



Lithuania

# Minimum Income Schemes

## A Study of National Policies

**Romas Lazutka**  
**Arunas Poviliunas**  
Vilnius University

*Disclaimer: This report reflects the views of its author(s) and these are not necessarily those of either the European Commission or the Member States. The original language of the report is English*

April 2009



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



## Content

<b>List of Abbreviations .....</b>	<b>3</b>
<b>Executive Summary.....</b>	<b>4</b>
<b>1. Brief panorama and description of the institutional design of minimum income schemes.....</b>	<b>5</b>
1.1 The Development of MI scheme in Lithuania.....	5
1.2 Eligibility conditions in terms of age, nationality/residence requirements, socio-economic status (in particular employment status and income). .....	8
1.3 Link of MI schemes with other social benefits.....	8
1.4 How MI schemes deal with the transition into employment? .....	9
1.5 Amounts of benefits, for different individuals and household types .....	10
1.6 Time duration.....	10
1.7 Conditionality rules .....	10
1.8 Governance arrangements.....	13
<b>2. Assessment of MI schemes.....</b>	<b>14</b>
2.1 Coverage and take-up .....	15
2.2 Adequacy of MI schemes .....	20
2.3 Effectiveness of MI schemes .....	25
<b>3. Link between MI schemes and the other two pillars of the active inclusion strategy... </b>	<b>30</b>
<b>References .....</b>	<b>32</b>

## List of Abbreviations

ALMP – active labour market policy

LTL – Litas is Lithuanian national currency (3,4528 LTL equal 1 EURO)

MI Scheme – Minimum Income Scheme

MSL – Minimum Standard of Living

SSI – State-Supported Income

SAB – Social Allowance Benefit

## Executive Summary

The analysis of Lithuanian Minimum Income schemes supports the conclusion which was made in previous reports that Lithuanian economy drifts away from coordinated market type towards liberal market type (P. Hall and D. Soskice) and the path Lithuanian social policy despite the changes of the Governments depends on the liberal oriented principles of “social integrationist discourse” (R. Levitas).

The elements of the non-contributory and means tested safety nets in Lithuanian social policy were introduced immediately after reestablishment of independence by the Law on Individual Income Security which introduced the minimum standard of living which was the measure for support of individual income. The legal basis of contemporary non-contributory and means tested Minimum Income Schemes constitute the Law on Financial Social Assistance to Low-income Families and Single Persons and the Law on Social Assistance to Pupils.

Persons or families are eligible to social assistance benefits if they receive low income, has not enough assets, are employed and registered as unemployed or are economically inactive because of retirement, poor health, studying, care of child or adult family member. Low income threshold for eligibility of social assistance benefits is set up by on *ad hoc* basis. From August 1, 2008 the Government has increased state supported monthly income up to LTL 350 per person. Social assistance benefit is equal to 90% of the difference between the state supported income for the family and the average monthly income of the family.

The Law on Social Assistance to Pupils states that pupils have the right to (1) free lunch, if monthly income per family member is lower than the amount of 1.5 SSI; (2) free lunch and provision with school supplies, if monthly income per family member is lower than the amount of 1 SSI; (3) free lunch and breakfast and provision with school supplies, if monthly income per family member is lower than the amount of 1 SSI and a pupil is raised in the family at social risk.

Despite the fact that Lithuanian Minimum Income schemes are improving and they are targeting vulnerable population better; our calculations based on Household budget survey provided in 2007 show that still 53% of low income population first of all due to strict eligibility conditions were not covered by the safety nets. In the majority of cases the recipients of social assistance benefits are unemployed single women with children and couples with 3+ children. The amount of benefit depends on the size of family and number of the children in the family. The comparison of effectiveness and usefulness of the social assistance benefits give enough argument to claim social benefits are too little and the development of safety net is too slow.

As usual recipients of social assistance benefits are long term unemployed who are registered in the Labour Exchanges. Unfortunately institutions responsible for social inclusion in the majority of cases do not succeed to integrate the recipients of social assistance benefits into the labour market. Active labour market policy measures when applied to most disadvantageous social groups lack interdepartmental cooperation and social encouragement.

## 1. Brief panorama and description of the institutional design of minimum income schemes

“A minimum income provision can be defined as an income guarantee that enables people who cannot fend for themselves to live a decent life. The right to a “subsistence minimum” is one that all citizens have, non-contributory (it involves no payment into a fund, unlike the insurance scheme), and means-tested” (Forest 2005, p. 2). In general, minimum income (hereinafter – MI) schemes are basic safety nets of welfare systems, which provide everybody with sufficient resources and through which nobody should fall.

According to Commission Communication COM(2006) 44 MI schemes have several common characteristics:

- they ensure basic needs at minimum standards of living, providing assistance for individuals and their dependants, when no other source of financial support is available;
- they are non-contributory and tax-financed;
- for the most part, they are not time-limited, although they are assumed to be temporary;
- they require capable people to be available for work;
- they are means-tested and subject to some degree of discretion from authorities;
- their eligibility depends on age, and residence for a minimum specified period;
- benefits usually depend on the household situation of the family and are often combined with other social benefits (housing, heating, child allowances).

Despite the fact that in Lithuanian social policy the term “Minimum Income Schemes” is not used there is the system of laws that weave the safety net for the people with low income. The contemporary system of MI schemes encompass Social Assistance Benefit (hereinafter – SAB) and social assistance for pupil. The system of MI schemes is regulated by two laws:

- The Law on Financial Social Assistance to Low-income Families and Single Persons;
- The Law on Social Assistance to Pupils.

### 1.1 The Development of MI scheme in Lithuania

The main points of the development of MI scheme in Lithuania are described in the Picture 1. Immediately after reestablishment of Independence **the Law on Individual Income Security** was issued. The Law provided the principles of supporting individual income and defines SAB in respect to minimum standard of living (hereinafter – MSL), which was set up by Parliament. MSL defines the minimal consumption of material, social and cultural needs. The Ministry of Social Security and Labour has indexed MSL according to the inflation rate. SAB was computed multiplying the difference between MSL and personal monthly income (Y) by the of social assistance benefit rate (r):  $SAB = r (MSL - Y)$ . The rate for that time was set up at 0.4.

But the Government succeeded to index MSL and SAB only until mid of 1992. Later because of very high inflation the Government increased MSL and SAB on *ad hoc* basis and the amount of the social assistance in real terms decreased. In December 1994 SAB had only 20 percent of his initial value.

The **Law on Individual Income Security** was substantially changed in the end of 1994 (3rd, November). State-supported income (hereinafter – SSI) was introduced instead of MSL for SAB calculation. Social assistance benefit rate (r) since beginning of 1995 was increased from 0.4 to 0.9. However, in real terms because of rather high inflation it did not mean increase of the support.

The main strands of the safety net were set in 1994 when the Government of Lithuania has approved **the Conception of the Social Assistance** (LRV, 1994). The Conception includes the concept of non-contributory, tax-financed and means-tested social benefits that should ensure basic needs at minimum standards of living, providing assistance for individuals and their dependants, when no other source of financial support is available (look: Lietuvos Respublikos Vyriausybė, 1994). It should be mentioned that in Soviet times due to the ideological reasons system of legislation was lacking the concept of the formal unemployment as well as the concepts of the poverty level and social benefits. After approval of the Conception **the Law on State Benefits for the Families Raising Children** (LRS, 1994) was introduced. This Law came into the force from January 1, 1995.

