



## JOINT MEMORANDUM ON SOCIAL INCLUSION OF LITHUANIA

In accordance with the provisions of the Accession Partnership, the Government of Lithuania has prepared, together with the European Commission's Directorate-General for Employment and Social Affairs, a Joint Memorandum on Social Inclusion, with the purpose of preparing the country for full participation in the open method of coordination on social inclusion upon accession. The Memorandum outlines the principal challenges in relation to tackling poverty and social exclusion, presents the major policy measures taken by Lithuania in the light of the agreement to start translating the EU's common objectives into national policies, and identifies the key policy issues for future monitoring and policy review. Progress in implementing such policies will be assessed in the context of the EU social inclusion process, whose goal is to make a significant impact on the eradication of poverty in Europe by 2010.

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Brussels, 18 December 2003



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*(Signed)*

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## **1. ECONOMIC AND EMPLOYMENT BACKGROUND**

### **1.1. Economic Background**

Stable growth of the economy is one of the essential preconditions for combating poverty and social exclusion. It is therefore important to note that the Lithuanian economy has grown in the past four years. In 1999 GDP declined by 1.8 percent, but subsequently economic growth accelerated and reached 6.8 percent in 2002 (see Annex 1 Tables 1 and 2). Economic modernisation, coupled with financial and technical support from the EU, is expected to sustain GDP growth of no less than 6 percent until 2006 (see Annex 1 Table 3). This would provide a basis for the growth of the standard of living.

In recent years Lithuania's successful economic development has obscured dramatic structural changes over the past decade, which have had a profound impact on employment and living conditions. A large portion of the working population had to change jobs or even occupation in order to hold out on the labour market, while those who failed to adapt to the changes were confronted with poverty. From 1992 until 1995 the volume of production almost halved, while industrial production's share of GDP fell by approximately 20 percentage points. Later it stabilised, reaching 21.7 percent of GDP in 2002. Industry continued to employ 20 to 21 percent of the working population.<sup>i</sup>

Agricultural reform was particularly painful. Agricultural production's share of GDP fell from 20 percent in 1991 to 6.3 percent in 2002.<sup>ii</sup> Despite this decline, agriculture continues to employ 17 to 18 percent of the working population<sup>iii</sup> and it is still much higher than the EU average (4 percent). For the agricultural sector to compete on an international level, labour productivity will need to increase rapidly. This will have a further strong impact on employment.<sup>iv</sup> The largest proportion of the working population (about 55 percent) is in services.

Although the vast bulk of the country's economy has been restructured, traditional, low value-added sectors continue to dominate, while high technology production remains under-developed.

Privatisation of small enterprises at the beginning of Independent State status, as well as privatisation of large enterprises and a rise of new companies since 1997, especially in retail trade and services, transferred the economy from state to private ownership. The private sector contributes approximately 74 percent of GDP and employs 70 percent of the working population. Privatisation of gas companies is underway. Preparations are being made for privatisation of the electricity supply. This may lead to a faster increase in prices, so the Government has to make preparations for alleviating the effects of a possible increase in household expenditures on gas and electricity. Privatisation of other sectors is almost complete. The final round of privatisation is expected to have no negative social consequences.

Unrecorded economic activity, or the informal economy, remains a pressing problem in Lithuania. By various estimates the informal economy accounts for up to 25 percent of GDP and 20 percent of the workforce. The Department of Statistics records informal production in the GDP figures, but only to the tune of less than 25 percent.<sup>v</sup>

The informal economy offers a means of subsistence for the people engaged in it, but it does not generate budget revenues, nor does it contribute to the financing of social programmes. Unregistered employees are left without social insurance, not to mention the incompatibility of the informal economy with legitimacy.

Lithuania's monetary policy is based on a currency board model. The currency board system has helped to keep the rate of inflation below 1 percent. The total deficit of the state budget fell from 5.6 percent of GDP in 1999<sup>vi</sup> to 1.4 percent in 2002.<sup>vii</sup> General Government gross debt comprised 22.8 percent of GDP at the end of 2002.<sup>viii</sup> Limitations put on government expenditure have helped to balance the budget, while tax revenues decreased from 23.6% of GDP in 1998 to 20.1% in 2002. The country's tax system is characterised by differentiated taxation of capital and labour (15 and 33 percent respectively), tax privileges, inconsistencies in taxing different types of income and an excessively heavy tax burden for low-income individuals (which is particularly relevant in terms of poverty prevention).<sup>ix</sup>

## **1.2. Social spending**

Given a low level of public expenditure, it is small wonder that financing of the social security system accounts, despite positive changes in the country's budget deficit, for a small proportion of GDP, viz. approximately 16 percent. Only a small proportion of total public social expenditure goes directly towards addressing poverty-related issues – reducing unemployment and social exclusion. This is particularly evident when compared with EU standards. However, the proportion of social outlays on families and children in Lithuania is larger than in the European Union (see Annex 1 Table 4).

In 2002 a total of 75.4 million litas from the Employment Fund were allocated to financing active labour market policies. This is almost double the amount allotted in 2000 (39.1 million litas).<sup>x</sup>

The Law on long-term financing of science and education, adopted in 2000, envisages allocating no less than 6.5 percent of GDP to education. However, the national budget for education's share of GDP was smaller in the period 2000-2002, being 6 percent, 6.1 percent and 6.3 percent respectively.

## **1.3. Labour market**

During the period of independence employment has developed rather inconsistently. Originally fairly high, the rate of employment began to fall, and unemployment hit a record high in 1995 (the rate of employment was 55.2 percent and unemployment stood at 17.1 percent).<sup>xi</sup> Employment indicators improved until the Lithuanian economy was heavily hit by the Russian crisis in 1999. Although the country's economy began to grow after a year, the level of unemployment increased, while employment declined (17.4 percent and 58.7 percent respectively in 2001<sup>xii</sup>). 2002 proved to be a watershed on the Lithuanian labour market: the unemployment rate fell to 13.1 percent (although it remains fairly high as compared with the EU average (7.5 percent) in the same year) and the rate of employment rose slightly (59.6 percent). Unemployment shrank noticeably in rural areas. In 2001 it stood at 18.6 percent in urban areas and 14.4 percent in rural areas, while in 2002 it declined to 15.4 percent and 9.7 percent respectively.<sup>xiii</sup> The rate of activity is increasing while the number of unemployed is decreasing and the rate of employment is rising (See Annex 1 Tables 5

and 6). While Lithuania is lagging behind the EU in terms of employment, it has a slightly higher activity rate (see Annex 1 7).

