situation of the health care system.

Experts were also critical about the Government's Report emphasising the lack of a strategic approach and strategic priorities (2).

### *1.3.3. EQUAL Development Partnerships*

Lithuanian NAP/inclusion and NAP/inclusion update are based more on positivistic than constructivist approach towards public policy. Destigmatizations of vulnerable groups, their empowerment, neighbourhood campaigns, public relation activities, social advertising are omitted by NAP/inclusion and NAP/inclusion update. Fortunately mentioned activities are planned by the majority of Lithuanian Development Partnerships of EQUAL initiative and hopefully in the near future they will become regular part of social policy in the field of social inclusion.

Therefore developments of the social inclusion policy and changes will be incomplete without mentioning the EQUAL initiative. European Communities EQUAL initiative is the instrument of the European Union structural funds financed from ESF. EQUAL is aimed at supporting the activities financed with proceeds of ESF while promoting the development, testing and adaptation of new methods in the labour market. EQUAL seeks more effective innovative employment policy and practice at the national and the European Union level.

On 11 November 2004, 29 agreements of the first stage of programme implementation under EQUAL initiative were signed (28). The amount of LTL 2,5 million was allocated for the projects. These funds were aimed at creating the Development Community and finding partners for the international cooperation. Accepted tenders account for the amount of LTL 2,1 million.

On 28 June 2005, 28 projects entered the second stage of the implementation of the European Communities EQUAL initiative, which will last until 31 December 2007. In this stage LTL 41,3 million is allocated for the implementation of project activities.

The projects of Development Partnerships (hereinafter – DP) of EQUAL initiative reflect the shift in social inclusion policy. 21 DP (69% of total budget) are operating under the theme A: Facilitating access and return to the labour market for those who have difficulty in being integrated or reintegrated into a labour market which must be open to all. 7 DP (20% of budget) – under the theme G: Reconciling family and professional life, as well as the re-integration of men and women who have left the labour market, by developing more flexible and effective forms of work organisation and support services. 1 DP (3% of budget) under the theme I: Helping the integration of asylum seekers.

Following statements summarizes analysis of the first stage of DPs activities:

1. The majority of DPs is attempting to realize the principles of partnership in the decision making processes as well as in concrete activities.
2. The majority of DPs is searching for the means how to include into the decision making process the representatives of the selected target groups; DPs are also realizing other strategies of empowerment of the vulnerable groups.
3. The collaboration in EQUAL initiative generally speaking and in DPs concretely broadens spectrum of activities and extend the identity of NGOs. For example, ethnic NGOs are entering the field of professional consultancy and labour exchange activities.
4. Majority of DPs is oriented toward social innovations in the field of social policy. Social innovations include the empowering of the representatives of vulnerably groups, for example they are members of DPs, the reinforcing and broadening the scope of NGOs activities in the field of social policy, strengthening the role and activities of communities and neighbourhoods, creating new alliances that include government institutions (for example, Lithuanian labour market training authority) and NGOs. Different DPs working with disabled, ethnic minorities, Roma, drug-addicts, persons with mental disabilities are attempting to introduce the function of personal social assistants that could help the representatives of above mentioned vulnerable groups to integrate into labour market. The personal assistants who are facilitating the integration into the labour market are innovation in the field of social work of Lithuania. The DPs increasingly recognize the crucial role of destigmatization campaigns in the process of improvement of the conditions of vulnerable groups.
5. Some DPs are searching the solutions how to reconcile the professional and family life and how to assist in the process of reintegration.
6. DPs are very active in using ICT facilities and the possibilities of ICT for the integration of the target groups into the labour market.
7. It is necessary to mention that all DPs are working also in the field of public policy attempting to articulate recommendations for public policy in social sphere how to integrate the vulnerably groups into labour market.

#### *1.3.4. The Activities of Non-Governmental Organizations*

##### *1.3.3.1. The Alliance of NGOs for Transparency of Distribution of EU Support*

The nucleus of the informal alliance of NGOs that are pretending to monitor the distribution of EU structural support consists of Lithuanian Chapter of Transparency International ([www.transparency.lt](http://www.transparency.lt)), Civil Society Institute ([www.civitas.lt](http://www.civitas.lt)) and Human Rights Monitoring Institute ([www.hrmi.lt](http://www.hrmi.lt)). These institutions are very active both in attempting to make the procedure of distribution of EU structural support of 2004-2006 more transparent and in attempting to initiate the open discussion on the priorities

of the EU structural support of 2007-2013. Critics and recommendations elaborated by this alliance are as follows:

- Lack of quantified objectives;
- Lack of priorities (horizontal – EC);
- Human resources development is not recognized in a proper way;
- Administrative efficiency.

Unfortunately these institutions that could be strong social partners are not participating in NAP/inclusion process.

### 1.3.3.2. Human Rights Monitoring Institute (HRMI)

HRMI every year is producing Overviews of human rights situation in Lithuania. The Overview of 2005 will be issued was issued on May 16, 2006. Since these overviews are rather critical and they are attempting to fix human rights approach in the area of the protection of the social rights they are good but still undervalued source of social inclusion policy. HRMI has published the report *Human Rights Monitoring in Closed Mental Health Care Institutions* that has jarred the system of the mental health institutions and initiated the constructive debate. After accomplishing the analysis of the institutions of the mental health experts of HRMI have concluded that mental health care is controlled by closed type institutions. The hospitals and boarding houses as elements of this closed type system are operating in the paternalistic mode and they are increasing social exclusion (64).

The Roma population in Lithuania include 3 thousands of Roma people and the state has all possibilities to elaborate the political and administrative measures in order to solve their problems. But the situation of Roma people is not improving. HRMI experts are claiming that Roma people suffer different forms of discrimination (64: p. 30). The governmental institutions are not coping with the social exclusion of Roma people. On the contrary, official measures increase the level of social exclusion. For example, in Vilnius municipality Roma programmes are administrated by the department of crime prevention, together with the programmes of drug control. In the end of 2004 Vilnius municipality has ruined some houses of Roma people. Negative stereotypes of Roma people are escalated in mass media (64: p. 31). One third of Roma population do not have Lithuanian citizenship and they are restricted access to health and social provision. Low level education of Roma people impede their integration to the labour market and consequently to the mainstream society.

HRMI stresses that in 2005 one of the main problems was women employment, how to assure their employment. Experts quoted the research that was accomplished by TNS Gallup. According to its data 67% of women claimed that they have encountered inequality when entering labour market. Only 37% of Lithuanian population consider that men and women have equal opportunities to compete in labour market (64: p. 37). 57% of women claim that their working conditions are worse than men. 65% of women and 43% of men agree with the statement that exists inequality in salaries. Women's salary is 20% less than men's (in EU countries this difference is 15%). But the specific feature of Lithuanian situation is that public sector the differences are bigger than in private (64: p. 37).

The experts of HRMI claim that in 2005 the policy of social welfare, the policy against women and children policy have remained without clear purposes and targets. On one hand there are programmes aiming at integrating women to labour market, on another hand the ideals of traditional family are propagated. The men are usually treated as breadwinners, women as unpayable workforce of the households. They are accomplishing 75% of housekeeping work (64: p. 39).

HRMI in its reports discusses the complicated situation in the field of the children's rights (violence against children, the problems of street children, etc.).

HRMI as a human right watch dog plays a positive role in social inclusion process. Independent evaluations encourage re-evaluation of some social policy issues.

## **1.4. EU Structural Support**

### *1.4.1. 2004-2006 Programming Period*

European Social Fund (ESF) is the key financial instrument facilitating the achievement of strategic employment policy goals of the EU. The main purpose of this Fund is to prevent and combat unemployment, develop human resources and labour market integration, reduce social exclusion, promote higher employment rate, foster implementation of equal opportunities for women and men.

European Regional Development Fund is aimed at supporting the reduction of regional development disparities, promoting sustainable and coherent development.

Between January and March 2005, the first support agreements were signed according to all Measures covered by the Single Programming Document (SPD) of Lithuania for 2004-2006 and administered by the Ministry of Social Security and Labour: Measure 1.5. "Development of infrastructure of labour market, education, vocational training, research and study institutions and social services" co-financed from the European Regional Development Fund (ERDP); and Measures 2.1. "Development of employability", 2.2. "Development of labour force competencies and the ability to adapt to changes" and 2.3. "Prevention of exclusion and social integration" financed from the European Social Fund.