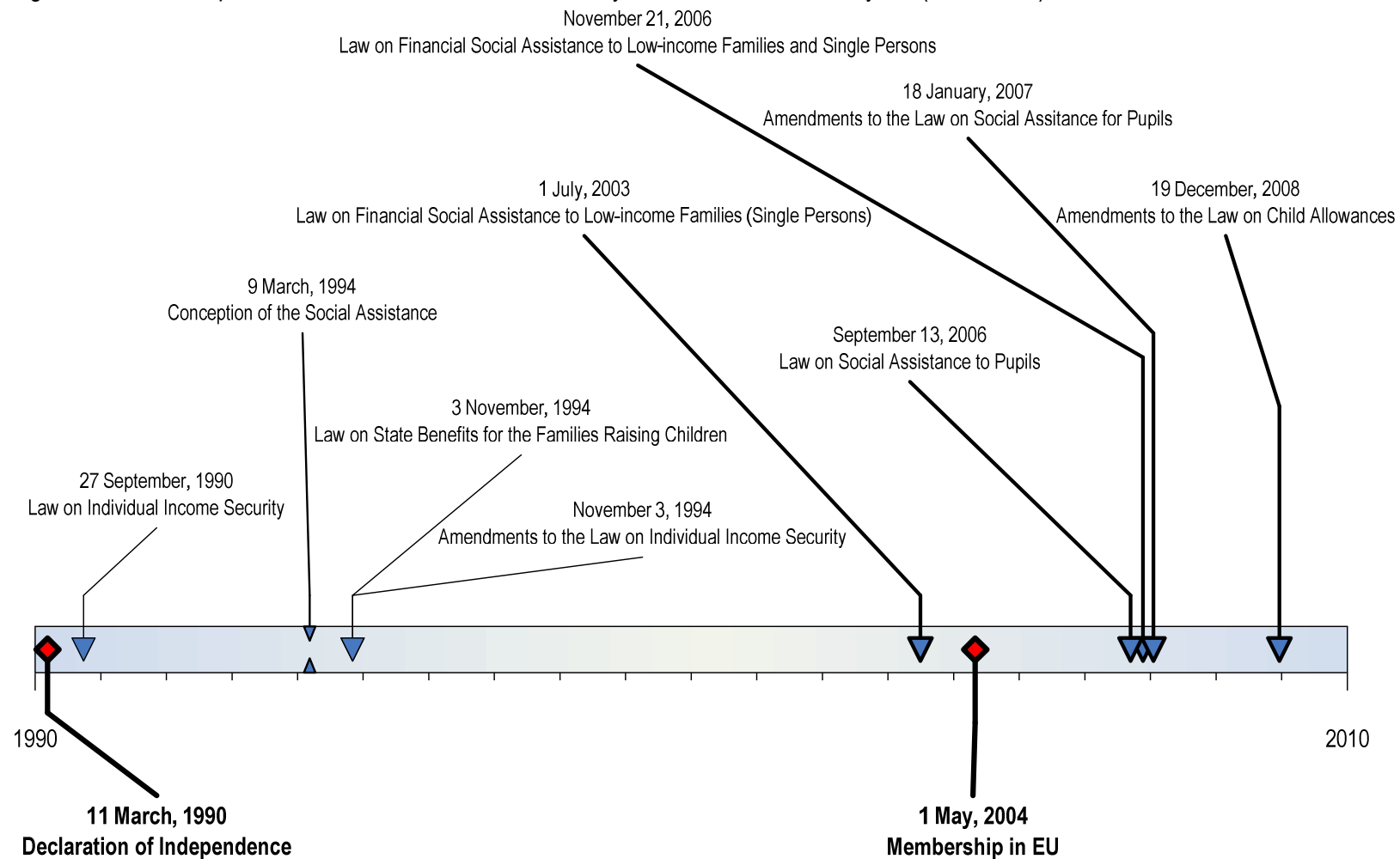
When the **Law on Financial Social Assistance to Low-income Families (Single Persons)** came into the force, Lithuania started implementing a common system of financial social assistance which is provided considering both the income and assets of the family. The **Law on Financial Social Assistance to Low-income Families (Single Persons)** that was issued in 2003 (LRS, 2003) and amended in 2006 under the title **Law on Financial Social Assistance to Low-income Families and Single Persons** (LRS, 2006) replaced main provisions on subsistence minimum that is not contributory and is means-tested and that was in above mentioned **Law on Individual Income Security**.

To ensure integrated reform of the state family allowances system and social security for all families raising children, the **Law on Child Allowances** was adopted in 2004 restructuring the family allowance paid for children under 3 and the allowance for families raising 3 and more children providing for the assistance to every child raised by the family until he reaches majority. Also it was decided gradually to expand payment of child allowance for every child for all families irrespectively to the number of children. At the beginning age of child entitled to child allowance was increased till five, then till eight years and ultimately since the beginning of 2008 till 18 years. However because of ongoing economic decline and growing budget deficit the Government in the last **amendments to the Law on Child Allowances** (adopted in the December of 2008) have introduced the means testing for the family allowances paid for the children above 3. According to these amendments means testing was introduced from March 1, 2009. The allowances for the children are paid if monthly income per family member is lower than the amount of 3 state-supported incomes<sup>1</sup>.

To ensure assistance to low-income families raising children of school-age, the **Law on Social Assistance to Pupils** was adopted in 2006 providing two types of social assistance for schoolchildren: free meals for pupils and provision with school supplies.

<sup>1</sup> The amount of state supported income (SSI) is approved by the Government. Currently, the monthly SSI is LTL 350 per person. The SSI for the family is calculated by multiplying the SSI per family member from the number of family members.

Figure 1. The development of the Lithuanian non-contributory and means-tested safety net (MI scheme)



## 1.2 Eligibility conditions in terms of age, nationality/residence requirements, socio-economic status (in particular employment status and income).

All persons and families permanently residing in the Republic of Lithuania are eligible for **Social Assistance Benefit** if they fulfil eligibility conditions in terms of socio-economic status (see below).

There are not eligibility constraints in terms of age. All adult persons and their families are eligible for SAB.

Person or family are eligible to SAB if they receive low income, has not enough assets, adult people are employed or registered as unemployed or are economically inactive because of retirement, poor health, studying, care of child or adult family member. Single parents' families and couples without marriage having children before applying for SAB should ask for material support from parent living separately.

Low income threshold for SAB eligibility is set up by Government on *ad hoc* basis and is named as state-supported income. It is monthly income and since August 1, 2008 it is equal to LTL 350 per person.

The value of the assets threshold is determined by Government according to the norms set for housing and land lots as well as according to the norms of real estate, financial resources, securities and investment units.

For details of SAB conditionality rules see paragraph 1.6.

SAB was introduced in 1990 immediately after restoration of Lithuanian independent State. It was reformed many times. Latest important changes were in 2004, when above mentioned assets and parental duties were introduced.

The Law on Social Assistance to Pupils states that pupils shall have the right to (1) free lunch, if monthly income per family member is lower than the amount of 1.5 SSI; (2) free lunch and provision with school supplies, if monthly income per family member is lower than the amount of 1 SSI; (3) free lunch and breakfast and provision with school supplies, if monthly income per family member is lower than the amount of 1 SSI and a pupil is raised in the family at social risk. In other cases, specified in descriptions of the procedure for the provision of free meals for pupils at schools and for the provision of school supplies for pupils of a municipality wherein a decision concerning granting of social assistance for pupils is adopted and taking into consideration the living conditions of a family, pupils are entitled to (1) free lunch, if monthly income per family member is lower than the amount of 2 SSI; (2) free lunch, breakfast and provision with school supplies, if monthly income per family member is lower than the amount of 1.5 SSI.

## 1.3 Link of MI schemes with other social benefits

Amounts of most social benefits (contributory and non-contributory) are set up on equal or higher level as State-supported income that is threshold for SAB eligibility (LTL 350 per person). This imply, that pensioner, sick person or unemployed receiving social security benefit and not having

dependants usually can not be eligible for SAB because their income is at least equal to State-supported income.

All kind of income from economic activities and social benefits are included into SAB applicants' income only with few exceptions. Seeking to increase assistance for the poor residents, draft Law Amending Articles 15 and 22 of the Law on Financial Social Assistance to Low-income Families and Single Persons was submitted to the Parliament of the Republic of Lithuania for consideration, thereby proposing to exclude the following types of income in the calculation of family income in order to receive social assistance: child benefits, social grants and assistance in cash paid pursuant to the Law on Social Services, as well as income related to work relations of pupils who study in full-time general education schools or vocational education establishments according to the general education curricula and/or vocational education curricula for the acquisition of qualification of the first degree, child allowances and nursing benefits for heavily disable people.

Also, SAB is paid together with Compensations for heating expenses when the heating is provided from the centralized system and other heating expenses, hot and cold running water supply and Social support for pupils.

Compensations for heating of apartments, hot and cold water supply are second means-tested scheme that operate alongside to SAB scheme. We do not treat it as Minimum income scheme in this report because Compensations are targeted for specific needs (part of housing costs) and can be treated as price subsidies for poor consumers. On another hand conditionality rules for both benefits (Compensations and SAB) are rather close each another.

To ensure assistance to low-income families raising children of school-age, the Law on Social Assistance to Pupils was adopted in 2006 and amended in 2007. According to this Law the pupils from low-income families are provided with two types of social assistance: (1) free meals for pupils (breakfast and lunch as well as meals at summer day camps organised in schools); (2) school supplies for pupils (LRS, 2006). This assistance is non-contributory and means tested. All schoolchildren have the right to free meals (lunch), if monthly income per family member is lower than the amount of 1.5 state-supported income (since September 1, 2008 it was LTL 525), to free breakfast, if monthly income per family member is less than the amount of 1 state-supported income (LTL 350). The pupils who were provided with free meals during the last month of a school year may also be provided with free meals in the full-day summer camps that were organised during summer holidays by schools.

Extraordinary Lump-sum benefits may be paid for poor people by decision of the municipality. The amount of the allowance is determined by the municipality. The allowance is granted usually in cases of extreme poverty, homelessness, sickness, disability, natural disaster and other cases. The procedure for payment of lump-sum allowances is determined by municipalities.

#### **1.4 How MI schemes deal with the transition into employment?**

There are strict rules for working age and able to work applicants. The applicants have to work or to be registered as unemployed and to follow requirements of Employment Service (Labour Exchange Institution). Unemployed people are enforced to participate in active labour market measures. Otherwise they lose status of unemployed and right to SAB. After receiving job people lose SAB if their income per family member exceeds state-supported income.

### **1.5 Amounts of benefits, for different individuals and household types**

SAB to families (persons) is equal to 90% of the difference between the state supported income for the family and the average monthly income of the family. The amount of state supported income is approved by the Government. Currently, the monthly SSI is LTL 350 per person. The SSI for the family is calculated by multiplying the SSI per family member from the number of family members.

According to the Law on Social Assistance to Pupils the price of free breakfast, lunch and meals provided at summer day camps organised in schools during summer holidays (taking into consideration the duration of stay of a pupil in the camp per day) for one pupil per day shall be set in accordance with a list of products required for preparing breakfast and lunch according to age groups of pupils approved by the Government or an institution authorised by it. When setting the prices the following amount (including the VAT for the acquired goods) is allocated for acquisition of products: (1) 2.6 per cent of the MSL - for lunch; (2) 1.2 per cent of the MSL – for breakfast; (3) 6 per cent of the MSL – for meals provided at summer day camps organised in schools.