Unlike in the European Union, in Lithuania unemployment among men remains higher than among women: 13.3 percent (6.7 percent in the EU) and 13 percent (8.6 percent in the EU) respectively in 2002). On the other hand, in Lithuania as in the European Union, employment and activity rates are higher among men (see Annex 1 5-7). There are several factors aggravating women's living conditions in Lithuania. First of all, part-time employment is not widespread (10.8 percent of total employment and 12.3 percent among women, while the respective EU indicators are 18 percent and 34 percent), so this reduces opportunities to reconcile family and work. Secondly, men occupy management positions in all economic activities.<sup>xiv</sup> Female gross wage earnings constitute only about 81.4 percent (2001) of male gross earnings.

In Lithuania as in the European Union youth unemployment is a serious concern. In Lithuania the youth unemployment rate is above 20 percent, as compared with approximately 15 percent in the EU (see Annex 1 Tables 6 and 7). Unqualified young people are potential long-term unemployed: approximately a quarter of unqualified young people are jobless for more than twelve months.<sup>xv</sup> However, long-term unemployment is widespread mostly among the unemployed over the age of 50 (69.1 percent of the unemployed in this age group).<sup>xvi</sup>

The total rate of long-term unemployment is very high in Lithuania. According to the labour force surveys, a total of 55 percent of jobless individuals did not have work for more than twelve months in 2002.<sup>xvii</sup> The main reasons for long-term unemployment are a falling demand for low-skilled and unqualified workers and difficulties faced by elderly jobseekers in accessing employment.

The unemployment rate depends largely on the level of education (see Annex 1 Table 8). Approximately four-fifths of the unemployed registered with the labour exchange have either no qualification at all or low skills or their qualifications do not meet labour market demands. Half of all registered young jobseekers have no qualifications at all. Many of them do not have secondary education, which makes it harder to organise vocational training for them.<sup>xviii</sup>

Although employment quotas are established for Group I and Group II disabled persons, employing disabled individuals and released prisoners – groups entitled to additional labour market assistance<sup>xix</sup> – is complicated by employers often being reluctant to engage these population groups or lacking incentives to do so. There is no effective rehabilitation system for these groups either.

The general level of unemployment and employment problems in certain of the above-mentioned population groups remain grave concerns in Lithuania.

## **2. SOCIAL SITUATION**

### **2.1. The demographic background**

Due to a falling birth rate (see Annex 1 Table 9) and large-scale migration, the Lithuanian population contracted by 5.8 percent since the 1989 population census and



totalled about 3.5 million at the beginning of 2003. A total of 66.9 percent of the population are urban dwellers (see Annex 1 Table 10).

The total fertility rate<sup>xx</sup> fell from 2.03 in 1990 to 1.24 in 2002<sup>xxi</sup> and is below the EU average (1.53).<sup>xxii</sup> On the other hand, the proportion of extra-marital births rose from 7.0 to 27.9 percent during the same period.<sup>xxiii</sup>

Approximately 10,000 to 20,000 people migrate every year in search of jobs or higher earnings. The majority of them are illegal emigrants and therefore have no social insurance.

The proportion of persons aged 65 and over in the total population increased, while that of children under 15 decreased (see Annex 1 Table 11). The old age dependency ratio<sup>xxiv</sup> rose from 17 percent in 1996 to 22 percent in 2003, but is still lower than the EU average (24 percent).<sup>xxv</sup>

Taking into account recent changes and social security needs for the next ten years it is expected that:

- the population will decrease: the number of persons below working age will decrease, due mainly to a falling birth rate; and
- the number of working individuals will remain stable, while the working population as a proportion of the general population will increase.

## **2.2. Living conditions**

Although the Lithuanian economy began to grow in 2000, it has not had a profound impact on the average standard of living yet (see Annex 1 Table 12).<sup>xxvi</sup> The country's economy grew by 6.8 percent in 2002 (national accounts data), but average disposable household income and consumer expenditure, according to household budget surveys, rose by approximately 3 percent and 1.2 percent respectively and failed to reach the 1999 level. National accounts data recalculated by the Department of Statistics show that consumption rose by 2.5 and 0.6 percentage points less than real GDP in 2001 and 2002 respectively.<sup>xxvii</sup>

Household disposable income in rural areas is approximately one third lower than urban household disposable income (see Annex 1 Table 12). Income of farmers' households is even smaller: it constitutes only about 55 percent of household income of hired employees. In addition to that, income in kind accounts for about 47 percent of total income in farmers' households. These groups live on income from their farming activities, but they lack money to purchase the basic necessities of life. Benefits and other social allowances made up 22.8 percent of their total income in 2001 (see Annex 1 Table 13). This is one of the most impoverished social groups. Given that agriculture absorbs surplus labour, conditions are in place for small farms to exist, but this does not guarantee full employment and productivity on the part of farmers and their family members, nor does it provide adequate family income. Low income of employees in agricultural enterprises can be explained by the fact that most of them do not work full time. The rise of social problems has also been affected by ill-founded state policies oriented towards providing assistance for the agricultural sector only. In addition, price, export and production storage subsidies constituted 65

to 70 percent of total state assistance for agriculture, while investment grants (for machinery and technological equipment, infrastructure, the development of human resources and loan guarantees) accounted for about 30 to 35 percent. Since 2000 social policy has gradually been separated from economic agricultural policy, and regulation of the agricultural production market has been replaced with the forms of assistance for agricultural producers applied in the European Union. Since then new policies of income support have been launched. These policies provide for direct subsidies, which absorbed about 60 percent of all funds under the Special Rural Support Programme in 2001 and 2002. A low standard of living often leads to more crime and drinking, more asocial behaviour and other social problems.

### *Housing*

According to the 2001 Population Census of the Republic of Lithuania, Lithuania is severely lagging behind the EU member states in terms of both dwelling space per capita (0.98 and 1.89 rooms respectively) and the quality of housing. Only 5 percent of households in the EU lack one of the conveniences (a bathroom, toilet or hot water).<sup>xxviii</sup> In Lithuania 31 percent of private households do not have hot water, while 28 percent do not have access to sewerage (mostly in rural areas). This has a negative influence on health and working capacity.