Agreements were signed for the implementation of 105 projects for the amount of LTL 136,7 million. Of which (27):

- LTL 46 million – in support of employment of unemployed and for training of young and long-term unemployed people;
- LTL 23 million - for training of about 16,600 employees from industrial and business enterprises;
- LTL 13 million – for training of employees of public and local authorities and institutions;
- LTL 2,3 million – for social partnership development projects;
- LTL 22 million – for the development of vocational rehabilitation system of the disabled;
- LTL 15,9 million – for the development of the infrastructure of non-stationary social services;
- LTL 6,8 million – for social integration of convicts and individuals released from penitentiaries;
- LTL 800 000 – for the promotion of equal labour market opportunities of women and men, etc.

In 2005, 8 notices of invitations to tenders were announced according to all SPD measures administered by the Ministry of Social Security and Labour. The total amount of 433 submitted applications is LTL 492,6 million. The largest number of submitted tenders and the highest demand for support was registered for the activities financed under SPD Measure 2.2, with industrial and business enterprises planning to be particularly active in availing themselves of ESF's support.

The decrease of poverty level among self-employed in agriculture (from 30,1% in 2004 to 21,6% in 2005 (look Table 1.1.4) is linked with direct payment schemes and other support programmes of the EU support in agriculture.

#### *1.4.2. 2007-2013 Programming Period*

On 15 March, 2006 the Government meeting approved the draft Strategy for the Use of European Union Structural Funds for 2007-2013, which delineates the main objectives and priorities for the use of EU structural support. The strategic goals include a rapid improvement of investment, working and living conditions in Lithuania so that all its population would benefit from economic growth and, by 2015, Lithuania would reach the economic and social welfare level of the old EU Member States. Structural assistance to Lithuania over a seven-year period will amount to LTL 20,62 billion. The assistance will be provided from the European Social Fund, the European Regional Development Fund (LTL 13,74 billion in total) and the Cohesion Fund (LTL 6,88 billion).

The draft strategy was developed by the Commission for the Preparation of the Strategy for the Use of European Union Structural Funds for 2007-2013 and for establishing the Operational Programmes. In addition, independent scientific expertise was employed to advise on the preparation of the strategy. The draft strategy was subject to multiple discussions among social, economic and regional partners. The strategy focuses on the following three development objectives: the acceleration of economic growth in the long term, creation of more and better jobs and promotion of social cohesion. At the end of 2005, the Government set three action programmes for the implementation of the above-mentioned strategy. It also determined the financial proportions: as compared to the previous period financing is increasing in all segments.

The human resources development programme, for which the proposed share of allocations is 18% of the total EU structural support, would be financed from the European Social Fund. The programme covers the improvement of employment, professional development, lifelong learning system, strengthening the scientific potential and enhancing public administration.

The proposed funding for the second programme, i.e. Economic Growth Action Programme, to be allocated from the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) resources amounts to 40,8% of the total support. This programme is intended for the introduction of innovations, development of research and technologies, development of informational technologies, creation of industrial zones, promotion of "plain field" investments, as well as for transport, energy supply networks and other projects. Exceptional attention and, accordingly, greater financing is allocated to the areas underlined in the strategy as "breakthrough areas", which are associated with a more rapid economic growth, for example, the amount of resources for the creation of favourable conditions for business and innovations and that for the direct support for research and technological development will exceed the current level of financing by 3,3 and 2,2 times, respectively.

The third programme, i.e. the Cohesion Promotion Action Programme, will receive a comparable portion of EU structural aid (41,2%), directed towards the development of municipal urban infrastructure, diversification of activities in rural areas, heritage, tourism, health care, environmental protection, effective use of energy and the development of the education and social infrastructure. Under this programme, the increase in financing is not even across sectors either, with the highest priority being given to the so-called "greater need areas", such as the development of the education and health infrastructure, effective use of energy, for which the amount of such financing increases by 2,5 times.

## 2. Active Inclusion

### 2.1. Main Trends

As for minimum income and social assistance, almost all the EU-15 Member States provide all legal residents with some form of minimum income guarantee, supplemented by various benefits and allowances in the form of cash or services. This financial assistance helps to reduce the risk of poverty and promotes effective integration in the labour market. Lithuania is among the countries which are attempting to improve the schemes intended to ensure adequate minimum levels of income through guaranteed minimum income schemes, social pensions or universal social assistance guarantees.

Special schemes of the Lithuanian social security system cover major social risks: old age, illness, disability, widowhood, unemployment, family burden, etc. The state social insurance system comprises the major part of social security and includes such insurance areas, as pension insurance, illness and maternity insurance, health insurance, insurance against unemployment and insurance against accidents at work.

I would like to distinguish new legislation that regulates payment of relieves, extension of the social groups which will receive them, preconceived payment of old-age pensions, conceptually well-grounded law of integration of disabled. In summary all this laws are aiming to increase the sense of safety in society and reflect the slight shift from social integrationist mode to redistributionist approach in treating social inclusion.

The Common Objectives of the OMC reveals two approaches toward vulnerable groups. Vulnerable groups are specified in the first objective. "To promote access to stable and quality employment for all women and men who are capable of working, in particular: by putting in place, for those in the most vulnerable groups in society, pathways towards employment and by mobilising training policies to that end; /.../". The second approach is introduced in the third objective – to help the most vulnerable. In the first case vulnerable groups are treated in the context of employment, in the second case – in the context of social care that guarantees the human dignity. This twofold interpretation suggests two different but complementary treatments of vulnerable groups – they are potential employees, but at the same time subjects of coherent and fair social policy. These two treatments of vulnerable groups not only complement each other but at the same time prevent from sidetracking either to social integrationist discourse (emphasis on employment) or to moral underclass discourse (emphasis on social care)<sup>4</sup>.

Exaggeration of formal employment (a) lessens the significance of non-paid work, such as child-care, usually by women, for social inclusion and (b) stigmatizes those who for various reasons are unable to enter labour market. Therefore empowerment of vulnerable groups, their destigmatization, reconciling family and professional life, and similar issues as it was already mentioned are the weakest parts of NAP/inclusion and NAP/inclusion update.

It would be useful in the future planning activities for vulnerable groups distinguish more effective measures for entering labour market and measures that prevents life crises and guarantees human dignity. Sometimes it seems that national labour exchange network that dominates the labour market is lacking more sensitive and delicate instruments for the fighting the unemployment among representatives of vulnerable groups.

<sup>4</sup> "RED (redistributionist discourse of social policy), SID (social integrationist discourse) and MUD (moral underclass discourse) differ in what the excluded are seen as lacking. In RED they have no money, in SID they have no work, and in MUD they have no morals" (20: p. 7).

Lithuania's Single Programming Document for 2004-2006 - spells out the priority spheres eligible for the funding from Lithuania and European Union, and envisions the 5th Measure on Development of Labour Market, Education, Professional training, Science and Studies, and the Infrastructure of Social Services within the 1st Priority on the Development of Social and Economic Infrastructure. Moreover, the following measures have been spelled out under the 2nd Priority on Development of Human Resources: development of application of active labour market policy measures and enhancement of participation of the unemployed (in particular, long-term jobseekers or unemployed individuals in danger of long-term unemployment; young; unskilled) and persons in danger of unemployment in the measures; strengthening of social partnership; enhancement of integration of social risk groups (disabled; addicts; prisoners and ex-convicts; ethnic minorities) into the labour market; creation of conditions for the reintegration of women into the labour market, etc.

## 2.2. Minimum income schemes

The purpose of minimum income, or social assistance, is to guarantee a basic level of resources to those who are temporarily or permanently unable to support themselves, as a means of preventing (or reducing) the risks of poverty. Minimum income is a non-contributory benefit and should not be confused with contributory benefits such as unemployment benefits, although these are also important for guaranteeing adequate income (39).