The price of a set of school supplies (including VAT) not exceeds the amount of 120 per cent of the MSL per pupil per calendar year. Sets of school supplies are compiled for each pupil according to his individual needs, taking into account the number of children raised in the family who attend school, the school supplies already obtained and in accordance with the procedure for the provision of school supplies for pupils approved by a municipal council.

### **1.6 Time duration**

SAB is granted for three months. However, after this period person can repeat application and to receive SAB for next three months and so on. If conditions of applicant were changed, he or she has to inform about that administration of local authority which is responsible for SAB payment. In the case of fulfilling conditionality rules, SAB may be paid indefinitely.

### **1.7 Conditionality rules**

Applicants for social assistance are required to provide themselves with all possible income that they can obtain on their own, i.e. to receive benefits they are entitled to; family members capable to work are required to actively search for a job through territorial labour exchange offices; a paternity should be acknowledged or established for children of unmarried parents; maintenance for these children and for children of divorced parents should be established by an agreement approved by a court or by an order of a court, etc. Cash social assistance is provided taking into consideration not only the received income but also owned assets. Social benefit and compensations are awarded to families and single residents if the value of their assets does not exceed the average assets level set for their residential area.

When a family or a single resident applies for cash social assistance, the total value of property (registered residential or non-residential buildings, summer houses, plots of land) of all the family members is calculated; the value is established on the basis of data provided by the Centre of Registers. The value of the property owned by a family or a single person is determined without taking into account property of a little value, if it does not exceed amounts established by the Law.

A family (person) is entitled to SAB when:

1. family members are the persons permanently residing in the Republic of Lithuania;
2. the monthly income is below the level of the state-supported income (i.e. LTL 350 per person);
3. the value of the assets does not exceed the established norm which is determined according to the norms set for housing and land lots as well as according to the norms of real estate, financial resources, securities and investment units;
4. family members (person) meet at least one of the following requirements related to employment status and ability to work:
  - they are employed and in the period of 3 months worked at least two-thirds of the working time duration and the salary calculated for them is not less than the minimum monthly wage or minimum hourly fee in proportion to the time worked or work completed;
  - they are employed and worked for at least one calendar month and the salary calculated for them is not less than the minimum monthly wage or minimum hourly fee in proportion to the time worked or work completed;
  - they are not employed because they are studying, are of retirement age or receive pensions or social assistance benefits; have disability of group I and II; are unemployed; are nursing a family member; a woman is pregnant and will give birth within 70 calendar days;
5. the mother or the father (guardian or foster care taker) is raising at home:
  - a child under 3 who does not attend a pre-school education establishment;
  - at least one child under 8 who is not attending a pre-school education establishment or school when a family has 3 and more children under 14;
  - a child of pre-school age but not older than 8 who does not attend a pre-school education establishment by doctor's advice or because there is no pre-school establishment or vacancies at the place of residence;
6. children from 16 to 18 are employed; are studying; are disabled; are registered with the labour exchange; pregnant women.

SAB is granted to divorced or separated spouses raising children under 18 if they have entered into the agreement on child maintenance certified by the court or where the support of a child was awarded by the court. SAB is granted to families of single individuals raising children under 18 where the court has acknowledged the father of the child (children) and awarded the support for the child; where it is impossible to establish the identity of a child's father (mother) or the court is unable to award the support of the child to the father (mother); during the judicial proceeding for establishment of fatherhood and award of support for the child.

Calculation of SAB applicants' income:

For the purposes of granting financial social assistance, income of the family (person) includes the following income of the family members: income related to labour relations; royalties; pensions and pension benefits, social assistance benefits; dividends; interest; income from individual activities including income from activities under business licences; income from

agricultural activities; payments for agricultural activities; cash for maintenance of the child (alimony); scholarships; monthly income of social nature; severance pay or compensation paid upon termination of the employment contract; sickness, maternity and paternity benefit; reimbursement of property and non-property damage; charity in cash for the total amount of 4 state supported income amounts; donated cash; inherited cash; cash received abroad or from a foreign country; income from property lease; winnings in lotteries and other contests, prizes; other actually received income.

The following types of income are excluded from the calculation of family income in order to receive social assistance: child benefits, social grants and assistance in cash paid pursuant to the Law on Social Services, as well as income related to work relations of pupils who study in full-time general education schools or vocational education establishments according to the general education curricula and/or vocational education curricula for the acquisition of qualification of the first degree.

The average family (person) income necessary to receive social benefit is calculated:

- The annual monthly income of the family (person) is calculated according to income during 3 months proceeding the month from which the assistance is granted.
- When during the month from which the assistance is granted the source of income of at least one family member (person) changed compared with the preceding 3 months, the average monthly income of the family (person) is calculated according to the income of that month.

Assessment of SAB applicants' assets:

For the purposes of granting SAB, the following shall be included into the assets owned by family members (person):

1. structures (residential buildings (flats in apartment buildings and residential homes) and non-residential buildings (summer houses, auxiliary farm houses)) including structures under construction;
2. vehicles subject to compulsory registration;
3. agricultural machinery subject to compulsory registration;
4. land (residential land, agricultural land, forest land including occupied by forest and water bodies);
5. animals, poultry, game, bee families if their aggregate value exceeds LTL 4000;
6. shares, bonds, bills of exchange and other securities, investment units if their aggregate value exceeds LTL 2000;
7. works of art, precious stones, jewellery, precious metals with the item value exceeding LTL 2000;
8. cash in banks and other credit institutions, not in banks or other credit institutions if the aggregate amount exceeds LTL 2000;
9. grants received if the aggregate amount exceeds LTL 2000;
10. cash lent (and not returned) to other individuals if the aggregate amount exceeds LTL 2000;
11. any property acquired into ownership within the previous 12 months before the month from which the financial social assistance is granted if the value of one unit (set) exceeds LTL 2000.

The aggregate value of assets is calculated as the sum total of assets of all family members.

The norm of the assets per family (person) is calculated by adding the real estate value rate (including the value of housing and land lots) per family (person) and movable property, cash, securities and investment units value rate equal to 45 state supported income amounts per one family member older than 18 (single person) (currently LTL 15750), 30 state supported income amounts for every other family member older than 18 (LTL 10500) and 15 state supported income amounts for each child under 18 (LTL 5250).

The value rate for each type of real estate is determined by multiplying a particular rate of real estate by the average market value of that property.

Calculation of family income for granting social assistance for pupils is performed in accordance with the procedure set by the Law on Cash Social Assistance for Low-Income Families (Single Residents) (look above).

### **1.8 Governance arrangements**

SAB scheme is centralized in terms of financing and conditionality rules. They are uniform nationally. Central Government provide targeted subsidies to local governments (municipalities) and their administration are responsible for means-testing and SAB payment. Government covers costs of SAB administration as well. Municipality has right to channel unused SAB resources to another type of social support according rules set up by Central Government.

Social assistance for pupils is financed from special targeted subsidies from the state budget to municipal budgets, from general appropriations allocated from the state budget to administrations of county governors and the Ministry of Education and Science, funds from municipal budgets and other funds received in accordance with the procedure set forth by laws. There are the following types of expenses related to social assistance for pupils: (1) expenses for the acquired products (including the value added tax for the acquired goods) when pupils are provided with free meals; (2) expenses for the acquired school supplies (including the value added tax for the acquired goods); (3) expenses for administration of social assistance for pupils (wages to employees, expenses for public utilities, etc.)

Most up-to-date websites where more detailed information can be found on the above are as follows:

<http://www.socmin.lt/index.php?436034976>

<http://www.socialmap.lt/>

<http://www.socialiniszemelapis.lt/>

<http://db1.stat.gov.lt/statbank/default.asp?w=1280>

## 2. Assessment of MI schemes

The role of MI schemes in Lithuanian social policy in comparison with other social benefits is comparatively small (Figure 2). The Lithuanian structure of social benefits by function is very similar to other EU countries. By function SAB or MI schemes could equated to the social exclusion benefits that are not elsewhere classified (social exclusion n.e.c.). The data shows that the role of MI schemes is decreasing; in 1996 it amounts up to the 4.2% of social benefits grouped by function and in 2006 – up to 1.6%.

Figure 2. Social benefits by function in Lithuania, (% of total benefits)



Source: EUROSTAT

The data on dynamics of the recipients and expenses of SAB confirms the decrease of SAB (Figure 3). The number of recipients and amount of expenses in the period of 2003 – 2006 decreased nearly three times from 119.4 millions LTL to 43.8 millions LTL and correspondingly number of SAB recipients from 94.3 thousands to 37.8 thousands (Figure 3.).

It is worth to mention that newly elected government (December, 2008) decided in 2009 to allocate LTL 104 millions for SAB and LTL 77.1 million for compensations. If decision of the Government will be realized, in total the social assistance to low-income families in 2009 would be LTL 244.3 million. Comparing with the 2008 year the amount allocated for social assistance to low-income families and single persons would increase 20.4% or LTL 65 millions.