On the other hand, low-income families living in flats with conveniences cannot afford to pay for utilities. The state compensates them for part of utility expenditure. However, households which are in debt for utilities are in a particularly difficult situation as they are not only encumbered with debts but are not eligible for housing maintenance compensation provided by the state.<sup>xxix</sup>

The findings of the Living conditions survey<sup>xxx</sup> show that Lithuania is ahead of the EU average in terms of housing ownership (above 80 percent, compared with 60 percent in the EU).<sup>xxxi</sup> However, a major problem is that local authorities do not have enough accommodation to meet the demand. Rent is too heavy a burden for some people, especially pensioners and single adults with children. Living in rented accommodation tends to correlate with relatively poor households.

According to the 2001 population census, there are 1,250 homeless persons, of whom 940 are male. Most homeless individuals are found in regions with larger cities. Homeless persons are mostly aged 36 to 60. The majority of homeless persons are Lithuanian (70 percent).<sup>xxxii</sup> According to municipal data, there are 2,150 homeless individuals in Lithuania. The Social Policy Unit has carried out a survey “Living conditions of homeless persons” in 2003.<sup>xxxiii</sup>

The fact that more than 100,000 families qualified for state support for housing acquisition in 2002<sup>xxxiv</sup> shows that housing is one of the biggest concerns as it requires large financial resources, both from the state budget and private sources.<sup>xxxv</sup>

### **2.3. Income inequality and poverty**

Income inequality is quite marked in Lithuania. It exceeds the EU average and is slightly higher than the average for acceding countries but compares favourably with other Baltic States. This is evident from looking at the S80/S20 ratio (the ratio of the top 20 percent of income distribution to the bottom 20 percent in terms of national

equivalised income) and the Gini coefficient. The Gini coefficient has risen by 2 points since 1997 and stood at 32 in 2001. At the same time the ratio between the S80/S20 proportions increased from 4.6 to 4.9 (see Annex 1 Table 14). In Member States in 2000 the ratio was 4.4 and in the acceding countries in 2001 4.1. The Gini coefficient values are more sensitive to income distribution in the middle layer of society, so an increase is indicative of a widening gap in the middle layer of the population, whereas the S80/S20 ratio is a better reflection of income inequality between the polar population groups.

The at-risk-of-poverty level in Lithuania (that is the percentage of people living in households where the total equivalised household income is below 60% of national equivalised median income) was 17 percent in 2001. This compares to an at-risk-of-poverty level before all social transfers of 41 percent (see Annex 1 Table 14). The comparable figures for the EU15 are 15 percent and 40 percent and for the acceding countries 13 percent and 44 percent.

Poverty remains most prevalent among the unemployed, persons subsisting on social assistance allowances, families with three and more children, farmers' households, the self-employed, single person households, households with three and more children and single adults with children. The poverty-risk level of the latter group declined in 2001 but went up again in 2002. Such fluctuations can only really be explained by the low sampling rate. More than half of people living below the poverty line (about 53 percent) are rural dwellers (although the rural population accounts for 32 percent of total population). Every fifth child of pre-school age is from a destitute family. The relative poverty line among large families exceeds 30 percent (see Annex 1 Table 15). The level of poverty is particularly high among households with more than one poverty-related feature, e.g. small farmers' households with several children.

#### **2.4. Inadequacy of social security**

Social assistance in Lithuania comprises means-tested social benefits, utility allowances, one-off benefits and free social services. The Lithuanian social assistance system is fragmentary. It is not accessible to particular population groups (e.g. sole proprietors, landowners and long-term jobseekers).

In addition to that, the income threshold for social assistance (state supported income) is very low: Lt135 or about 50 percent of the relative poverty threshold. Up to 10 percent of the population earn less than the state supported income level, but only 3 percent receive social benefits. Another cause for concern is that the existing social assistance and unemployment support system does not promote active reintegration of the unemployed. It may encourage some of the unemployed to register with the labour exchange only in order to receive some social assistance benefits. Little is being done to encourage families facing social risk and families where there is conflict, to try to obtain means of subsistence and to maintain and properly care for their children.

Poverty is a source of social problems in families. Every year a growing number of social-risk families (see Annex 1 Table 16) and children deprived of parental care (about 3,000 children a year) are registered.

A marked reduction in the number of insured persons is one of the biggest concerns of the social insurance system. From 1991 until 2000 the total insured population

dropped by 36 percent. A narrow base (totally or partly uninsured workers in the informal economy, small farmers, self-employed persons in agriculture and artists) could nonetheless generate much larger social groups without social insurance rights. This will greatly increase the demand for social assistance. Pension benefits in Lithuania are small, inadequately targeted and overlapping. The average retirement pension accounts for 40 percent of average earnings. Although the average pension is above the relative poverty line, most pensioners have a very modest standard of living.

The system of unemployment insurance and the way it is funded is not sufficiently effective. A very small proportion of the unemployed – on average 11.5 percent in 2002 – receive unemployment benefits.<sup>xxxvi</sup> Moreover, unemployment benefits are low and not related to previous earnings. Unemployment insurance contributions go towards financing outlays for persons without social insurance and towards financing active labour market policies.

## **2.5. Education**

Education plays a significant role in combating poverty and social exclusion. According to the 2001 population census, the literacy rate among the Lithuanian population aged 10 and over is very high, 99.7 percent. The biggest problem is with illiteracy among Gypsies. About 31 percent of them are illiterate.<sup>xxxvii</sup> A fairly large proportion (about 17 percent) of the Lithuanian population (aged 15 and over) has only primary or even lower education. Most of these people are above the age of 55.<sup>xxxviii</sup>

The number of students and pupils in Lithuania rose by almost 20 percent between 1995/1996 and 2002/2003. A particularly marked increase was in the number of students in higher education. Almost all basic school graduates (99.7 percent in 2001) and most secondary school graduates (84 percent in 2002) continue their education. The likely duration of education in the age group from 7 to 24 increased from 12.7 years in 1996 to 14.6 years in 2002.<sup>xxxix</sup> In the 2002/2003 academic year girls accounted for 51 percent of all young persons seeking education at all levels (104 girls per 100 boys). In Lithuania the level of education among women is higher than among men.<sup>xl</sup>