The Social Platform (alliance of representative European federations and networks of non-governmental organisations active in the social sector) has responded to the debate on minimum income opened by the European Commission. Social Platform in its model effective active inclusion policies (including minimum income) stresses adequate income ensuring dignified life (39):

- a) The primary aim of active inclusion policies must be to enable people to live in dignity and to participate in society as well as the labour market, and to implement fundamental rights.
- b) Ensuring an adequate income for all to ensure a dignified life, unrelated to employment, must be prioritised especially through the development of effective minimum income schemes.
- c) Active inclusion policies must provide specific support measures and services to accompany people into work and other activities in society.
- d) Access for all high quality services, such as social, health, educational and transport services, must be guaranteed as a core pillar of active inclusion policies.
- e) Active inclusion policies must go hand in hand with improving the quality and quantity of jobs and eliminating barriers to employment including discrimination.
- f) Active inclusion policies require the participation of those concerned in determining their futures and developing the policies which affect them.

Active social inclusion encompasses three different aspects:

1. **active support for labour market integration** in order to avoid the risk of trapping people with the help of MI schemes in poverty and long-term welfare dependency;
2. **appropriate income support in order to avoid the risk** of failing to prevent widespread poverty and to deter people from seeking immediate means of subsistence by irregular means
3. **social support measures in order to prevent activation rules** to be implemented blindly and therefore ineffectively, without due regard for the particular needs of people at a disadvantage (single mothers, travellers and Roma, people in poor health or affected by psychological disorders).

In Lithuanian social policy active social inclusion and MI schemes are not directly applied as social policy tools. In the Table 10 the attempt to evaluate different programmes of Lithuanian social protection from the viewpoint of minimum income schemes is made. Since social policy itself does not use minimum income schemes as a tool of social policy the evaluation of Lithuanian social protection from MI approach could be similar to discourse analysis. According to description of MI schemes they encompass (a) integration to the labour market; (b) minimum support at a level sufficient for people to have dignified life; (c) access to services that help to remove hurdles in entering mainstream society and thereby supporting their empowerment.

Table 11. Social benefits that could be treated as minimum income schemes (based on 53).

	<b>Enforces link to the labour market</b> through job opportunities or vocational training	<b>Guarantees income support</b> at a level that is sufficient for people to have a dignified life	<b>Guarantees better access to services</b> that may help remove some of the hurdles encountered by some individuals and their families in entering mainstream society, thereby supporting their empowerment and their re-insertion into employment. <sup>5</sup>
<b>Sickness / Health Care</b> (temporary inability to work) <b>benefit</b> is paid to persons covered by sickness and maternity social insurance.			
Sickness benefit for the first two days of inability to work is paid by the employer. However, from the third day it is paid by the State Social Insurance Fund (SoDra) budget. Sickness benefit paid by the employer for the first two days must amount to no less than 80 per cent and no more than 100 per cent of the average earnings of the beneficiary. From the third day of inability to work the sickness benefit is paid from the State Social Insurance Fund amounting to 85 per cent of the compensatory wage. The benefit must not be lower than ¼ of the insured income of the current year.			
Sickness benefits for accidents at work and occupational diseases are paid to persons insured under social insurance against accidents at work. The benefit is paid from the first day of inability to work until recovery of ability to work or until the time when disability is established. The amount of the benefit is 100 per cent of compensatory wage.		Guarantees income in the cases of accidents at work and occupational diseases.	
<b>Amount of the main part of disability pension</b> depends upon the disability group. According to the physical or psychic disability degree both inborn and acquired.			
On 1 January 2003 small (up to LTL 325) social insurance disability pensions were increased to the recipients having a service record of sufficient length (i.e., having obligatory length of insurance for the disability pension and half of this period have to be acquired until 1 January 1995 or to have acquired the period of insurance for a full disability pension effective until 1 January 1995).		Guarantees small income. In 2005 average disability pension was 391,57 while relative poverty level 363 LTL. It means that disability pension was 107,9% of poverty level.	To very limited extent this pension guarantees better access to mainstream society.
On 1 March 2004 social insurance disability pensions lower than LTL 325 (sum of pension benefits) were increased once again to recipients if they at least part of length of insurance have acquired until 1 January 1994.		The increase of disability pension goes hand in hand with the increase of poverty level.	
Social assistance pensions shall be paid to disabled persons recognized as disabled before		Guarantees limited income.	To very limited extent this pension guarantees better

<sup>5</sup> Through, for instance, counselling, healthcare, child-care, lifelong learning to remedy educational disadvantages, ICT training to help would-be workers, including people with disabilities, take advantage of new technologies and more flexible work arrangements, psychological and social rehabilitation.

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the day they reach the age of 24, as well as to persons who, because of the effects of a sickness or injury suffer before the age of 24, are recognized as disabled after they reach the age of 24, to parents (adopters), guardians or curators			access to mainstream society.
Since 1 July 2004 the amounts are as follows: to those who have been certified disability Group I – 1,5–2 base pensions, disability Group II – 1–1,5 of the base pensions, disability Group III – 0,75 of the base pension.		In any case all these amounts are comparatively small. The question “are the possibilities of growing economy used enough?” is not suitably debated.	
Since 1 July 2004 the amounts of social assistance pensions to disabled children have been as follows: to those recognized as suffering from a severe disability a social assistance pension equal to 2 base pensions is paid; (a) to those recognized as suffering from a moderate disability – a social assistance pension equal to 1,5 of the base pension is paid; (b) to those recognized as suffering from a mild disability – a social assistance pension equal to 1 base pension is paid.		Guarantees limited income.	To very limited extent this pension guarantees better access to mainstream society.
Relief compensations are paid to parents (adopters) who for no less than 10 years preceding 1 January 1995 had nursed at home the disabled children or children with disability Group I or II since childhood, to mothers who gave birth to and brought up five or more children until they reached the age of 8. Relief compensation is paid to persons of disability Group I and II and is equal to 1,5 of the base pension. For totally disabled persons a nursing benefit is paid every month. Until July 2004 the nursing benefit amounted to the state social insurance base pension, since 1 July 2004 it has amounted to 1,25 of the base pension.		Guarantees limited income.	To very limited extent this pension guarantees better access to mainstream society.
Compensation for transport expenses amounting to 25 per cent of the MSL is paid every month to the disabled with motional diseases. In addition, compensation up to LTL 4 thou meant for acquisition of a special car or wheelchair is paid.	Raises mobility.		Guarantees better access to mainstream society.
Should it be determined that the insured has suffered 30% work disablement or more, he shall be paid periodic compensation for work disablement. Should the insured have suffered up to 20% terminable work disablement he shall receive a lump sum compensation for work disablement, amounting to 10% of his 24 month compensatory wage. Should the insured have suffered over 20%, but fewer than 30% work disablement, he shall receive a lump sum compensation for work disablement of 20% of his 24 month compensatory wage. Should a non-terminable work disablement be recognized for the insured, the lump sum compensation for work disablement will be three times larger.	Enforces links to labour market. Assists to stay in labour market.	Guarantees limited income.	Guarantees access to labour market and consequently to the mainstream society.
Passenger transport privileges for disabled. The right to acquire a ticket for a coach and local regular route bus (in towns trolley-buses are included), local passenger train, regular route ships and ferries is granted: with a discount of 80 per cent – to disabled children, the disabled of Group I, persons who suffer from certain diseases and those escorting them; with a discount of 50 per cent – disabled of Group II. Passenger transport privileges costs are covered from the			Increases the mobility and consequently better access to services.