## 2.1 Coverage and take-up

Eligibility restrictions are set up in the Law (7 clause of the Law) imply several groups which are excluded from safety net at least for several months. These are:

- Part time employees, if they work less than two third of full time.
- Full time students above 24 years old. Normally students graduate master programme at 25 years old, if they had not any break in education.
- Disability pensioners in case of light disability. 45–55 percent of ability to work gives right to social insurance disability pension. It may be lower SAB, however those people are not eligible for SAB.
- Unemployed people during first 6 month of registration as unemployed. Only people in pre-retirement age (5 years before retirement) are eligible from the beginning of registration.
- Economically inactive people with late (more as 6 month after disappearance of barter to work) registration as unemployed. Usually those people are graduates of schools and universities, former disable people, parents after maternity, paternity leave, after care of child or adult member of family, after impermanent employment. If they were not register as unemployed in time, they have to wait for SAB extra 6 month.
- Single parent, if she/he didn't applied to the court for identification of child's father/mother or if court s didn't identified because of lack of information. For some little educated persons or shy people it may be barrier. Under this circumstance SAB would be paid only for child.

Some restrictions arise because of means-testing procedures. Income from agrarian activity may be taken into account implicitly, if there is no regulation for documentation of income. Usually it appears in very little farms. If applicant is not active farmer, implicit income would be calculated on the basis of area of land. Some poor people have small plots, but have not sufficient resources for farming and have not real income. Nevertheless, they can be excluded from safety net.

Unemployed people may be not covered by SAB if they do not meet requirements of Labour Exchange Authorities, e.g. if they avoid training, job, public works, etc.

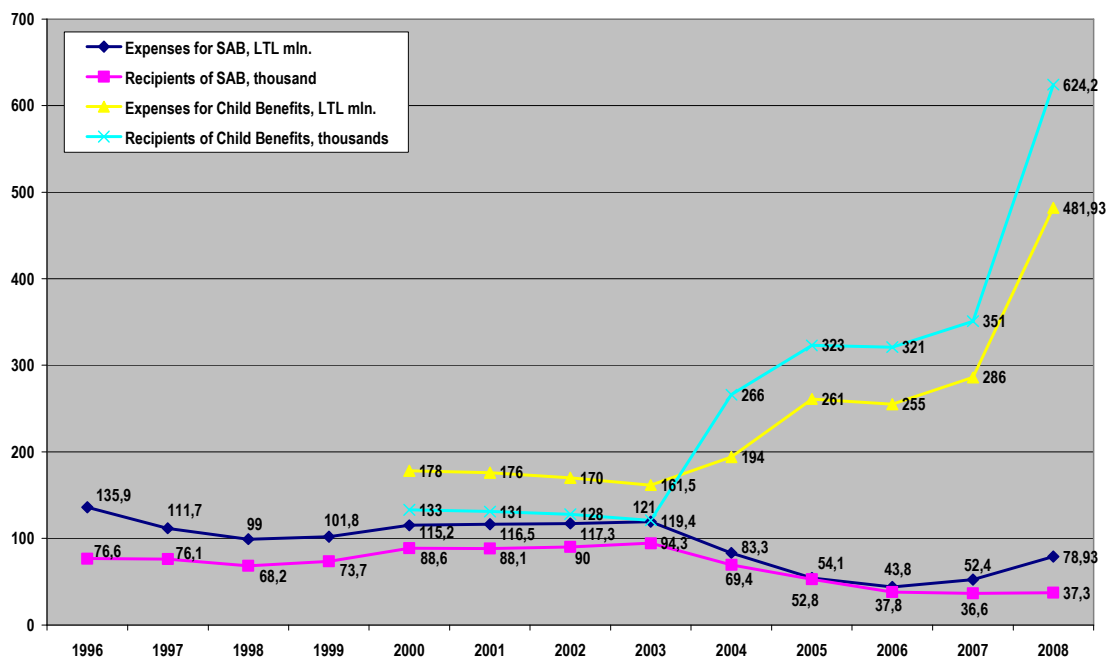
According to our calculations, based on Household budget survey, 79.3 thousands people received disposable income below SSI in 2007. At the same time, only 36.6 thousands of people were eligible to SAB. 53 per cent of low income population were not covered because of strict eligibility conditions or non-take-up.

The data in the graph (Figure 3) suggest that former decrease of the expenses for SAB was influenced by the significant increase of the child benefit. The amounts and the number of recipients of the child benefit in the same period trebled and are proceeding to grow.

But the changes in the child benefit system were not the only reason of the changes of the SAB. The field study of the recipients of SAB accomplished by the researchers of the Institute for Social

Research revealed few additional clusters of reasons that are listed in the Table 1. The first cluster includes the factors linked with tightening of administrative requirements (to identify paternity and adjudge the maintenance firstly; stricter regulations of the Labour Exchange, tightening of means testing, requirement for the mothers rising children over 8 to employ, requirement for the 3rd grade disabled to register in Labour Exchange). As field research has demonstrated these factors explains almost half of the cases of the reduction of SAB. In the second place are the factors linked with the increase of pensions and other social benefits and the last in the list of clusters of the reasons of reduction of SAB – influences connected with the economic growth (i.e. increase of employment possibilities, minimum monthly wage) and economic migration of low income people.

Figure 3. Dynamics of the recipients and expenses of SAB (in 1996 – 2008) and Child Benefits (in 2000 – 2008)



Source: Social Reports

Table 1. The reasons of the reduction of the number of the SAB recipients (in %)

1.	Requirement to identify paternity and adjudge the maintenance firstly	12.4
2.	Tightening of the regulations of the Labour Exchange	12.0
3.	Increase of employment possibilities	11.0
4.	Means testing	9.8
5.	Economic emigration of one of the parents	7.0
6.	Increase of the minimum monthly wage	7.0
7.	Increase of the other benefits	6.0
8.	Requirement for the mothers rising children over 8 to employ	5.9
9.	Requirement for the people with the small disabilities to register in Labour Exchange	5.9
10.	Increase of the pensions	5.0
11.	Payment of relief pensions for all disable	5.0
12.	Other reasons	4.5

The data presented in the Table 2 demonstrate that different types of social assistance for poor residents till 2006 were decreasing. For example, the amount of expenses for social assistance

decrease from LTL 119.5 millions in 2003 to LTL 43.8 millions in 2006, it means that almost three times.

We suppose that the substantial increase of the expenses for social assistance in 2008 as compared with 2007 (50%) first of all is associated with the parliament elections which took place in the October of 2008.

In depth interviews provided with the social workers by the researchers of the Institute for Social Research revealed that the main reasons of the decrease of SAB are as follows:

- People who lost the job do not register in the Labour Exchange offices. For example, rural people do not have recourses to pay for travel to the municipalities where Labour Exchange offices are located.
- Due to agriculture reform rural people with small pieces of land (up to 3 ha) were replaced from farming enterprise. After the change of their status in order to receive the SAB they require registration in the Labour Exchange offices.
- As usual women from rural areas do not get SAB (it is difficult to find the job in rural areas, lack of kindergartens, etc.).
- Many low income families due to economic reasons have emigrated abroad.

The research has demonstrated that often socially excluded people do not have enough resources to overcome formal burdens introduced by new regulations. Exclusion means the legal illiteracy, lack of citizen's competencies and material resources which are necessary to guarantee social rights. Unfortunately our research demonstrates that part of Lithuanian population due to the lack of citizenship competencies is unable to use modest possibilities that are offered by Lithuanian safety net.

It seems that one of the challenges for social policy is concrete solution of the contradiction how to assist those who are unable to ask for the assistance, how to empower those who do not have enough knowledge, competencies and power to represent their own interests.

The household research gives the opportunity to paint the portrait of the SAB recipient. In the majority of cases she or sometimes he with his/her family is living in a countryside or small town. The family contrary to the common opinion is not numerous; the average number of members of the families which receive SAB varies from 2.8 in towns to 3.5 in countryside. One third of SAB recipients formally are living alone, but in reality they live in one household with their parents, who in the majority of cases receive the pension. Families with both parents compose less than 20%, the number of children rather rarely exceeds 2 children; average number of children – 2. As usual value of the assets of low income families is much less than the requirements established by Law.

The research demonstrated that the main characteristics of the recipients of SAB are as follows:

- Single long term unemployed mother with at least one child;
- Single unemployed who does not receive the unemployment benefit;
- If parents are unemployed or economically inactive, assignment of the SAB depends on the number of children and presence or not of unemployment benefit;

- When one of the parents is employed, as usual the SAB is assigned in cases of numerous children in the families.