Despite these positive changes, quite a few problems remain. In the 1990s the number of pre-school institutions and enrolment in pre-school institutions almost halved, partly due to a falling birth rate and partly due to inadequate policies and insufficient financing. The number of pre-school establishments in rural areas decreased disproportionately, while many were closed down due to falling demand caused by parents' job losses (see Annex 1 Table 17). Another problem is that in rural areas more attention is being paid to primary and basic education, whereas the number of secondary schools is being cut down due to insufficient enrolment. Moreover, in rural areas there are only eight specialised establishments (59 in urban areas), one youth (24 in urban areas)<sup>xli</sup> and not a single adult school<sup>xlii</sup> (27 in urban areas).<sup>xliii</sup> Therefore rural inhabitants seeking further education have to change not only their schools but also place of residence. This causes various socio-economic problems. The distribution of vocational training establishments is haphazard.

In organising their activities educational institutions take into account the possibilities of socially supported children. Such children are entitled to free school meals and have priority in obtaining textbooks and participating in tax-exempt extracurricular activities. Special attention is paid to their social environment. Nevertheless, most impoverished families can hardly afford to buy even part of the necessary learning aids for their children.

The level of computerisation at schools and households and accordingly the level of computer literacy are very low, especially in rural areas. In 2001 there was on average one computer per 40 pupils. According to the Department of Statistics, there were on average nine computers per 100 households in 2001. This shows that opportunities for people to acquire the skills needed to adapt to changing demands of the labour market and the environment are scarce.

In Lithuania an increasing number of the disabled are being taught by means of full mainstreaming (85 percent of pupils with special training needs in the 2000/2001 academic year).<sup>xliv</sup> However, secondary schools are not ready yet to provide appropriate special teaching services. They lack qualified specialists, equipment, special substitute and teaching aids.

Inadequate access to vocational information, orientation and counselling (only about 20 percent of young people receive qualified counselling),<sup>xlv</sup> especially for rural pupils, and inadequate linkage of vocational training to labour market demands are the main problems of the vocational education system. The latter drawback is related to weak links between educational establishments and employers, inadequate participation of employers in preparing curricula and insufficient investment in the school infrastructure, school equipment and improvement of teaching methods and teacher training. A lack of finances precludes some children in low-income families from obtaining vocational training. In addition to that, vocational training provided by the labour market has a low coverage of the disabled and ex-convicts.

Under the pressure of changing labour market conditions a growing number of older people decide to seek further education. The average age of university students rose from 22.3 years in 2000 to 23.3 years in 2002. Similar trends can be observed at all levels of education. In the autumn of 2002, compared with the autumn of 2000, the number of students aged 40 and over in first-degree programmes increased 3.5 times. The number of students aged 40 and over in masters and similar programmes went up just as much. The number of persons seeking a second diploma of higher education has been growing as well: the number of first-year students with higher education went up from 557 in 2000 to 1,015 in 2002.

In recent years distance learning has been developed in Lithuania. According to the Department of Statistics, 21 distance learning centres or classes were established in three colleges and eight universities in the 2001/2002 academic year. They attracted a total of 1,658 students to pursue full or partial study programmes, 217 teachers to upgrade qualifications and 1,259 technical personnel. However, the life-long learning system is under-developed. In 2002, four percent of working-age persons, i.e. less than half the rate in the European Union,<sup>xlvi</sup> were upgrading their qualifications in various government-regulated learning schemes.

Truancy, repeated courses, drop-outs and juvenile crime and drug addiction remain grave problems and are increasing the risk of social exclusion. Because of the differing methods used by the Ministry of Science and Education and the Department of Statistics, it is not possible to make an accurate assessment of the number of children under the age of 16 not attending school. According to the Ministry of Science and Education the number of such children fell from 0.2 percent in 1998 to 0.1 percent in 2001. One-third of them are disabled children. According to the population census, in April 2001, 1.1 percent of children between 7 and 16 years of age did not attend school. Most of the children who do not attend school are between 13 and 16 years of age. Approximately 0.6 percent of pupils repeat their course, but the number of such children halved in the past five years.<sup>xlvi</sup> Approximately every tenth young person seeking education drops out of vocational schools or tertiary education establishments (see Annex 1 Table 18). There are no statistics about the scale of come-backs. In the 2000/2001 academic year 12.5 percent of 18-year olds did not pursue any education.<sup>xlvi</sup>

Schools organise various drug and crime prevention programmes, but these problems are not receding. Teenagers comprised 12 percent of all convicted persons in 2001,<sup>xli</sup> while the number of pupils who tried illegal drugs rose from 3.2 percent in 1995 to 15.5 percent in 1999.<sup>1</sup>

## **2.6. Health**

The infant mortality rate, which reflects the quality of health care, fell one and a half times since 1995 and it was 7.9 infant deaths per 1,000 live births in 2002 (this indicator was 10.9 in Central and Eastern Europe and 4.9 in the EU).<sup>li</sup> However, in some Lithuanian regions and towns the infant mortality rate is as high as 18 deaths per 1,000 live births. It can be assumed that such a predicament is determined by unfavourable socio-economic conditions and/or inappropriate medical aid.<sup>lii</sup> An increased average life expectancy reflects improving living conditions and health care. However, there is a sizeable difference between male and female life expectancy (66 and 78 years respectively in 2002, while the EU average is 75 and 81 years respectively)<sup>liii</sup> (see Annex 1 Table 19). For this reason women account for 65.6 percent of the population aged 65 and over.<sup>liv</sup> On the other hand, growing life expectancy also indicates a rising demand for social and health services on the part of the elderly.

The incidence of tuberculosis is diminishing but remains a serious problem in Lithuania (see Attachment Table 20). About 70 percent of new patients registered with respiratory tuberculosis are jobless individuals. Most of them lead asocial modes of life and are alcohol abusers. The number of HIV-positive persons is growing rapidly. The predominant mode of transmission has been intravenous drug use. According to the AIDS Centre of April 4, 2003, a total of 765 persons (695 men and 70 women) were diagnosed HIV-positive. AIDS was diagnosed for 56 persons. A total of 25 patients died from AIDS. Worsening health of children, especially school-age children, is a particular cause for concern. Healthy children not diagnosed with any chronic diseases, having no defects or functional disorders and rarely afflicted by acute illnesses account for 43.5 percent of all children under prophylactic examination (58.6 percent in 1991).