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special targeted grant to municipal budgets excluding passenger transport by rail and coaches that is covered from the state budget.			
State social insurance <b>old-age pension</b> consists of two components: the main part that consists of the state social insurance base pension that is equal to all the recipients having the obligatory length of insurance (30 years) and supplementary one that depends on the maintained length of insurance and earnings from which contributions to the state social pensions insurance were paid.			
Base pension can't be less than 110 per cent of the minimum standard of living. It is approved by the Government. From 2001 until the end of 2002 the supplementary part of the pension for those old-age pensioners, who were working and having insured income was limited.		Since minimum standard of living is 125 LTL, base pension (from April 1, 2006 – 172 LTL) guarantees very limited income which is much less than the level of dignified life.	
On 1 January 2003 the smallest (lower than LTL 325) social insurance old-age pensions were increased to the recipients having a service record of sufficient length (not shorter than 25 years acquired prior to 1 January 1995). On 1 March 2004 social insurance old-age pensions lower than LTL 325 (the sum of pension benefits) were increased once again to recipients having the service record of sufficient length (not shorter than 25 years for men and not shorter than 20 years for women). State social insurance pensions increase when the base pension and insured income of the current year grow. Length of service pension was granted before the new Law on Pension came into force (1995). This pension is recalculated into the state social insurance old-age or disability pension provided its recipient had reached the retirement age set by the law or had been recognised as disabled before the date this law came into effect.		From the July, 2006 the average pension will be 13% and will reach 515,36 LTL.	
State pensions are paid from the state budget. Pensions of I and II degree of the Republic of Lithuania can be granted to the persons entitled to the old-age pension or those with recognized disability Group I or II and honoured by the state. Pensions of the I degree amount to the sum of 4 base pensions, and pensions of II degree – 2 base pensions.		State pensions paid from the state budget guarantees higher level of income, but at the same time increases the level of social inequality.	
Scientists' state pension is granted to persons who have been awarded a scientific degree and have had the service record at Doctor's degree or Doctor Habilitus for no less than 10 years and no insured income. The persons mentioned above shall be of the old-age pension entitlement age or the disabled of Group I or II.		State pensions paid from the state budget guarantees higher level of income, but at the same time increases the level of social inequality.	
State pensions for casualties are granted to the following persons who have reached the retirement age: victims of the aggression of January 11–13, 1991, political prisoners and deportees, participants of resistance and war, etc.		State pensions paid from the state budget guarantees higher level of income, but at the same time increases the level of social inequality.	
State officers and servicemen pensions are awarded to officers and soldiers who have served a fixed number of years in the system of internal affairs, state security and national defence or in the Public Prosecutor's Office.		State pensions paid from the state budget guarantees higher level of income, but at the same time increases the level of social inequality.	
Judge's state pensions have been granted since 2003 to the persons who had worked for a certain fixed period as judges of the Constitutional Court,		State pensions paid from the state budget guarantees higher	

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common competence and specialized courts as well as those judges who had been appointed or elected from Lithuania to work in any of international courts.		level of income, but at the same time increases the level of social inequality.	
Social assistance pensions shall be paid to parents (adopters), guardians or curators who have reached the retirement age, nursed at home the disabled children, the disabled of Group I or II since childhood and disabled with total disability for no less than 15 years, as well as to mothers who gave birth to five or more children and brought up them until the age of 8 after they have reached the retirement age. The amount of social assistance pension is equal to the base pension.		Guarantees limited income which is much less than the level of dignified life.	
Relief compensations are paid to parents (adopters) who for no less than 10 years pending 1 January 1995 were nursing at home the disabled children or children of disability Group I or II since childhood, to mothers who pending 1 January 1995 gave birth to five or more children and brought up them until the age of 8. Relief compensations can be paid to persons five years earlier than the old-age pension entitlement comes into effect and it is equal to 1,5 of the base pension.		Guarantees limited income which is much less than the level of dignified life.	
Since 2004 the signatory's of the Independence Act who have no insured income, shall be awarded to signatory's' state annuity. Signatory's' state annuity is paid from the state budget.		Guarantees higher level of income.	
Care institutions for the elderly are establishments rendering social services and meant for elderly people for temporary or permanent living when they are not able to care for themselves and they need constant care and nursing.			Guarantees the minimum amount of social services for elderly people.
Passenger transport privileges for elderly people. The right to acquire a ticket for a coach and local regular route bus (in towns trolley-buses are included), local passenger train, regular route ships and ferries is granted: with a discount of 80 per cent – persons aged 85 or older, defenders of independence of the Republic of Lithuania, who became disabled of Group II and III as a result of the 11–13 January 1991 events and subsequent aggression committed by the USSR, participants of resistance against the 1940–1990 occupation who are aged 70 or older; with a discount of 50 per cent – participants of resistance against the 1940–1990 occupation who are under the age of 70, i.e. militants volunteers or liberation battle participants as well persons who are the victims of the 1939–1990 occupation, i.e. political prisoners and deportees as well as prisoners of ghettos, concentration or other types of forced labour camps; independence defenders suffered from the 11–13 January 1991 events and subsequent aggression committed by the USSR as well as their family members and persons aged 70–85. Passenger transport privileges costs are covered from the special targeted grant to municipal budgets excluding passenger transport by rail and coaches that is covered from the state budget.			Increases the mobility and consequently better access to services.
<b>State social insurance widow(ers)' and orphans' pensions.</b> The deceased person's spouse and children are entitled to them if the deceased had a right to receive the state social insurance disability or old-age pension or actually received it.			
Widow(ers)' and orphans' pensions are paid regardless of the fact if the person receives the state social insurance old age or disability pension,		Guarantees limited income which is much less than the level of	

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or not. On 1 March 2004 orphans' pension was increased from 25% o 30% pension which the deceased had a right to receive or actually received it.		dignified life.	
The right to receive a orphans' social assistance pension shall belong to the following children (adopted children) of a deceased person: those aged under 18, those aged between 18 and 24 who study at daily departments of educational establishments, those aged 18 who were recognised as disabled persons before the day they reached age 18. The orphans' social assistance pension shall be granted and paid in the amount equal to 0,5 of the base pension to each child.		Guarantees limited income which is much less that the level of dignified life.	
Funeral benefit amounted to 3 MSL was paid from State Social Insurance Fund budget in the case of death of the insured person or his dependent until 2001. In addition to it, a special funeral benefit was paid from municipal budgets in the case of death of a permanent inhabitant of the Republic of Lithuania until 2001. Benefit was equal to 3 MSL. In the case of death of a pensioner, disabled, unemployed who was registered at the Labour Exchange, or family member who received social benefit, a funeral benefit amounted to 6 MSL was paid.			Guarantees better access to social service.
Since 2001 funeral benefit from the special targeted grant to municipal budgets amounted to 6 MSL is paid. Funeral grant in the event of death of the person covered by accidents at work and occupational diseases insurance. Should the insured perish in an accident at work or die due to an occupational disease, recognised as an insurable event, a lump sum benefit, equivalent to the size of the current year insured income multiplied by 100, shall be paid out to the family of the deceased. This benefit shall be paid in equal amounts to each member of the family of the deceased.			Guarantees better access to social service.
Insurance benefit payment subsequent to the death of the insured. Should the insured die as a result of an accident at work which has been acknowledged as an insurable event, the right to the insurance benefit shall belong to the disabled persons, who had been supported by the deceased or, at the time of his death, had the right to be supported by him.		Guarantees limited income which is much less that the level of dignified life.	
Orphans' scholarship. Persons aged 18 and over but under 24, who do not work and to whom the guardianship was established until their full age, if they study at daily departments of educational establishments in order to acquire a profession or speciality for the first time, receive an orphans' scholarship regardless of other grants depending on studying results received by them. The orphans' scholarship amounts to 4 MSL. If a person receives orphan's pension, the difference between 4 MSL and the pension is paid.	The acquired profession is necessary precondition to the successful entrance to the labour market.	Guarantees limited income which is much less that the level of dignified life.	Guarantees limited access to the mainstream society.
Grant for housing. Upon the expiration of child's guardianship (curatorship) persons placed under guardianship (curatorship) shall be given a grant amounting to 50 MSL for the purchase of a dwelling or settlement.		Guarantees very limited possibility of housing (1 room in depressed areas).	
<b>The state social insurance maternity benefit</b>			
The state social insurance maternity benefit for the insured women accounts for 100 per cent of the wages and salaries for 70 calendar days before		Guarantees income.	