LITHUANIA

**Table 2.** Benefits and other types of assistance for poor residents

No.	Benefits	2000		2001		2002		2003		2004		2005		2006		2007		2008	
		Recipients, thousands	Expenses, LTL, mln.	Recipients, thousands	Expenses, LTL, mln.	Recipients, thousands	Expenses, LTL, mln.	Recipients, thousands	Expenses, LTL, mln.	Recipients, thousands	Expenses, LTL, mln.	Recipients, thousands	Expenses, LTL, mln.	Recipients, thousands	Expenses, LTL, mln.	Recipients, thousands	Expenses, LTL, mln.	Recipients, thousands	Expenses, LTL, mln.
<b>1.</b>	<b>Social assistance for poor residents</b>	...	<b>166,8</b>	...	<b>189,5</b>	...	<b>200,9</b>	...	<b>203,7</b>	...	<b>138,5</b>	...	<b>90,2</b>	...	<b>82,4</b>	...	<b>94,77</b>	...	<b>135,32</b>
1.1.	Social assistance	115	89	117	88	117	90	119,45	94,31	83,50	69,40	54,10	52,80	37,80	43,80	36,60	52,41	37,30	78,93
1.2.	Compensations for heating expenses and hot and cold running water expenses, from it:	...	75	470	98	535	107	428,34	105,12	...	64,40	...	30,93	...	30,25	...	33,70	...	45,77
1.2.1.	Compensations for heating expenses when the heating is provided from the centralized system*	...	...	...	...	...	...	...	...	...	...	122,40	19,64	86,96	20,08	86,35	21,98	86,16	29,17
1.2.2.	Compensations for other heating expenses*	...	...	...	...	...	...	...	...	...	...	9,56	3,35	9,14	3,84	10,66	5,90	12,10	8,96
1.2.3.	Compensations for running cold water	...	...	...	...	...	...	...	...	...	...	51,57	1,42	35,83	1,02	25,84	0,73	22,17	0,87
1.2.4.	Compensations for hot water	...	...	...	...	...	...	...	...	...	...	90,80	6,53	60,32	5,31	58,86	5,05	50,01	6,77
1.3.	Cash social assistance provided by the decision of a municipality	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	0,53	...	1,98
1.4.	Lump sum benefits from municipal funds	37	3	41	3	51	4	56,39	4,31	50,70	4,70	49,86	6,50	49,00	8,40	40,90	8,13	33,24	8,65
<b>2.</b>	<b>Social assistance for pupils</b>	...	<b>56,8</b>	...	<b>60,5</b>	...	<b>60,9</b>	...	<b>61,2</b>	...	<b>62,0</b>	...	<b>62,7</b>	...	<b>69,1</b>	...	<b>63,60</b>	...	<b>108,30</b>
2.4.	Free meals for pupils	154	56,8	160	60,5	164	60,7	158	60,98	141	61,04	115	60,68	99	61,06	83,00	54,70	210,00	93,80
2.5.	Assistance for the preparation for a new school year	...	...	...	...	15	0,2	21	0,2	40	1,00	56	2,00	79	8,00	57,00	8,90	93,00	14,50

Source: <http://www.socmin.lt/index.php?-80732502>

\* Per month of heating season.

## 2.2 Adequacy of MI schemes

For international comparisons, the at-risk-of-poverty threshold is defined as 60 per cent of the median equalised disposable income in cash. Equivalence scales are used to take into account economy of scale in consumption and to eliminate the impact of household size and composition when comparing the standard of living (income or expenditure). The modified OECD scale attributes a weight of 1 to the first adult, 0.5 – to each subsequent adult and 0.3 – to each child aged under 14. The weights for each household are then summed to calculate the equalised household size. The equalised household size for a single person equals 1, for a household consisting of 4 people (2 adults and 2 children) – 2.1 (1+0.5+0.3+0.3). Equalised disposable income is calculated dividing the disposable household income by the equalised household size. This equalised income is then applied to each member of the household.

We propose to discuss the application of the same equalised scales for countries with different standard of living and thus different structure of households' expenditures. The households with higher income usually have lower share of individual expenditures (e.g. expenditure on food), but higher collective expenditure (e.g. on heating, common holidays, etc.). Main share of expenditures of the households with low income is individual consumption, first of all food. Thus, economy of scale in consumption better suits to the households with higher income and less to the low income households. Therefore equivalence scales (1+0.5+0.3+0.3) reasonable for high developed countries may be too low for such comparatively low income countries like Lithuania. For example, household expenditure equal 0.3 of first adult member of household may be too low for consumption of child. Thus, at risk of poverty threshold based on OECD equalised scales may hide poverty in low income countries. Therefore it might be reasonable to apply different equalised scales for countries with different economic development.

The Tables 3 – 4 helps to identify the main groups of at-risk-of-poverty. According to the household type these groups are single persons, one adult (as usual mother) families with at least one child, and families with both parents who have 3 and more children; according to the place of residence, rural populations suffer from poverty more; and according to age groups are children and elderly people.

**Table 3.** At-risk-of-poverty rate by place of residence and age groups (%)

	At-risk-of-poverty rate			At-risk-of-poverty rate before social transfers, excluding pensions		
	2005	2006	2007	2005	2006	2007
All persons	20.5	20.0	19.1	26.1	26.6	25.5
<b>Place of residence</b>						
Urban areas	13.5	13.1	12.7	17.9	18.7	19.1
largest cities	9.1	8.6	7.9	12.9	13.7	14.3
other towns	19.8	19.4	19.7	25.0	25.9	26.0
<b>Rural areas</b>	<b>34.6</b>	<b>34.0</b>	<b>32.2</b>	<b>42.4</b>	<b>42.4</b>	<b>38.5</b>
<b>Age groups</b>						
<b>0–17</b>	<b>27.2</b>	<b>25.1</b>	<b>22.1</b>	<b>33.9</b>	<b>32.4</b>	<b>29.2</b>
18–24	20.9	17.5	15.5	26.9	23.6	22.5
25–49	19.0	17.6	14.9	23.5	23.2	20.7
50–64	17.9	18.3	17.2	26.2	28.9	26.1
65 and older	17.0	22.0	29.8	19.7	25.8	33.5

**Table 4.** At-risk-of-poverty by composition of household and activity status (%)

	At-risk-of-poverty rate		
	2005	2006	2007
<b>Household type</b>			
Households without children	17.6	19.2	20.2
<b>Single person</b>	<b>31.6</b>	<b>38.0</b>	<b>49.5</b>
2 adults, both <65 years, without children	17.1	13.7	10.6
2 adults, at least one 65+ years, without children	9.4	11.9	13.4
Other households without children	9.1	9.5	6.6
Households with children	22.6	20.5	18.5
<b>1 adult with at least one child</b>	<b>48.4</b>	<b>44.2</b>	<b>41.5</b>
2 adults with 1 child	15.2	16.1	14.0
2 adults with 2 children	18.0	15.4	12.7
<b>2 adults with 3+ children</b>	<b>44.4</b>	<b>41.5</b>	<b>38.2</b>
Other households with children	14.4	13.1	14.4
<b>Activity status</b>			
All persons aged 18+	18.6	18.6	18.4
Employed persons	10.0	10.0	8.0
<b>Unemployed persons</b>	<b>62.8</b>	<b>61.4</b>	<b>56.9</b>
Retired persons	17.5	22.7	29.8
Other inactive persons	28.7	26.6	28.9
All persons aged 18+	18.6	18.6	18.4

In order to assess the adequacy of MI schemes it is necessary to evaluate the role of MI schemes from the standpoint of minimum living standard. The changes of the social and economic factors that influence the living standard of the population at risk of poverty are submitted in the Table 5.

According to the Law on Financial Social Assistance to Low-income Families and Single Persons the SAB is appointed in accordance with the family income per person, family assets and activities of the employable members of the household (the potential SAB recipient ought to search for the employment, i.e. to be registered in the Labour Exchange; to adjudge the financial support from biological parent if he or she is living separately). The indicators which are linked with these criteria we treat as social and economic factors that influence the standard of living of low income people. The changes of these factors influence the number of the SAB recipients and the amount of SAB.

The first cluster of factors is associated with the income of families that pretend to receive SAB. Family incomes which are calculated for appointing of SAB involve wages and different social benefits. Average wage is determined by the labour market, but minimum wage and size of the social benefits are established by the Government in accordance to the average wage since taxes are the main source social benefits. The data presented in the Table 5 demonstrates the changes of the average wage, minimum wage, average monthly unemployment benefit, monthly basic pension, average retirement pension, average disability pension, child benefit, and family benefit.

During the period 2002-2006 the state support income increases 37%. Other indicators were growing faster: average wage – 50%; minimum wage – 40%; monthly basic pension – 57%, average retirement pension – 57%; average disability pension – 44% (Table 3). It means that the growth overtakes the growth of SSI. But these changes do not influence significantly the number

of recipients of SAB, since listed types of earning constitute small part of the income of the families that receive SAB.

**Table 5.** The changes of the social and economic factors that influence the living standard of the population at risk of poverty

Indicators	2002	2003	2004	2005	2006	2007	2007/ 2002	2008 <sup>2</sup>
State-supported income (average monthly) (LTL)	135	135	135	140	162.5	212.5	157.4%	312.1
Risk at poverty threshold (per individual), LTL	...	...	...	355	437	566	...	...
Risk at poverty threshold (for household of 2 adults and 2 children under 14 ), LTL	...	...	...	746	918	1188	...	...
Monthly average disposable income per person, LTL	...	...	495.8	579.7	680.8	859.3	...	986.8
State-supported income / Monthly average disposable income per person (percent)	...	...	27.2	24.2	23.9	24.7	...	...
Average wage per month, LTL	1013.9	1072.6	1149.3	1276.2	1495.7	1802.4	177.8%	2174.0
Minimum wage, LTL	430	436.7	483.3	525	600	650	151.1%	800
Average monthly unemployment benefit, LTL	174.9	174.1	175.7	327.6	398.5	463.0	264.7%	...
Monthly basic pension, LTL	132	150,3	167	186	230	266	201.5%	334.3
Average retirement pension, LTL	323.1	340.5	371.6	420.3	476.9	595.4	184.3%	769.7
Average disability pension, LTL	282.2	296.8	325.6	369	431.8	543.7	192.7%	685.1
Number of recipients of child benefit LTL 50 per month (in thousands) <sup>3</sup>	...	...	266	323.3	320.6	350.7	...	...
Expenses for child benefit (LTL million)	...	...	102.4	260.8	254.5	286.1	...	...
Number of recipients of family benefits <sup>4</sup> (in thousands)	82	76.6	87.1	...	...	...	...	...
Expenses for family benefit (LTL million)	89	82.9	47.3	...	...	...	...	...