The right to health care is based on health insurance contributions, while basic health care services are provided to all, including jobless persons. Thus, health care services are also available to socially destitute people. However, due to a lack of financial resources, some of the population, especially single adults with children, have to go without certain services, such as dental care (17.5 percent), prosthetic dentistry (13.4 percent) and visits to good specialists (15 percent).<sup>lv</sup> Low-income individuals can hardly afford to pay even for partly reimbursed medicines.

Medical personnel are frequently the first to come across socially excluded persons. However, due to inappropriate coordination between health care establishments and social support institutions, this first-hand source of information about persons living in dire conditions is not used effectively enough.<sup>lvi</sup>

## **2.7. Regional differences**

Although cities and towns in Lithuania are evenly distributed across the country and create conditions for an even regional distribution of economic activity, there are wide regional disparities both in terms of GDP per capita and foreign direct investment per capita. For example, in the 1996-2001 period the difference in terms of GDP per capita between the economically most developed Vilnius region and the economically weakest Taurage region broadened to two and a half times.<sup>lvii</sup> This has resulted in vast regional differences in terms of employment, especially in rural and urban areas. Marked differences in real estate prices and increased transportation costs relative to employment earnings are impeding labour mobility and reducing opportunities for boosting income levels in certain regions.<sup>lviii</sup> Regional differentiation of unemployment is expanding. In some regions and towns the level of unemployment is double the country's average. Some regions or towns (e.g., Didziasalis and Venta) have already become "islands of poverty and despair" where the most impoverished and socially excluded people can be found. The closure of the Ignalina nuclear power plant threatens to bring about serious socio-economic problems. Research shows that employment losses in the Ignalina plant's region as a result of the closure of the plant may affect 8,000 to 9,000 people. This entails a risk of growing poverty and social exclusion.

The scope of social assistance and social services differs across regions as well. Differences in outlays are determined mostly by economic, employment and demographic disparities. Differences in law enforcement and administration of social assistance are also an important factor. Some municipalities give more priority to social assistance for the impoverished and allocate more funding for this purpose, while others tend to save at the expense of social assistance, for example proportion of expenses on social services in the budgets of different municipalities varies between 0.14 and 8 percent.

## **2.8. Ethnic minorities and refugees**

According to the 2001 population census, Lithuania is a rather homogenous country in terms of ethnic composition. In 2001 Lithuanians accounted for 83.4 percent, Poles comprised 6.7 percent and Russian made up 6.3 percent of the total population. Other minorities (Belarusians, Ukrainians, Jews, Germans, Tartars, etc.) constituted a very small proportion of the population.<sup>lix</sup>

Ethnic minorities differ in terms of unemployment and employment indicators. As compared with the country's total unemployment rate (13.8 percent in 2002), unemployment was 12.8 percent among Lithuanians, 20.3 percent among Russians and 17.8 percent among Poles. The employment rate (in the age group 15-64) is the highest among Lithuanians as well: it is 60.5 percent, compared with 54.3 percent among Russians and 55.5 percent among Poles (see Annex 1 Table 21). These differences are partly determined by the non-Lithuanian population being concentrated in socially and economically under-developed territories. In addition to that, the level of basic and vocational education among jobless representatives of ethnic minorities is lower than among Lithuanians.

Integrating Gypsies in society remains a problem. There are about 3,000 Gypsies in Lithuania. Most of them do not have personal identification documents, housing or permanent jobs. Poverty in large Gypsy families is related to unemployment. In addition to that, Gypsy children often start school quite late or do not attend school at all, so their education is very poor and many of them do not acquire any occupation. Trade in drugs and drug abuse is widespread among Gypsies.

At the end of 2002 there were 25,109 foreigners permanently residing in Lithuania (of whom EU citizens accounted for 0.4 percent) and 5,271 foreigners temporarily residing in Lithuania (of whom 15.4 percent were EU citizens). In 2002 the Migration Department received 6,253 applications for temporary residence permits in the Republic of Lithuania. The largest proportion of immigrants come for family reasons (42.24 percent of all applicants). In 2002 a total of 288 persons were granted international security status.<sup>lx</sup> Foreigners coming for humanitarian-type reasons belong to the most vulnerable group and need social assistance and support. Twelve-month social integration programmes are organised for them (in some cases such programmes can be extended for another year). These programmes cover such aspects as temporary housing, education, organised employment, a monthly allowance for daily necessities, health care and promotion of public tolerance towards such groups. In 2002 a total of 64.24 percent of all persons who were granted asylum, mostly from the Russian Federation, took part in social integration programmes (see Annex 1 Table 22). The rest leave Lithuania or receive assistance from relatives living in Lithuania.

If upon the completion of the social integration period, which is too short compared with the duration of social integration in EU member states, such individuals fail to find jobs (they are not entitled to any employment privileges), they have neither means of subsistence nor social guarantees. For these reasons municipalities avoid providing housing for foreigners who have been granted asylum. Moreover, municipalities and NGOs lack funds and qualified specialists to work in this area.

There are no established immigrant categories, e.g. immigrants for family reasons, in Lithuania and this is an equally important problem.

## **2.9. Non governmental organisations**

The non-governmental organisation (NGO) sector in Lithuania is rather wide and diverse. Organisations differ considerably in terms of skills, efficiency and the degree of citizens' involvement. Still, the majority (63 percent) of NGOs in Lithuania contribute in one way or another to poverty reduction. They conduct projects related



to education and vocational training and help disabled and young persons to participate in the labour market. Other important areas of NGO activities include social integration, child care, social services, assistance for the sick, charity provision, judicial assistance and development of rural communities.<sup>lxi</sup> The development of voluntary service is equally significant.

A constant search for funding, a lack of continuous funding and complicated accounting rules (NGOs keep accounting records according to company laws as well as reporting to foundations on project implementation) complicate the operation of NGOs, absorb much of their time and suppress even the best of initiatives.