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the delivery of a child and 56 calendar days after the delivery.			
After the post-natal period, the maternity / paternity benefit is paid to one of the parents (foster parents) or guardians who take care of a child. The benefit is paid until a child is 1 year of age in the amount of 70 per cent of the compensatory wage but no less than 1/3 of the insured income of the current year. Until 1 March 2004, the benefit was paid in the amount of 60 per cent of the compensatory wage.		Guarantees income.	
Until 1 July 2004, pregnancy benefit for studying women was paid to pregnant women studying at daily departments of educational establishments if they were not entitled to the state social insurance maternity benefit. The benefit was paid for 70 days until childbirth at the rate of 0,75 MSL per month. It was paid from the state budget.	The acquired profession is necessary precondition to the successful entrance to the labour market.	Guarantees income.	Guarantees limited access to the mainstream society.
Since 1 July 2004, a pregnant woman, who is not eligible for maternity benefit under the Law on Sickness and Maternity Social Insurance, shall be paid a pregnancy grant in the amount of 2 MSL 70 calendar days left before the baby is due. The benefit shall be paid from the special targeted grant to municipal budgets.		Guarantees limited income which is much less than the level of dignified life.	
Birth grant is paid to every mother (father) or guardian for every child, who was born alive. The benefit amounts to 6 MSL. It is paid from the special targeted grant to municipal budgets.		Guarantees income.	
Since 1 July 2004, child benefit is granted. A family raising one or two children shall be paid a monthly benefit in the amount of 0,75 MSL for each child from their birth to the age of 3 and in the amount of 0,4 of MSL for each child aged 3–7.		Guarantees income.	
A family raising three or more children shall be paid a monthly benefit in the amount of 1.1 MSL for each child from their birth to the age of 3 and in the amount of 0,4 of MSL for each child aged 3–18 and older who studies at daily departments of educational establishments, but no longer than until he / she reaches the age of 24.	Assists in accomplishing of the education.	Guarantees income.	
Guardianship (curatorship) benefit. A child placed under guardianship in a family, social family or non-governmental guardianship institution, shall be paid a monthly benefit of 4 MSL during the period of the guardianship (curatorship). If upon the expiration of child's guardianship (curatorship) he studies at daily department of educational institution and is unemployed, he shall be paid a benefit but no longer than until he reaches the age of 24. To those who receive an orphans' pension and (or) a periodic monthly payment for children's maintenance, the amount of the guardianship (curatorship) benefit shall be equal to the difference between 4 MSL and the amount of the orphans' pension and (or) periodic monthly payment for child's maintenance.		Guarantees income for curators. To some extent assists in deinstitutionalizing of children care processes.	Creates more possibilities for the normal socialization and guarantees better access to the mainstream society.
Benefit to a conscripts' child. During the time of fathers' service the benefit is paid at the rate of 1,5 MSL a month for every child.		Guarantees limited income which is much less than the level of dignified life..	
Benefit for families with three and more children was paid until 1 July 2004. Families with three and more children were paid a benefit of 1 MSL per month. The benefit for three children was paid if the income per family member was less than triple amount of state supported income set by the Government (LTL 135). For the fourth and every		Guarantees limited income which is much less than the level of dignified life.	

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following child the benefit was increased by 0,3 MSL irrespective of family's income.			
Pre-school establishments are meant for education and care of children of pre-school age, which is organized through a municipal educational system. The municipal budgets expenditure on care of children under 3 years of age in nurseries and kindergartens is included.	In a long run guarantees better possibilities for the professional carrier.		Guarantees better socialization and prevents educational crisis.
Free of charge meals for school children at general schools are granted to school children from low-income families and are financed from the state budget.	Indirectly stimulates the children from low income families to attend school.		Could be the factor of stigmatization.
<b>Unemployment</b>			
Unemployed individuals with at least 24-month state social insurance record within the 3 years immediately preceding their registration at the labour exchange shall be entitled to unemployment benefit. Other unemployed, who have no social insurance record, are entitled to unemployment benefit in the amount of state supported income. Unemployment benefit is paid on a monthly basis but no longer than for 6 months within a 12 month period.		Guarantees limited income which is much less that the level of dignified life.	
Early retirement unemployment benefit. Since 2002 for the unemployed who have a shortfall of 2 years prior to reaching retirement age and who have at least 15 years state social pensions' insurance record, payment of the unemployment benefit is extended. The unemployed, who do not receive the benefit, shall be paid unemployment benefit in the amount of the state supported income until they reach the retirement age. Active labour market policy measures are not applied over this period, the payment of benefit expires with the placement of unemployed.	Creates additional barriers for elderly people for reintegration into the labour market.	Guarantees limited income which is much less that the level of dignified life.	Stimulates early retirement.
Since August 2004, anticipatory old-age pension has been paid to the persons, whose old-age pension entitlement lacks no more than five years, having the obligatory insurance length (30 years) and being registered as unemployed over the previous 12 months.		Guarantees limited income which is much less that the level of dignified life.	Stimulates early retirement.
Training allowance of the unemployed is paid during the period of training of the unemployed individuals for the maximum period of 6 months. The amount of benefit amounts to 1,3 of unemployment benefit and cannot exceed the amount of 2 MSL.	Increases professional skills and stimulates reintegration to the labour market.	Guarantees limited income which is much less that the level of dignified life.	Successfully accomplished training guarantees better access to the mainstream society.
Placement services and job search assistance. The Labour Exchange of Lithuania and its territorial labour exchanges provide services and support to unemployed and to jobseekers, as well as to employers who search the employees of required qualification, free of charge. The employment and consultation services to unemployed are provided; the vacancies are registered and announced openly.	Provides assistance in vocational consultation, enforces link to the labour market.		Guarantees better access to the mainstream society.
<b>Housing</b>			
Social housing is municipal housing rented by municipality on a non-commercial basis keeping to the regulations of rent fee calculation provided by the Government. This dwelling is meant to house the low income persons or families in compliance with conditions foreseen by the law.		Guarantees limited living conditions.	Guarantees better access to the mainstream society.
<b>Social Exclusion and Other</b>			

Social benefit is paid to families (single persons) with income per family member less than state supported income. Social benefit is paid in the amount of 90 per cent of the difference between the state supported income and average monthly income of the family. Social benefit shall be provided in cash or in services. Benefit is paid for 3 months. After that period a person can apply again.		Guarantees limited income which is much less than the level of dignified life.	
Participants of armed opposition (resistance), soldiers volunteers who were injured or became disabled receive lump sum benefits.		Guarantees limited income which is much less than the level of dignified life.	
Lump sum benefits for supported persons are granted in according to the order as established by the municipalities in cases of poverty, illness, natural disasters and others. The benefits are paid from municipal budgets.		Guarantees limited income which is much less than the level of dignified life.	
Temporary residence institutions are institutions of social services which purpose of is to provide social support to persons who do not have a living place or cannot live in it temporarily.			Guarantees better access to services.
Expenditure on heating, water and solid fuel are partly compensated for the families with low income. Compensations are calculated according to the set normative on living space, cold and hot water quantity per one family member. Compensations are paid from special targeted grant to municipal budgets.		Guarantees limited income.	

The analysis could be summarized by the following conclusions:

1. Different kinds of benefits predominate in the system of social protection.
2. In the majority of cases these benefits are too small to guarantee dignified life. For example in 2005 the average replacement rate in a case of pensions was 45,4%. The only exceptions when dignified life is guaranteed are state pensions. At the same time these state pensions could be interpreted as cases of social inequality.
3. The analysis illustrates the obvious lack of the benefits that could be treated as minimum income schemes supporting integration to the labour market.
4. Situation of orphans is very complicated. They do not have enough financial resources to accumulate the necessary amount of educational capital. Very limited possibilities of housing do not guarantee normal settlement.

### 2.3. Activities of the Government in the Field of Active Inclusion

#### 2.3.1. Short-term Priorities in the Field of Active Inclusion

The Government is planning to enhance employability potential of employable job-seekers in order to achieve full employment, strengthen social cohesion and reduce social exclusion. Attempts will be made to attract and retain more people in the labour market. There are plans to improve legislation on labour relations and strengthen social partnership (25).

Within the financial capacity of the State Social Insurance Fund and the budget of the Republic of Lithuania, further the Government is planning to increase the state social insurance basic pension and insurable income; prepare proposals for reorganisation of the system of widow's pensions. Increase compensation ceilings used to calculate social insurance allowances in case of an illness, maternity or

parenthood, as well as allowances paid to insured persons who have children under one year of age; achieve the 5,5% rate for the saving of pensions; continue to cover from the budget of the Republic of Lithuania the amount of income lost by the budget of the State Social Insurance Fund when implementing the pension saving system. Elaborate the Law of the Republic of Lithuania on Cash Social Assistance for Low-Income Families (Single Residents) in order to enable all residents who due to objective reasons do not have means of subsistence to receive social assistance in cash; to entitle municipalities to allocate, on the basis of their decision, cash social assistance from funds of the budget of the Republic of Lithuania.

Continue the reform on support to families with children to gradually meet the objective to pay an allowance per each child under 18 years or above until she/he is learning at a day comprehensive school. To create more favourable education conditions for children from families with low income at comprehensive schools, to ensure wholesome nutrition of schoolchildren and their provision with school essentials, it is planned to draft and start implementing a law of the Republic of Lithuania on social support to schoolchildren from families with low income. Increase municipal responsibility and interest to organise adequate social support to schoolchildren and guarantee expedient use of the funds from the Lithuanian budget.