From July 1, 2004 family benefits were replaced with child benefits. In the period of 2004-2007 the number of the recipients of child benefits increases from 266 to 350.7 thousands, i.e. 32%, accordingly the expenses for child benefit increases from LTL 102.4 mln. to LTL 286.1 mln. (179%). Since families with children and especially single mothers with children were among the main recipients of SAB introduction of the child benefit decreases the number of recipients of SAB (Figure 3).

Other social and economic indicators include the factors that influence income of population (level of unemployment, number of recipients of unemployment benefits, emigration). In the period of 2002-2007 the level of unemployment and number of unemployed decrease more than three times, number of registered unemployed – 2.9 times, emigration increased 2 times (Table 6). All these indicators indicate the decrease of the demand for social benefits. Number of the recipients of unemployment benefits decreased more than twice more than the number of unemployed. It

<sup>2</sup> In 2008 was elections to the Parliament, therefore all benefits has increased.

<sup>3</sup> Introduced from July 1, 2004.

<sup>4</sup> Introduced from July 1, 2004.

means that the increase the part of unemployed who receive unemployment benefits. But since the SAB receive those unemployed who are registered in Labour Exchange but do not receive unemployment benefit this factor is not significant.

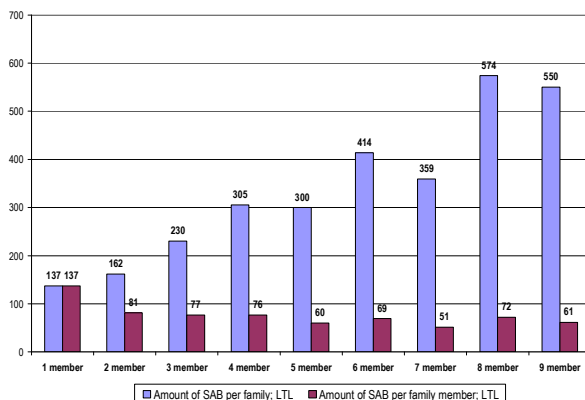
**Table 6.** Social and economic factors that influence living standard of low income population

Indicators	2002	2003	2004	2005	2006	2007	2007/2002	2008
State-supported income (average monthly) (LTL)	135	135	135	140	162.5	212.5	157.4%	312.1
Level of unemployment (%)	13.8	12.4	11.4	8.3	5.6	4.3	-3.2 times	5.8
Number of unemployed (thousands)	224.4	203.9	184.4	132.9	88.7	69.0	-3.6 times	94.3
Number of registered unemployed (thousands)	198.5	167.0	142.5	100.8	73.2	67.3	-2.9 times	73.4
Number of the recipients of unemployment benefits (thousands)	22.8	19.5	14.9	15.4	15.0	18.0	-1.3 times	x
Emigration (thousands)	7086	11032	15165	15571	12602	13853	+2.0 times	x

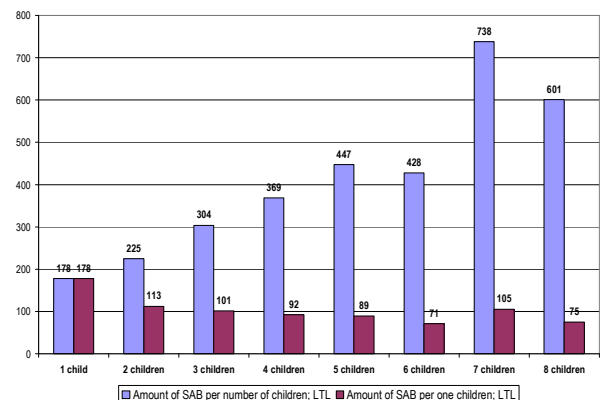
The data indicates that discussed factors have little influence on the changes of number of the recipients of SAB. In the majority of cases the recipients of SAB are unemployed single women with children. In the case of couples when one of the spouses gets the job the income of the household exceeds the income necessary for SAB. Another factor that influences the changes of the number of SAB recipients was economic emigration when low income families left the country for economic reasons.

The research accomplished by the researchers from the Institute for Social Research reveals that among the respondents who were recipients of SAB average amount of SAB was LTL 221.6 per family and LTL 79.1 per person. The amount of SAB depends on the size of family (Figure 4) and number of the children in the family (Figure 5). The biggest families receive most, but not per person. The average duration of the time when family receive SAB was 30 months and 18 months incessantly.

**Figure 4.** The average of SAB by the size of the family



**Figure 5.** The average of SAB by the number of children in the family



The Table 7 demonstrates that the majority of the recipients of SAB also receive child benefits (44.3%) and free meal at school (31.9%). The compensations for heating and water are second in the list, but these compensations receive less than one fifth of the recipients of SAB. Only few recipients of the SAB receive other types of social benefits.

**Table 7.** The different types of social benefits, compensations, social services received by recipients of SAB

Type of benefit	Recipients
Lump-sum benefits	1.0
Child benefits	44.3
Maternity/paternity benefit	0.4
Old age pensions	2.4
Disability pensions	5.8
Relief pensions	2.8
Unemployment benefits	1.0
Compensations for heating	19.0
Compensations for hot water	17.2
Compensations for cold running water	16.6
Compensations for solid fuel	14.4
Free meal in schools	31.9
Discounts in kindergarten	5.2
Social services	0.8
Transportation discounts	0.4

On average two children from the family of recipients of SAB get free meal at school (Table 8). Average support for free meal is LTL 155.9 (minimum LTL 60, maximum LTL 529 per family). Average compensations for heating, kindergarten is about LTL 100.

**Table 8.** The support for the recipients of SAB by the type of benefit (in 2006)

Type of benefit	Percent of recipients	Average amount of benefit (LTL)	Minimum support	Maximum support	Standart deviation
Compensations for heating	17.8	105.2	15.8	478.5	59.7
Compensations for hot water	13.9	26.5	0.8	140.0	19.9
Compensations for cold running water	11.2	13.1	0.1	135.6	23.4
Compensations for solid fuel	13.7	93.6	4.5	545.0	73.2
Compensations for kindergarten	5.7	108.9	34.0	345.0	70.4
Free meal in schools	36.2	155.9	60.0	529.2	99.3

The average income of the recipients of SAB is LTL 363. It is slightly bigger than average SAB (LTL 345). Since the majority of the recipients of SAB despite the fact that they are registered in Labour Exchange are unemployed for 4 years on average, they do not receive any income which is associated with the labour contract and labour relations (severance pays, educational grants for unemployed, unemployment benefits, etc.). More than average income receives employed recipients, but only 11% of families have employed spouses.

### 2.3 Effectiveness of MI schemes

In order to evaluate the targeting of social benefits the indexes of effectiveness and efficiency are calculated. These indicators are calculated for the whole population independent of the fact that some benefits are paid for special groups of population. Two groups of indexes are used.

The first group of indexes compares the social result of benefits with the expenditure for social benefits. These indexes are entitled as indexes of the effectiveness of benefits. EC1 is the part of the recipients of social benefit that are living below the level of poverty. EC2 is the part of expenditure of the benefit paid for the population below the level of poverty. EC3 is the part of the benefit expenditure that was for decreasing the poverty.

The second group of indexes compares the result achieved by the social benefits with the social needs. This group of indexes is entitled as indexes of usefulness of the benefits. EV1 is the part of population below the level of poverty that receive the benefits. EV2 is the part of the population below poverty level which because the social benefits has escaped the poverty. EV3 is the part of poverty that was compensated with the assistance of social benefits.

We have the possibility to analyze data from 1998 and 2005 years. Since in the 1998 years we have different types of social benefits, in the Table 9 is presented the aggregated data.

**Table 9.** The indexes of the effectiveness and usefulness of the social benefits in 1998 (in %)

<b>Effectiveness of benefits</b>	
EC1	46.3
EC2	50.3
EC3	41.8
<b>Usefulness of the benefits</b>	
EV1	16.9
EV2	5.5
EV3	8.0
<b>Level of poverty (in LTL)</b>	
	272.34

Aggregated indexes presented in the Table 9 demonstrate that in **1998** 16.9% (EV1) of households which were below poverty level have received the social benefits. These benefits helped 5.5% (EV2) of population which was below the poverty level to escape the poverty. 8.0% of poverty was compensated due to social benefits (EV3). But population below poverty line compose only 46.3% (EC1) of the recipients of social benefits and only 50.3% of the expenditure assigned for social benefits has reached the population below poverty line. Only 41.8% (EC3) of expenditure for social benefits have targeted poverty.

On the basis of household survey of **2005** the indexes of effectiveness and usefulness of SAB, compensations for heating and water, child benefit, and free meal at school were calculated (Table 10). In 2005 poverty level was defined as 50% of the average consumption expenditures per person. It equals LTL 362.7 for one consumer per month.

The data demonstrates that among the recipients of the SAB there were nearly 40% population that live below poverty line (EC – 39.6%). Children from 36.3% of the poor households receive

free meal at schools. But only 17.6% of the poor household receive child benefit and only 7.6% get compensations for heating and water.

The value of the index EC2 shows that 57.6% of the expenditure for SAB reaches the households of the population below poverty line; 35.4% of the expenditure for free meal at schools were assigned for the pupils from the households below poverty line; but only 7.7% of the compensations for heating and water were paid for the poor households.