### **3. KEY CHALLENGES**

Given a high level of unemployment and a relatively low standard of living, Lithuania does not expect to solve problems related to poverty and social exclusion in a short period of time. The key challenge is to overcome extreme poverty and to reduce poverty and social exclusion during the next twelve years. However, to achieve this it is necessary to tackle the following main challenges: a high rate of unemployment, low employment, inadequate education of the labour force and underdeveloped health care and social security systems.

#### **3.1. Modernising the labour market and increasing access to it.**

**The challenge in this area during the next 12-15 years is to eliminate the negative consequences of structural economic reforms and negative external consequences, to increase the level of employment to about 70 percent, and to reduce and maintain a stable level of unemployment not higher than 6-7 percent. This challenge will involve addressing:**

- the underdeveloped systems for developing the employment skills of the population. These include the imperfect activities of market institutions, limited access to occupational information, an imperfect system of vocational guidance and counselling, inadequate motivation of young people and adults and a lack of opportunities for all to upgrade or change qualifications. The application of active labour market policies and participation of the unemployed (especially long-term) and those who are at risk of unemployment are inadequate. The attention paid to persons with special needs and vulnerable people (the disabled, the young, ex-prisoners, linguistic/ethnic minorities, individuals of pre-retirement age and long-term unemployed individuals) is insufficient.
- the slow rate of job creation, especially in areas with high unemployment. In this regard the conditions for the development of local employment initiatives are inadequate;
- the lack of sufficient flexibility and mobility of the labour force. In this regard the flexible forms of labour organisation and remuneration and the possibilities of distance learning are not properly developed;

- the underdevelopment of equal opportunities policies for men and women. In particular the conditions for reintegrating women in the labour market are inadequate, and difficulties arise in trying to reconcile family and work.

### **3.2. Tackling educational disadvantage**

This will involve addressing the following challenges:

- the various forms of pre-school education and schools, including youth schools, are underdeveloped. The challenge is to make education available to all and to eliminate obstacles for children who have suffered social exclusion. The aim is to achieve universal secondary education embracing all strata of the population regardless of their age, social status and living and language environment;
- the non implementation of a conceptual framework for life-long learning and the lack of diverse courses and non-regular studies. The adult education system is underdeveloped, and a modern system needs to be developed which would provide opportunities for all, including socially vulnerable persons, to pursue life-long learning, to acquire secondary education and occupational qualifications or to upgrade or change qualifications (also taking into account regional disparities);
- the inadequacy of the educational system, the vocational training system and the science and study system in meeting changing economic and business needs;
- the insufficient adaptation of the learning environment and technical equipment of educational establishments and equipping them with modern information technologies to meet the needs of disabled children and children from socially supported families;
- the insufficient attention which is being paid to young people with learning difficulties. The socialisation of children who do not attend school is insufficient;
- the lack of incentives to teachers to pay closer attention to parents and social-risk families.

### **3.3. Improving access to health care**

The key challenge is to expand health care services and to ensure accessible and good quality stationary and ambulant help Rural dwellers and persons living in remote areas have inadequate access to these services; persons with addictive diseases do not receive adequate health care; the abilities of persons belonging to social-risk and health-risk groups to adapt to the environment are underdeveloped. The provision of safe, quality, effective and affordable medicines on the Lithuanian market is not sufficiently ensured.

### **3.4. Guaranteeing an adequate income and resources**

The challenge is to combine social insurance and social assistance measures in order to secure universal social security, to increase the replacement rate secured by pensions and unemployment benefits pensions, to properly target and to guarantee an adequate level of social assistance so that every person has a decent income. In relation to social insurance there are four priority tasks: first, to reform unemployment

insurance; secondly, to solve without further delay the problems of unemployed persons of pre-retirement age; thirdly, to increase the scope of social insurance; and, fourthly, to increase the pension replacement rate.

In other areas of social security the possibilities for re-integrating people with disabilities into the labour market are inadequate. In providing assistance to families raising children, the benefits are not sufficiently combined with indirect assistance and are not properly targeted. Social assistance is not provided to all low-income persons (families).

*In relation to social services the task is to reform, in the near future, their provision by replacing the financing model and by creating a general mechanism of standards, quality assessment and control of social services. Modern forms of providing community social services are underdeveloped. Inadequate attention is paid to the provision of prevention and rehabilitation services for vulnerable groups. Non-governmental organizations are insufficiently engaged in service provision.*

### **3.5. Ensuring decent housing for all**

**In Lithuania housing is an acute problem that requires enormous resources. It is unlikely to be solved completely in the near future. The challenge is to implement legal, economic and administrative measures that would make it possible to expand the system of housing provision during the next 12-15 years so that every family has a home. It is also essential to develop the municipal social housing fund and to support low-income persons so as to enable them to keep their homes. The problem of indebtedness of poor persons because of the utility services they have consumed should be addressed. A comprehensive and integrated response to homelessness needs to be developed.**

### **3.6. Reviving troubled regions and rural areas**

The challenge is to address the wide disparities of regional development in terms of employment and social development. In the area of rural development employment of rural dwellers is not ensured (the diversity of economic activity is not sufficiently developed) and social security is not adequate. It is necessary to refine the provision of education, health and leisure services in rural areas in ways which take into account the distinctive characteristics of these areas.

### **3.7. Ensuring the social and occupational integration of ethnic minorities**

The key challenge with respect to ethnic minorities is to ensure the social and occupational integration of Gypsies into society and to promote the wider integration of other ethnic minorities and immigrants.

### **3.8. Strengthening the institutional arrangements and the capacity of all actors to tackle poverty and social exclusion**

The challenges here are: first, to further develop the institutional arrangements for coordinating and mainstreaming policies to tackle poverty and social exclusion across all relevant policy domains; secondly, to enhance the capacity of all actors at both central and local levels to tackle poverty and social exclusion and to encourage local

partnership approaches to promoting social inclusion; and, thirdly, to strengthen the role of NGOs and the participation of those experiencing poverty and social exclusion in the social inclusion process.

#### **4. POLICY ISSUES**

##### **4.1. Facilitating participation in employment**

###### *4.1.1. Institutional and policy setting*

In Lithuania employment policy is formulated mainly by the Ministry of Social Security and Labour. However, the Economic Development and Employment Committee helps to coordinate employment policy with other related ministries (i.e. the Ministry of Education and Science, the Ministry of the Economy and the Ministry of Finance). The Programme for increasing employment for the period 2001-2004 is the main strategic policy document. This document combines measures for increasing employment undertaken by various institutions in economic, labour, social, educational and other areas of activity.