Create legal, administrative and financial conditions for a more effective planning, provision and organisation of social services by ensuring essential needs of a human being and by encouraging an individual to look for various ways of self-assistance himself/herself. Further elaborate the child care system, focus attention on the development, on the community and local government level, of social services to be provided to social risk families with children and to children from social risk families, as well as to problematic children who have problems concerning their behaviour, emotions or other problems; pay more attention to training of social workers who work with social risk families and children and to enhancement of skills of caregivers and custodians.

Seek more effective management of flows of economic migration by means of internal policy and enhance economic initiatives of the Lithuanian population. Particular attention will be paid to encourage economic migrants to come back to their homeland and to inform those Lithuanian residents who are planning to leave or have already left Lithuania for other member states of the European Union on possibilities and circumstances of returning to Lithuania.

### *2.3.2. Activities of the 2005 in the Field of Active Inclusion*

Nearly 130 thousand job-seekers were involved in measures of the active labour market policy (vocational training, employment support, financing of activities supported by the Employment Fund, etc.); 109,7 thousand persons were employed and intermediating support was provided to ensure that the unemployed (14,7 thousand persons) could start up activities under business certificates. To develop and make rational use of a single network of vocational training institutions, to derive more benefit from the support of the EU structural funds, to respond to the demands and changes of the labour market in a more efficient way, in 2005, 12 joint-stock companies acting in the capacity of labour market training centres and belonging to the Lithuanian Labour Market Training Authority at the Ministry of Social Security and Labour were reorganised into public institutions (25).

In the course of 2005, 42 programmes of preventive actions were prepared. These programmes aim at including 1,4 thousand persons who were given notice on their dismissal into programmes of active labour market policies and placing nearly 800 of such persons with free vacancies (both for permanent and temporary jobs) registered with the Labour Exchange. To reduce psychological pressure experienced by persons who were given notice on their dismissal and assist them in finding their own

place in the existing situation, nearly 700 persons had an opportunity to attend sessions at a labour club.

Six entities have organised temporary labour exchange centres – the so called mini labour exchanges where individual advice was provided to persons who were given notice on their dismissal. Information meetings were held at all companies that had informed about group dismissals. These meetings aimed at providing information on employment, vocational training and retraining opportunities and the current situation at the labour market and finding out motivation of employees under the dismissal process (25).

To enhance perception of corporate responsibility and to achieve higher social consciousness in the area of business, to improve capacity of enterprises and skills of experts to implement these principles in business practice, to increase transparency, reliability and effectiveness of measures, appropriate measures to encourage corporate responsibility in 2006–2008 were prepared and approved by virtue of Order No. A1-337 dated 22 December 2005 of the Minister of Social Security and Labour. Lithuanian companies are encouraged to perceive their social responsibility and take upon themselves additional obligations to improve business practice, implement innovative technologies for human resources management, to rely on and use sustainable technologies, materials and production processes that are not detrimental to people's health in their working practice. When creating strategic plans of their business, companies are encouraged to foresee possible negative effects on nature and social environment, match employment relations and play an active role in the social dialogue, and take into consideration, when planning their activities, stakeholders' positions and public expectations.

#### **2.4. Social Enterprise**

The NAP/inclusion stresses the legal framework for the establishment and activity of social enterprises in order to facilitate employment for people who have lost their professional and general working capacity and are unable to compete on the labour under equal conditions – the disabled who are not working, particularly long-term (2 years and more) unemployed, people of pre-retirement age, people returning from custodial establishments, single mother or father with a child younger than 8 years of age (22).

NAP/inclusion require to adopt the amendments and addenda of related legislation in order to create more favourable conditions for setting up and developing the social enterprises. These amendments are as follows:

- to amend the Law on Administration, Use and Disposal of State and Municipal Property by providing that the social enterprises could be transferred the state and municipal property to hold in trust temporarily;
- to amend the Law on Public Procurement by providing for simplified procurement from the social enterprises, i.e. via simplified negotiated procedure without publication of a contract notice and following the usual commercial practice.

The Consolidated nomenclature of the measures for 2005-2006 addresses the issue emphasizing the need to follow the legislation and at least 10% of public procurement provide from the social enterprises.

Lithuanian social enterprises have already accumulated some experience. In the June 1, 2004 the Lithuanian Parliament, Seimas, adopted the Law on Social Enterprises developed by the Ministry of Social Support and Labour. The purpose of the law coincides with the purpose stated in the NAP/inclusion, i.e. to employ persons who lost the professional and general working capacity, as well as persons, who are socially inactive and cannot equally compete in the labour market, encouraging their

return to the labour market, their social integration and extenuating social disjuncture. Such people include the disabled, long-term employed, people of pre-retirement age, those who came back from the places of imprisonment, single parents with small children. One of the key objectives of establishing social enterprises is to support the return of such person into the labour market, facilitate their social integration and reduce their social exclusion. This Law made base for legal persons seeking to obtain the status of social enterprise and also defined the target groups of persons who can be employed in that kind of company.

Social enterprise is not a new legal form of companies. The status of social enterprise may be obtained by any legal person complying with the following requirements:

1. satisfaction of the requirements for a small and medium-sized business entities in the Law on Small and Medium-Sized Business;
2. employees, pertaining to the target group specified in the Law (e.g., disabled people who are not working; long term unemployed persons, who have been registered in the labour exchange for over two years and other), comprise no less than 40% of average annual number of employees recorded in employee list, however the number of persons pertaining to the target groups is not less than four;
3. aims of the company's activities relates to the employment of the persons pertaining to the target groups, training of their work and social skills as well as social integration;
4. the company is not engaging in the activities included in the list of activities of the social enterprises nor subject to support, or the legal person's income from such activities nor exceed 20% of the total income of the legal person.

Specific type of social enterprises is social enterprises of disabled persons. Social enterprise of disabled persons is a social enterprise, where employees, pertaining to the disabled persons target group, comprise not less than 50% of average annual number of employees recorded in employees list, from which the disabled persons with the ability to work up to 25% and from 30% to 40% (former I and II disablement group) – not less than 40% of the average annual number of employees recorded in employee list. Social enterprise of disabled has the rights and duties as of social enterprise; however it can receive additional support from the state.

The Law provides for the financial support by the state to social enterprises in order to compensate additional expenses related to employees' pertaining to the target groups lesser work productivity, limited efficiency, etc.

Social enterprise may receive 3 types of state aid (22):

1. partial salary and social security contributions compensation;
2. work place establishment subsidy;
3. training subsidy.

Additionally, social enterprises for disabled persons may receive other 3 types of benefits:

1. subsidy for the working environment arrangement to disabled persons;
2. subsidy for additional administrative and transport expenses;
3. subsidy for the compensation of assistant.

Amendments to the Law of Profit Tax, Law of Possession, Use and Disposal of State and Municipality Property and Law of Public Procurement were adopted together with this Law. According to the Supplement to the Law on Property Tax, the profit of the social enterprises is taxed at the rate of 0%, if:

(a) during the taxation period employees of the company pertaining the target group specified in the Law of Social Enterprises, comprise not less than 40% of the average annual number of employees recorded in employee list, and (b) during the taxation period the company is not engaging in the activities included in the list of activities of the social enterprises not subject of the support, or the legal person's income from such activities during the taxation period is not exceeding 20% of the total income, and (c) on the last day of the taxation period the companies have status of social enterprise.

Table 11. The subsidies for social enterprises in 2005

	Types of subsidies	The Amount of State Supports, Thou LTL.
1.	Partial salary and social security contributions compensation	4332,7
2.	New work place establishment subsidy	459,9
3.	Adjustment of the work place	98,2
4.	Subsidies for the working environment arrangement to disabled persons	368,1
5.	Subsidies for the compensation of assistant	162,8
6.	Subsidies for additional administrative expenses	8,2
7.	Subsidies for additional transport expenses	-
8.	Training subsidy	-
	Total	5429,9

Source: (22)

To speed up the procedure of obtaining the status of a social enterprise of the disabled for businesses that are eligible for such a status, the Lithuanian Government drafted and the Lithuanian Seimas adopted on 30 June 2005 a law amending and supplementing certain articles of the Law of the Republic of Lithuania on Social Enterprises (No. X-293). In 2005, the status of a social enterprise of the disabled was granted to 6 enterprises, and at the end of 2005 there were 37 social enterprises employing 2155 persons, including 1125 disabled.