According to the calculations based on the data of household surveys the values of indexes EV1 and EV3 are very low: only 2.7% of population below poverty line have received SAB; 1.3% – compensations for heating and water; and 7.8% – free meal at school. Accordingly SAB compensate only 0.9%; compensations for heating and water – 6.8%; child benefits – 11.2%; and free meal at school – 7% of the poverty (values of the indexes EV3 in the Table 10).

Might be that these low values partially were resulted by the shortages of the household surveys, but in any case we have enough data to claim that effectiveness and usefulness of the SAB and other social benefits are too little and insignificant changes between the indexes of 1998 and 2005 demonstrates that the development of the safety nets is too slow.

**Table 10.** The indexes of the effectiveness and usefulness of the social benefits in 2005 (in %)

Indexes	SAB	Compensations for heating and water	Child benefit	Free meal at school
<b>Effectiveness of benefits</b>				
EC1	39.6	7.6	17.6	36.3
EC2	57.6	7.7	23	35.4
<b>Usefulness of the benefits</b>				
EV1	2.7	1.3	14.4	7.8
EV3	0.9	6.8	11.2	7
<b>Level of poverty (in LTL)</b>				
	362.7			

The Figures 6 – 7 demonstrate how the number of recipients of SAB in different municipalities differs. It is important that these differences are not subordinated to the differences of the average monthly earnings that could be treated as one of the indicators of the standard of living in municipality. As far as the SABs are administrated by the municipality social workers there is a reason to claim that different municipalities have different modes how they treat the recipients of SABs.

The differences between municipalities in dealing with the recipients of the SAB demonstrate the survey of the social workers accomplished by the researchers from the Institute for Social Research. The results are presented in the Table 10. The results indirectly confirm the trends revealed by the Figures 6 – 7. The opinion of the social workers who claim that payments of social benefits are insufficient does not depend on the percent of the recipients of the population of the municipality.

It means that despite strict requirements for the SAB there are local factors that influence the recognition of the SABs recipients. These local factors could be entitled as hidden social policy of the municipality. The attribute “hidden” means that requirements despite its rigour character are

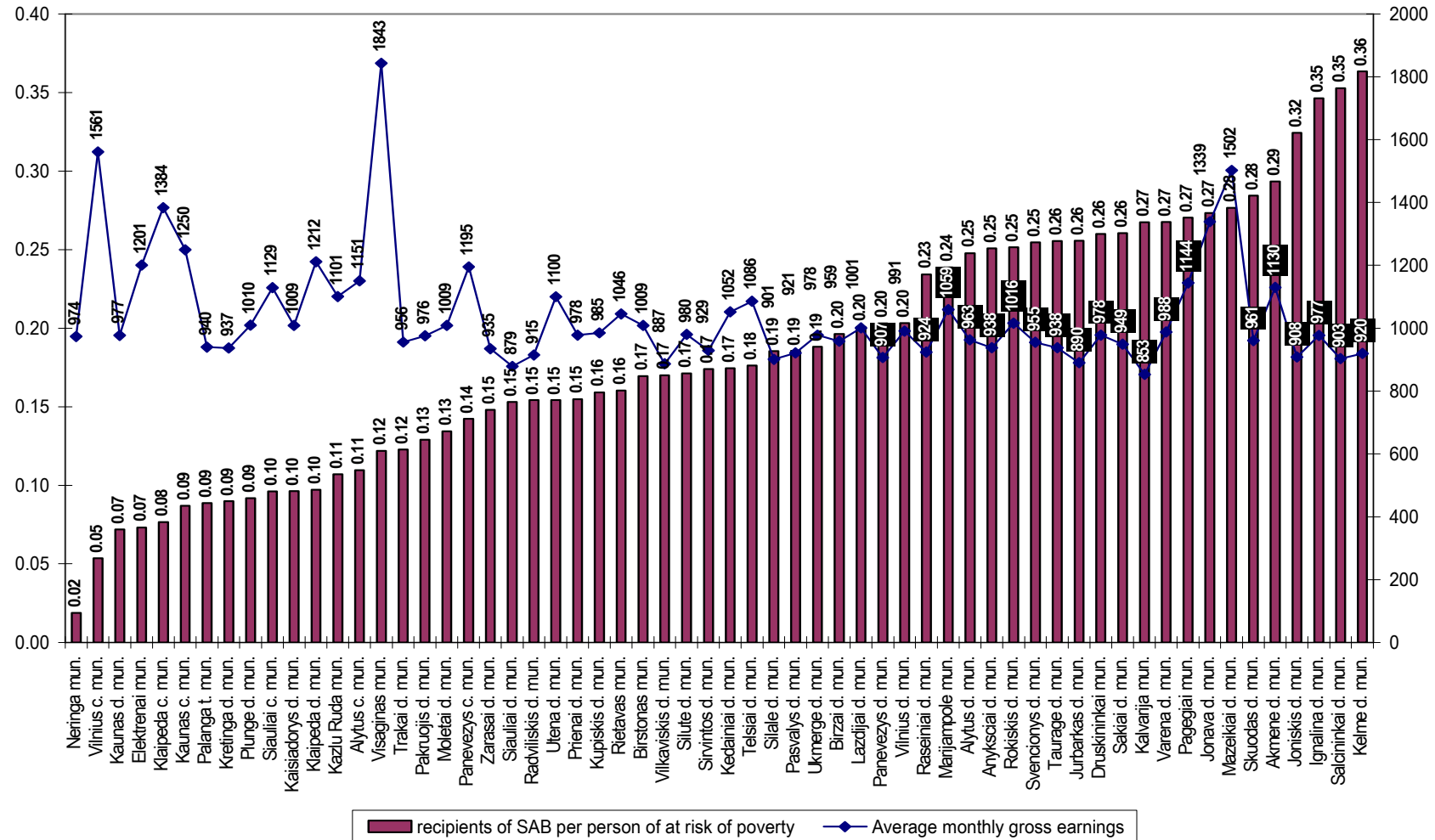
interpreted differently and premises of the approach how the recipients of SAB are treated remains unconceptualized. We suppose that the mode of behaviour of the social workers is influenced by the common discourse and the premises of this behaviour could be revealed not only by calculations of the number of recipients and the amount of the expenditures but also by the discourse analysis.

**Table 11.** Distribution of recipients of social benefits in deciles (percent)

Deciles	I	II	III	IV	V	VI	VII	VIII	IX	X
1999	17.1	15.0	9.6	11.8	9.6	6.6	8.3	6.7	10.7	4.6
2005	23.5	26.6	18.6	14.7	6.0	3.9	3.1	0.9	1.5	1.1

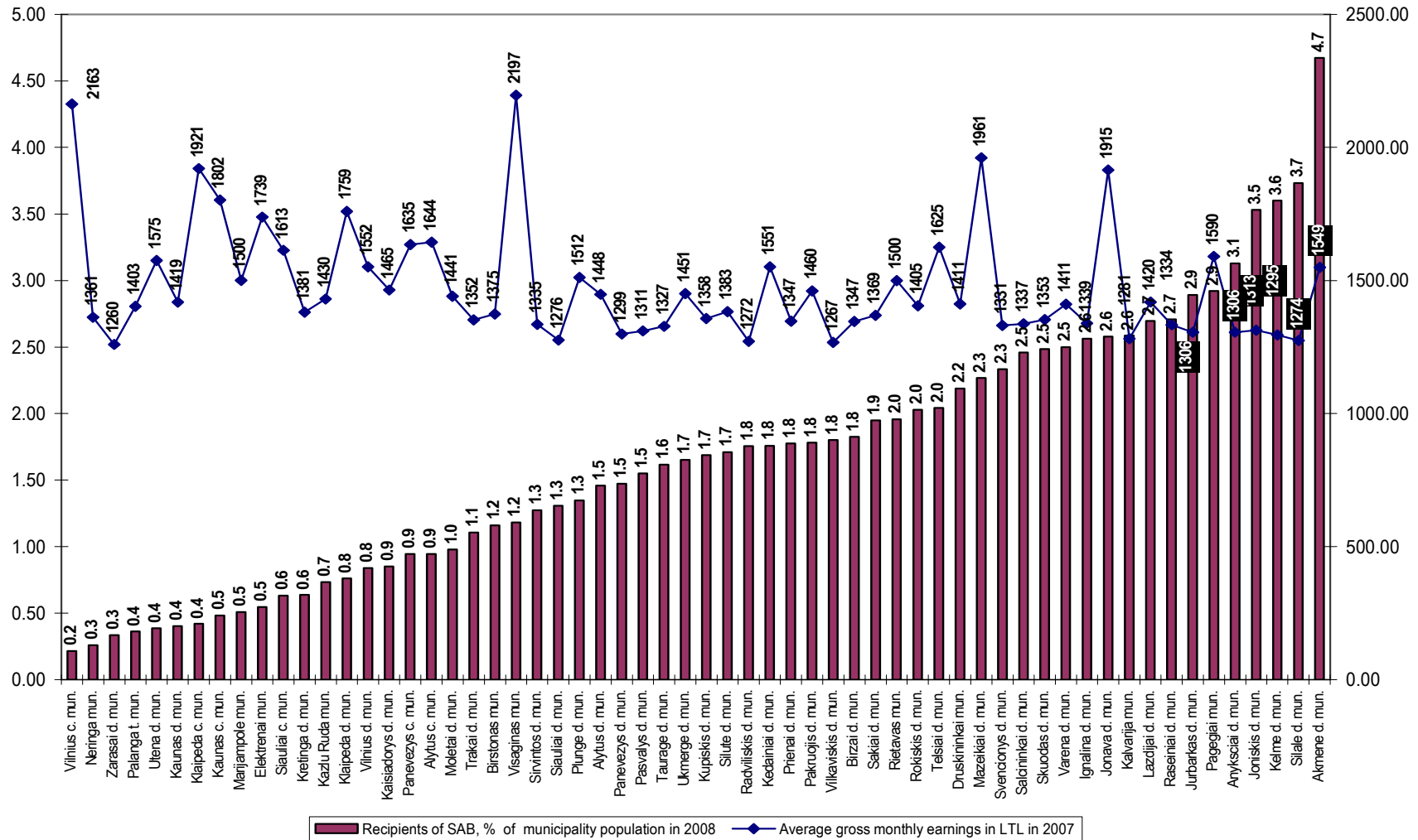
In any case the comparison of the distribution of the recipients of social benefits in deciles (Table 11) demonstrates that the Lithuanian Minimum Income schemes are improving and they are targeting vulnerable population better.