The laws on support for the unemployed, vocational training and equal opportunities for men and women constitute the legal basis for employment policy. The Joint Assessment of Employment Policy Priorities (JAP), prepared and agreed by the European Commission and the Government of Lithuania and delineating labour market objectives, is another important component of the policy framework.

The Lithuanian Labour Exchange (LLE) and the Lithuanian Labour Market Training Department (LLMTD) are responsible for implementing labour market policy and programmes. LLE and its local and regional branches are responsible for the employment of jobless individuals, the payment of unemployment benefits, job creation and involvement of the unemployed in employment programmes such as works financed from the Employment Fund or public works and job clubs. LLMTD is responsible for labour market vocational training and consultancy.

###### **4.1.1.1. Measures to increase access for vulnerable groups**

###### *Assessment*

The latest amendments to the Law on support for the unemployed, defining additional groups of the unemployed supported on the labour market (see footnote 17), coupled with a reform of the social assistance system (see below 4.2.1), is an important stimulus in developing more active measures with respect to groups vulnerable to poverty and social exclusion. Of particular importance are such measures as expanding the provision of active assistance to young labour market entrants and the long-term unemployed who have been unemployed for a particularly long period of time (more than two years) and improving the system of employment of the disabled and the adoption of new job quotas. In 2002 the number of job-seekers participating in active labour market policy programmes increased by a quarter as compared with 2001. In 2002 52.3% of job seekers were benefiting from active labour market programmes. These measures helped to reduce the average number of the registered long-term unemployed by 12.4 percent and the average annual level of registered

youth unemployment by 3.3 percentage points. A total of 1,469 disabled persons were employed in 2002; this represents 1.2 % of disabled people of working age. In order to facilitate reintegration of the long-term unemployed in the labour market, a procedure for organizing and implementing measures for renewing vocational knowledge and practical skills for such people was approved at the end of 2002. More than 5,000 long-term unemployed persons participated in the programme in the first half of 2003. However, much needs to be done in order to facilitate access to employment assistance at the local level and to reduce the risk of long-term unemployment. Both youth unemployment and long-term unemployment remain high in Lithuania (see Part 1). Employment of the disabled is not adequately promoted and supported, while various employment forms which could facilitate participation of people with disabilities in the labour market are under-developed. In addition to that, mainly as a result of imperfections in the legal basis regulating remuneration and labour relationships, the application of flexible forms of job organization and remuneration, which could contribute to improving the situation of specific employee groups (the disabled, women raising children, etc.) on the labour market, is under-developed. Inadequate support is being provided for the creation of jobs, especially in regions with high unemployment, which means that employment conditions are particularly unfavourable for various risk groups.

The development of active labour market policy is also impeded by an inadequate level of financing. Labour market institutions and labour market policies are financed from the Employment Fund, which is a part of the State Social Insurance Fund. Labour market policy receives insufficient funding from the state budget, while public works receive rather negligible levels of funding from municipalities.

*What needs to be done?*

In order to create an inclusive labour market that would meet the needs of vulnerable groups, the following future social policy priority areas are identified:

- to implement flexible forms of labour organisation, the forms of contracts on temporary employment, secondary employment, outwork and subsidiary work. These forms should regulate the conclusion of employment contracts, the determination of work hours and leisure, safety at work and the termination of employment contracts;
- to develop, together with municipalities, specific employment programmes for children and young people, the disabled, rural dwellers and other socially vulnerable groups; to assign officials to these tasks and to establish labour exchange branches and special job centres geared to these activities;
- to engage employers, non-governmental organizations and trade unions in organising employment of jobless individuals with integration difficulties at the local, regional and national levels;
- to implement employment assistance measures laid down in the National Gypsies Integration Programme and to facilitate employment opportunities for other ethnic minorities;

- in order to prevent and to reduce long-term unemployment, to gradually ensure that every jobless individual is able to take part in active labour market policy measures (covering unemployment prevention, labour supply and demand, vocational training, public and supported works, the creation of jobs for the disabled and vulnerable persons, and self-employment) three months after registering with a local labour exchange;
- in reforming the unemployment insurance system (see below 4.2.1), to seek to replace the financing model of active labour market policies by transferring the financing of these policies to the state budget and to direct social insurance funds only towards the payment of unemployment insurance benefits;
- in order to systematically tackle employment problems of the disabled, it is necessary to address the issues relating to people with disabilities in legal acts regulating employment and labour relationships;
- while integrating the disabled in the labour market, it is essential to develop work at home based on new information technologies (teleworking), to create a mechanism for supporting and conserving jobs for the disabled, and to provide equal rights and opportunities for them to work together with others. To develop various employment forms for the disabled (e.g. occupational therapy, non-labour activities) and to include in higher and tertiary education curricula the training of employment specialists who would work with the disabled;
- in implementing the action plan for the improvement of employment of and social assistance for individuals of pre-retirement age in the period 2003-2004, to develop a 55+ programme for facilitating employment of individuals of pre-retirement age.

#### 4.1.1.2. Tackling regional and geographic concentrations of unemployment

##### *Policy and institutional setting*

The PHARE 2000 Economic and Social Cohesion Programme is being implemented in Lithuania. The Ministry of the Interior (Regional Policy Department) is responsible for administering and coordinating the programme in specific regions. The Law on regional development has been amended to provide for the provision of state aid for problem areas and regions with specific regional problems in specific sectors. In addressing rural problems assistance is provided for farmers along the lines specified in the Rural Support Programme: investment assistance, direct subsidies and compensation, accident assistance, assistance for organic production, educational and consultancy services for farmers, science and research. The programme of farmers' training, education and information conducted by the ministry provides opportunities for acquiring basic vocational skills to conduct a farming activity, to deepen occupational knowledge and to pursue continued education. By using these measures to at least sustain agricultural employment and income, farmers are encouraged to look for other sources of income and to undertake non-traditional or alternative activities, crafts or businesses. The Ministry of Agriculture coordinates a National Agricultural and Rural Development Programme (SAPARD) for the period 2002-2006. This programme embraces assistance which is extended by the Community for investments and consists of covering the bulk of investment expenditure. Local employment initiative projects designed to provide state aid for employers creating

new jobs are being carried out in regions with the highest unemployment. Local labour exchanges are running these projects at the local level.