## 2.5. Local Employment Initiatives

Implementation of first projects of Local Employment Initiatives (hereinafter – LEI) was launched in Lithuania in 1999-2000 and aimed at creation of jobs for the weakest and least protected persons. The procedure for the implementation of local employment initiative projects was approved in 2001. The LEI project has to correspond the following key objectives: to create new jobs in pursuit of boosting of population employment and reduction of long-term unemployment; to offer greater possibilities for local residents to participate in economic activities via the adjustment of economic and social objectives, to assist the population in settlement of social and economic problems independently; to reduce vulnerability of structural reorganization of the economy of distinct locations, to enhance the opportunities for location development; and to assist the formation of more active and mature society able to settle its social and economic problems independently (23).

The operations of labour exchanges are backed up by project selection and evaluation commissions representing the social partners. Projects that meet the requirements prescribed and gain the assessment of commissions are submitted to the Lithuanian Labour Exchange. LEI projects are funded from the national budget, the budgets of Employment Fund and local authorities. The project executor shall oblige to offer the new jobs for jobseekers and retain the jobs for the most vulnerable persons for a three-year period.

Since 2001, projects have been implemented each year at the high-unemployment territories with the unemployment rate exceeding the national average by 1.5 times. Within a three-year period (in 2001-2003), the state subsidies led to the establishment of 1,240 jobs for the unemployed.

To reduce territorial unemployment differences, projects of local employment initiatives were further successfully implemented. In 2005, funds from the budget of the Republic of Lithuania and the Employment Fund were used to implement 78 projects and 452 jobless persons were employed in the newly created jobs. Measures approved by the Government of the Republic of Lithuania to tackle social and economic problems in regions with the highest level of unemployment were further implemented.

## **2.6. Law on Support of Employment**

When implementing its employment policy, Lithuania faces the following challenges to its labour market: aging of its population and labour force, increased level of economic migration, territorial employment differences which are still significant, low vocational and territorial mobility of the labour force, low salaries of the employed, insufficient role of social partners, increasing share of long-term unqualified unemployed, inadequate response of professional training systems to the demands of the labour market.

The new draft Law on Support of Employment that would initiate a reform on support to job-seekers should help to solve part of these problems. This draft law is currently under the Government's consideration. The draft law provides for new measures of active employment support to be applied to job-seekers, e.g. support of territorial mobility of the unemployed. The draft law establishes that when the formerly unemployed become employed in companies that are far from their places of residence, their travel or accommodation expenses will be covered for a period of up to 6 months by paying them a monthly allowance amounting to half of the minimum monthly wage approved by the Government.

A Programme on Vocational Guidance is planned to be introduced and will be first of all targeted to young people without any qualifications. In the course of this programme, a jobless person will be entitled to a scholarship amounting to 0.7 of the minimum monthly wage approved by the Government, and this programme will help her/him to make up their mind regarding the choice of a profession. To create favourable social conditions for learning, there are plans to increase scholarships paid to the unemployed. During the period of their training programme (which cannot last longer than the one provided for in respective curricula) the unemployed will be paid a scholarship amounting to 0.7 of the minimum monthly wage approved by the Government for the first three months of their training and they will receive one minimum monthly wage approved by the Government for the following months of their training. Until now it amounted to 1.5 minimum subsistence levels, i.e. 187.5 LTL.

The draft law provides for increasing support to employers who establish jobs or tailor them to the needs of the disabled. Pursuant to this draft law, the projected amount of such subsidy to create a new job or accommodate the existing one will be up to 22 latest average gross monthly wages calculated on the basis of the overall economy of the country and officially announced by the Government, whereas until now it was equal to one minimum monthly wage for 12 months and to half of the minimum monthly wage for six months and in practice it was earmarked to compensate for the work pay of a disabled person rather than to create or accommodate a new job. Henceforth, following the accommodation of jobs to the special needs of the disabled, it will be easier for them to become employed.

Another measure to help employers in supplying themselves with labour force is work rotation. Employers will be able to substitute their employees who are on holiday or cannot work due to other reasons with jobless persons for the period of leave of absence of their employees and therefore will be

entitled to a monthly compensation for each person employed under this scheme; this compensation will be the total of the minimum monthly wage approved by the Government and compulsory state social insurance contribution payable by the insurer and calculated on the basis of this wage.

The new law will promote self-employment and entrepreneurial initiatives of the unemployed. When a formerly jobless person establishes a micro-enterprise and creates new jobs to employ those who were formerly unemployed, within 36 months from the day of registration of this enterprise she/he will be entitled to a subsidy for creating new jobs or accommodating the existing ones.

The new law is proposed to take effect in the middle of this year if the Government and the Seimas approve it.

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## Annex 1. The Last Available EU social exclusion indicators

Table 1.1. Changes of at risk of poverty rate

	2000	2001	2002	2003	2004
At risk of poverty threshold, per equivalent per month, LTL	334,2	335,6	342,6	362,9	393,1
At risk of poverty rate, in %	16,6	17,2	16,7	14,6	16,0
At risk of poverty rate before social transfers, excluding pensions, in %	24,4	24,0	24,2	22,5	23,9

Source: (46)

Table 1.2. At risk of poverty rate for persons 16 and older in 2004 by activity status, in %

	At risk of poverty rate before social transfers, excluding pensions	At risk of poverty rate after social transfers
Employees	12,2	8,4
Self-employed, incl. self employed in agriculture, employers	33,6	26,5
Unemployed	52,9	42,0
Retired	21,2	14,1
Other inactive	39,1	21,3

Source: (46)

Table 1.3. At risk of poverty rate in 2004 by age groups

	At risk of poverty rate before social transfers, excluding pensions	At risk of poverty rate after social transfers
All persons	23,9	16,0
Of them by age groups, years:		
0-15	27,0	18,0
16-24	26,1	17,8
25-49	22,1	15,4
50-64	25,7	15,4
65 and older	20,1	14,1

Source: (46)

Table 1.4. At risk of poverty rate for persons 16 and older in 2000–2004 by activity status, in %

	2000	2001	2002	2003	2004
Employees	8,5	9,5	8,1	6,6	8,4
Self-employed, incl. self-employed in agriculture, employers	34,4	32,8	33,9	24,4	26,5
Unemployed	35,5	40,9	37,6	39,7	42,0
Retired	14,9	12,6	13,4	12,7	14,1
Other inactive	16,2	17,5	17,9	20,2	21,3

Source: (46)

Table 1.5. At risk of poverty rate by type of households, in %

	2000	2001	2002	2003	2004
Single persons under 65 years	20,6	24,1	22,2	24,9	24,8
Single persons 65 years and over	25,9	22,9	21,1	23,8	27,8
Two adults without dependent children, both under 65	14,4	14,1	13,1	12,7	13,0
Two adults without dependent children, at least one 65+	7,4	7,7	8,7	6,1	7,0
Other households without dependent <sup>6</sup> children	14,7	14,7	13,7	11,3	13,7
Single parent households with dependent children	19,9	25,5	30,0	28,1	25,4
Two adults with one dependent child	12,3	13,8	12,8	12,3	11,0
Two adults with two dependent children	17,1	17,1	16,2	13,5	12,6
Two adults with three or more dependent children	24,5	26,2	26,6	26,5	30,3
Other households with dependent children	18,5	18,9	17,7	16,5	17,5

Source: (46)

## Annex 2. The Basic Laws on Social Protection

**The Constitution of the Republic of Lithuania** defines basic social protection rights. In the article 52 of the Constitution is written that "the State secures citizens' rights to be granted old-age and disability pensions and social assistance in case of unemployment, sickness, loss of a spouse, loss of a breadwinner and in other cases provided by the law". The article 48 states that "every human ... is entitled ... to social protection in case of his/her unemployment". The article 39 describes social support measures intended for families: "The State takes care of families with children reared and educated at home supporting them in conformity with the procedures established by the law. Working mothers are entitled to a paid leave before a child birth and after it, favourable labour conditions and other benefits".