Figure 6. Recipients of SAB per person of at risk of poverty and average monthly gross earnings in municipalities; 2005



Source: Statistics Lithuania and Ministry of Social Security and Labour

Figure 7. Recipients of SAB in 2008, % of municipality population, and average gross monthly earnings in the municipalities in 2007, LTL



Source: Statistics Lithuania and Ministry of Social Security and Labour

### 3. Link between MI schemes and the other two pillars of the active inclusion strategy

Survey of recipients of social assistance benefit accomplished in 2006 by the scientists of the Institute for Social Research demonstrated that 92.3% of women and 78.4% of men are unemployed. The average age of the recipients of SAB for women is 40 years and for men 43 years. The main reasons of unemployment are described in the Table 12.

**Table 12.** The main reason of unemployment of the recipients of SAB (%)

Reasons of unemployment	Women	Men
Registered unemployed, recipient of unemployment benefits	1.5	1.0
Registered unemployed, non-recipient of unemployment benefits	40.0	70.5
Registered unemployed, recipient of the grants for vocational training	2.5	2.0
Raising children	43.1	3.8
Care family members	4.9	6.7
Disabled	4.9	12.4
Student	1.2	1.0
Pensioner	3.7	2.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The average duration of the period when the recipients of SAB receive the benefit for women is 4.5 years and for men 3.5 years. It means that the majority of the recipients of SAB are long term unemployed. Since the Law requires them to register in the Labour Exchange they are registered unemployed. As we have already written (look above) unemployed people are enforced to participate in active labour market measures. Otherwise they lose status of unemployed and right to SAB. At the same time the long period of unemployment demonstrate that the Labour Exchange does not find efficient measures how to include the recipients of SAB into labour market.

The research of the active labour market policy measures “demonstrated that the most disadvantageous individuals with the least opportunities on the labour market, i.e., those who should primarily benefit from the ALMP measures, do not receive assistance conforming to their needs in order to get integrated in the labour market. On the other hand, involvement of individuals with complex psychological and social problems into the measures would impair economic efficiency of ALMP” (Moskvina 2008: 20).

“Social integration efforts taken with the regard to individuals exposed to the biggest risk of social exclusion are insufficiently complex. In addition, there is a lack of interdepartmental cooperation and social encouragement of individuals after completion of employment support measures” (ibid, 20). Julija Moskvina in her dissertation concluded that ALPM measures are not adapted react individually. “Generally speaking, the analysis of ALMP implementation disclosed insufficient individual work with unemployed and lack of consistency in the provided assistance” (ibid, 21).

As it was mentioned in the first part of the report extraordinary lump-sum benefits may be paid for poor people by decision of the municipality. The procedure for payment of lump-sum allowances is determined by municipalities. The Law on Financial Social Assistance to Low-income Families

and Single Persons provides the possibility for municipalities to link lump-sum benefits with the jobs valuable to local community. Unfortunately we do not have data to what extent municipalities use this possibility and how this way of inclusion is evaluated by the recipients of social assistance benefits.

Regrettably we do not find any data how MI schemes are supported by the improving the access to quality services.

## References

Commission of the European Communities (2006) Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions Concerning a Consultation on Action at EU Level to Promote the Active Inclusion of the People Furthest from the Labour Market, Brussels, 8.2.2006; COM(2006)44 final, [http://ec.europa.eu/employment\\_social/social\\_inclusion/docs/com\\_2006\\_0044\\_f\\_acte\\_en.pdf](http://ec.europa.eu/employment_social/social_inclusion/docs/com_2006_0044_f_acte_en.pdf)

Forest, V. (2005) The last safety net for the most disadvantaged, The Newsletter of the European Anti-Poverty Network, No. 114, p. 2.

Lazutka, R., Zalimiene, L., Skuciene, D., Ivaskaite-Tamosiune, V., Sumskaite, L. Socialine parama Lietuvoje: remiamuju padetis ir paramos rezultatai. Vilnius: Socialines apsaugos ir darbo ministerija, Socialiniu tyrimu institutas, 2008, p. 248.

Lietuvos darbo birza (2009) Lietuvos darbo rinka 2009/03; <http://www.ldb.lt/Informacija/DarboRinka/Publikacijos/Attachments/2872/Darbo%20rinka%202009-03.pdf>

Lietuvos Respublikos Seimas (2009) Lietuvos Respublikos išmokų vaikams įstatymo 6, 8, 12, 13, 20 straipsnių pakeitimo ir papildymo ir 22 straipsnio pripažinimo netekusiu galios įstatymas; 2008 m. gruodžio 19 d. Nr. XI-90; [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_bin?p\\_id=334470](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_bin?p_id=334470)

Lietuvos Respublikos Seimas (1994) Lietuvos Respublikos valstybinių pašalpų šeimoms, auginančioms vaikus, įstatymas; 1994 m. lapkričio 3 d. Nr. I-621; [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_bin?p\\_id=5981](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_bin?p_id=5981)

Lietuvos Respublikos Seimas (2003) Lietuvos Respublikos piniginės socialinės paramos mažas pajamas gaunantiems šeimoms (vieniems gyvenantiems asmenims) įstatymas; 2003 m. liepos 1 d. Nr. IX-1675; [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=215633](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=215633)

Lietuvos Respublikos Seimas (2003) Lietuvos Respublikos valstybinių pašalpų šeimoms, auginančioms vaikus, įstatymas; 1994 m. lapkričio 3 d. Nr. I-621; [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_bin?p\\_id=220240](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_bin?p_id=220240)

Lietuvos Respublikos Seimas (2006) Lietuvos Respublikos piniginės socialinės paramos nepasiturintiems šeimoms ir vieniems gyvenantiems asmenims įstatymas; 2003 m. liepos 1 d. Nr. IX-1675; [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=287687](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=287687)

Lietuvos Respublikos Seimas (2006) Law on Support for Employment; 15 June 2006 – No X-694; [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=294874](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=294874)

Lietuvos Respublikos Vyriausybė (1994) Socialinės paramos koncepcija; 1994 m. gegužės 9 d. Nr. 360; [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_bin?p\\_id=12831](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_bin?p_id=12831)

Moskvina, J. (2008) The Impact of the Active Labour Market Policy Measures on the Social Integration of the Unemployed (summary of the doctoral dissertation, social sciences, sociology), Vilnius University.

Standing, G. (ed.) (2003) Minimum Income Schemes in Europe. Geneva: ILO, p. 291.

Statistics Lithuania (2008) Education 2007; [http://www.stat.gov.lt/lt/catalog/list/?cat\\_y=2&cat\\_id=3](http://www.stat.gov.lt/lt/catalog/list/?cat_y=2&cat_id=3)

Statistics Lithuania (2008) Darbo jėga, užimtumas ir nedarbas (Gyventojų užimtumo tyrimo duomenys); [http://db.stat.gov.lt/sips/leid/p2012007IV/p2012007IV\\_angliskai.htm](http://db.stat.gov.lt/sips/leid/p2012007IV/p2012007IV_angliskai.htm)

Statistics Lithuania (2008) Household Budgets 2007; [http://www.stat.gov.lt/lt/catalog/list/?cat\\_y=2&cat\\_id=3](http://www.stat.gov.lt/lt/catalog/list/?cat_y=2&cat_id=3)

Statistics Lithuania (2008) Income and Living Conditions 2007; [http://www.stat.gov.lt/lt/catalog/list/?cat\\_y=2&cat\\_id=3](http://www.stat.gov.lt/lt/catalog/list/?cat_y=2&cat_id=3)

Statistics Lithuania (2008) International Migration of Lithuanian Population 2007; [http://www.stat.gov.lt/lt/catalog/list/?cat\\_y=2&cat\\_id=3](http://www.stat.gov.lt/lt/catalog/list/?cat_y=2&cat_id=3)

Statistics Lithuania (2008) Labour Force, Employment and Unemployment 2007; [http://www.stat.gov.lt/lt/catalog/list/?cat\\_y=2&cat\\_id=3](http://www.stat.gov.lt/lt/catalog/list/?cat_y=2&cat_id=3)

Statistics Lithuania (2008) Social Protection in Lithuania 2007; [http://www.stat.gov.lt/lt/catalog/list/?cat\\_y=2&cat\\_id=3](http://www.stat.gov.lt/lt/catalog/list/?cat_y=2&cat_id=3)