The basic social protection laws are as follows (53):

**The Law on the Principles of the State Social Security System (1990)** presents the structure of the Lithuanian social protection system. It states that social security of the society rests on the state social welfare system; however various public and private social security schemes may exist alongside. The law reads that the state social welfare system covers all residents of the country specifying cases when special welfare measures are to be applied. Besides, the said law separates the competence of the area of social insurance from that of the social support, financing sources and administration authorities.

**The Law on Individual Income Security (1990)** defines the so-called minimum standard of living (MSL), the principles of its and other fixed benefits' indexation. The Law on State Social Insurance (1991) presents state social insurance types, specifies persons subject to insurance, and provides the financing and administrating system. In addition to it, the law fixes amounts of social insurance benefits (sickness, maternity) and compensations.

**The Law on Health Insurance (1996)** establishes the types of health insurance, the compulsory health insurance system: persons covered by compulsory health insurance, principles of the compulsory health insurance fund formation and compensation of individual health care service costs with the compulsory health insurance fund resources, institutions which transact compulsory health insurance, the rights and duties of the insured persons and health care institutions in compulsory health insurance, and the procedure of dispute settlement.

<sup>6</sup> Dependent children – all persons aged less than 16 and inactive persons (unemployed and not actively looking for a job) aged between 16 and 24 living with at least one parent.

The Law on State Social Insurance Pensions; the Law on State Pensions, the Law on State Pensions Grantable to Army Servicemen and Officials Employed in the System of Internal Affairs, Special Investigations Service, National Security, Defence, Public Prosecutors' Office, Prisons Department, institutions within its jurisdiction, and the state enterprises the Provisional Law on State Pensions Grantable to Research Workers, the Law on Judge State Pensions (2002), the Law on State Social Assistance Benefits (1994, revised version 2004) define pension types and specify corresponding pension recipients, pension amounts, granting conditions and payment sources.

**Law on Accumulation of Pensions (2003), Law other Supplementary Voluntary Accumulation of Pensions (2003)** shall define the procedure of accumulation of a portion of the state social insurance contribution and the conditions of organising and procedure of payment of pension benefits. The laws also shall regulate the terms and conditions of organising and the arrangement for a supplementary voluntary accumulation of pensions at the pension funds managed by a management enterprise.

**Law on Benefits to Children (1994, revised version 2004)** shall define the types of benefits to children, their amounts, categories of persons entitled to benefits, conditions, procedure and financing of the allocation and payment of these benefits.

**Law on Cash Social Assistance for Low-Income Families (Single Residents) (2003)** determines the amount and granting conditions of state-provided cash social assistance for the said families (single residents), the rights and obligations of the recipients, and the sources of funding.

**The Law on Social Integration of Disabled People (1991, revised version 1999)** regulates the procedures of disability recognition, medical, occupational and social rehabilitation of the disabled people, adaptation of environment to meet their needs, their education and training, provides legal, economic and organisational guarantees of their integration in occupational activities and public life.

**The Law on Employment of the Population (Support of the Unemployed) (1991, revised version 1996)** defines the conception of the unemployed, benefits granted to them (unemployment benefit and benefit for training of the unemployed), services and support while looking for a job (mediation, active labour market policy measures – professional training, public and supported works, loans for organising own business, etc.), provides the principles and conditions of their granting, organising, administration and financing. The law also provides the institutions responsible for implementing of those measures as well as for principles of formation and financing of their financial source (the Employment Fund).

**The Law on Safety and Health at Work (1993, revised version 2000)** provides the principles and basic concepts of labour safety, its management, powers of supervisory and other institutions, basic requirements for workplaces, their environment, etc., rights and duties of employers and employees, work and rest periods, additional labour conditions to be created for youth, women and other persons with limited ability to work, principles of safety assessment, compensations payable in case of accidents caused by infringements upon labour safety regulations or occupational diseases, responsibility of employers and employees, labour safety control.

**The Law on Social Services (1996)** establishes types of provided social services, conditions of their organising, providing and obtaining, defines relations between the providers and recipients, the funding principles.

**Law on Social Insurance of Occupational Accidents and Occupational Diseases (1999)** regulates social insurance relations of accidents at work and occupational diseases; determines the categories of persons as well as occurrences covered by this type of social insurance; defines conditions of granting, calculation and payment of benefits.

**Law on Transport Privileges (2000)** establishes the categories of persons entitled to travelling by passenger conveyance means advantage costs, types of advantages, the order and sources of reimbursement of revenue which are not received by carriers in relation with providing of advantages.

### **Annex 3.**

## **Legislation in the Field of Social Security Issued from the Beginning of 2005**

[Law Amending the Law on State Social Assistance Benefits, No. X-210, 19 May 2005] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=256804>

[Law Amending and Supplementing Articles 1, 3, 4, 5, 6, 10 and 13 of and Amending the Annex to the Law of the Republic of Lithuania on Guarantee Fund, No. X-519, 23 March 2006] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=273655>

[Draft Law of the Republic of Lithuania on Support of Employment, No. XP-1232, 23 March 2006] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=272588>

[Resolution No. 5 dated 10 January 2005 of the Lithuanian Government On the Approval of 2005–2013 Measures to Implement the National Strategy to Combat Consequences of the Aging of the Population] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=248539>

[Resolution No. 361 dated 4 April 2005 of the Lithuanian Government On Increasing the Minimum Monthly Wage ] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=273061>

[Resolution No. 572 dated 23 May 2005 of the Lithuanian Government On the Approval of the 2005–2007 Measures to Implement the National Demographical (Population) Policy Strategy] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=256340>

[Resolution No. 1002 dated 13 September 2005 of the Lithuanian Government On the Approval of the 2005–2006 Measures to Implement the 2004–2006 National Action Plan to Combat Poverty and Social Exclusion] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=261846>

[Order No. A1-337 dated 22 December 2005 of the Minister of Social Security and Labours On the Approval of the 2006–2008 Measures to Foster Corporate Social Responsibility] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=268836>

[Draft Measures of the 2007–2013 Rural Development Action Plan of the Republic of Lithuania; Ministry of Agriculture of the Republic of Lithuania, March 2006] <http://www.zum.lt/min/failai/KPPn-060316.pdf>

[Law Amending and Supplementing Articles 1, 2, 5, 6, 7(1), 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 24(1), 25, 26, 27 and 28 of and Amending and Supplementing the Annex to the Law of the Republic of Lithuania on Equal Opportunities, No. X-304, 5 July 2005] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=259610>

[Law Amending the Law of the Republic of Lithuania on Social Integration of the Disabled, No. IX-2228, 11 May 2004. This law, except for Article 2, is effective as from 1 July 2005.] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=233791>

[Resolution No. 1422 dated 23 December 2005 of the Lithuanian Government On the Approval of the Procedure for the Use of Funds Committed to Prevention of Accidents at Work and Work-related Diseases] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=268283>

[Resolution No. 1042 dated 26 September 2005 of the Lithuanian Government On the Approval of the 2005–2009 State Programme on Equal Opportunities of Women and Men ] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=262423>

[Resolution No. 1231 dated 16 November 2005 of the Lithuanian Government On the Approval of the 2005–2010 Strategy for the Development of Broadband Infrastructure] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=265819>

[Resolution No. 558 dated 19 May 2005 of the Lithuanian Government On the Approval of the 2005–2008 Programme for the Prevention and Controls of Trafficking in Human Beings] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=270437>

[Law Amending and Supplementing Articles 3, 4, 8, 10, 14, 18 and 19 of the Law of the Republic of Lithuania on Social Enterprises No. X-293, 30 June 2005] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=259412>

[Law of the Republic of Lithuania on Social Services, No. X-493, 19 January 2006] <http://www3.lrs.lt/cgi-bin/getfmt?C1=e&C2=270342>

[Tripartite Board of the Republic of Lithuania, 2005–2006 Plan of Measures for the Development of Social Partnership of the Government of the Republic of Lithuania, Trade-unions and Employers' Organisations; Minutes No. 80 of the decision of 25 January 2005] [http://www.lrtt.lt/susitarimai/PROGRAMA\\_LENTELE%20-%20patvirtinta%20TT%20pos.%2005%2001%2025.doc](http://www.lrtt.lt/susitarimai/PROGRAMA_LENTELE%20-%20patvirtinta%20TT%20pos.%2005%2001%2025.doc)