In order to reduce likely negative consequences of the closure of the Ignalina nuclear power plant (INPP) and to prevent poverty and social exclusion, an INPP region was established in 2002. Efforts are being concentrated and local and international assistance funds are being raised for this purpose. An INPP regional development agency has been established. The government has authorised additional employment and social guarantees for employees made redundant by the closure of the INPP.

### *Assessment*

In certain regions economic development is slow to adjust to the regional climate and market conditions. There are wide regional unemployment disparities. New strategic infrastructure items are concentrated in the most urbanised regions. There is no regional specialisation. There is a wide gap between rural and urban working conditions. The existing policy framework is not sufficient to reduce regional disparities. Local community initiatives are not being promoted sufficiently. The development of small and medium-sized business and other economic activities in rural areas is sluggish. Wide differences in housing prices and markedly increased transportation costs relative to wage earnings are impeding the territorial mobility of the labour force and aggravating the segmentation of the labour market.

### *What needs to be done?*

In order to address the problems of the concentration of high unemployment in certain regions, in addition to the actions outlined in 4.1.1 above the following priority tasks are identified:

- to prepare specific territorial labour market programmes designed to increase employment of vulnerable social persons:
- to create economic, financial and social instruments of regional policy designed to address the problems of regions with high long-term unemployment (to have employers, unions, regional administrations and municipalities draw up socio-economic development plans, to attract investments for the implementation of these plans);
- to diminish local concentrations of multiple disadvantage within regions, i.e. to incorporate the solution of local problems into sector strategies and programmes with the view to balancing their development from region to region;
- to further develop a legal and economic environment suitable for developing local employment initiatives and strengthening partnership arrangements and to improve the mechanism for promoting such initiatives. This will involve improving organisational structures, forming financial assistance funds, improving the terms for providing financial assistance and simplifying procedures; and
- to identify and implement assistance measures for migrant workers.

#### 4.1.1.3. Promoting vocational training, consultancy and life-long learning

##### *Policy and institutional setting*

Lithuania has already formed a solid foundation for primary and vocational training for the labour market as well as for vocational information and counselling: an appropriate institutional system and legal basis have been created; tripartite councils are operating at the level of vocational training policy formation both nationally and regionally. LLMTD under the Ministry of Social Security and Labour and its local branches organise vocational training and re-training, vocational guidance and counselling. They supervise the implementation and effectiveness of vocational training on the labour market. The Ministry of Education and Science resolves the issues related to vocational training and careers guidance in basic and vocational schools as well as adult education. Private organisations and international foundations are getting involved in vocational information and counselling activities.

The Law on vocational education and training is the main legal document regulating vocational training. A conceptual framework for replacing the law has been developed. The framework lays down measures to increase employers' interest in investing in employees' vocational training and proposes conditions for improving ways in which the social partners can be involved in specialist training.

Vocational training and counselling services are being provided for the disabled and for ex-prisoners. New training programmes have been registered for these groups. In addition to that, training programmes for occupations in high demand on the labour market and for prisoners have been launched.

##### *Assessment*

The present vocational training, consultancy and life-long learning systems do not provide sufficient help for those who are most detached from the labour market and are at risk of social exclusion. Life-long learning is not wide-spread either. Informal and distance learning is underdeveloped. The haphazard network of vocational training centres remains in place, resulting in inadequate access to such services in specific areas (especially rural areas). In terms of content there is insufficient correlation between vocational training and labour market demands. In terms of recruitment, priority is given to access to vocational training for young people. However, a proportion of young jobseekers do not have even basic education, and this diminishes their possibilities of vocational training. This entails a threat of a growing social exclusion in this group. On the other hand, as priority is given to the young, fewer opportunities are left for jobless persons of pre-retirement age to renew their occupational skills. There is no effective system of rehabilitation of the disabled and their integration in the labour market. At present more emphasis is being placed on the provision of material assistance and privileges, whereas professional, social and psychological rehabilitation, when applied separately, is not sufficient and lacks mutual interrelation and continuity. When disability is recognised, the degree of a person's working capacity is not assessed. The access of ex-prisoners and prisoners to vocational information, consultancy and continued vocational training is inadequate.

##### *What needs to be done?*



In order to reduce social exclusion and to facilitate access to employment with the help of vocational information, counselling and training measures, the following priority tasks are identified:

- in increasing access to vocational training, to optimise the infrastructure of vocational information, counselling and vocational training institutions, to set up at least two information centres in every municipality and to “bring learning closer to home.” To place particular emphasis on vocational information, guidance and counselling for persons with low levels of motivation by encouraging them to acquire professional qualifications. Criteria for optimising the network of vocational training institutions have been defined.
- to subsidise information, vocational training and programme preparation projects submitted by labour market institutions, consultation centres, regional and local administrations, NGOs and enterprises. This will help to enhance the capacities of socio-economic partners in addressing at the local level employment issues in respect of persons who have particularly severe difficulties in integrating into the labour market;
- to develop a methodology and procedure and to increase the capacity of labour exchanges to determine the occupational capacities of people with disabilities. This would help to determine the extent of a person’s occupational skills, to choose an occupation, to evaluate existing skills, to teach new skills or to rebuild former skills, thus ensuring their rehabilitation leading up to employment;
- to formulate a programme for vocational training development of the disabled and to gear vocational training and distance learning to the needs of specific groups of the disabled;
- to create conditions for continued vocational training for socially supported persons and to expand teaching for adults with low educational attainment and unskilled or low-skilled adults. To accomplish this, the idea is to prepare and conduct specific vocational training programmes for the weakest groups;
- to enhance the vocational knowledge of elderly employees by organising training on how to adjust to new technologies and to develop training programmes for social partners with the view to preventing discrimination against elderly employees.

#### 4.1.1.4. Measures to reconcile work and family life

##### *Policy and institutional setting*

Lithuanian labour and social security laws provide for child raising leave for parents (mothers) until the child turns three, as well as a social cash benefit for this period. Care for children of pre-school age is organised in kindergartens and in groups at basic schools. Parents cover only a portion of child maintenance costs at such establishments. The care for special-needs disabled persons and old people is organised in in-care establishments and municipal day centres.

##### *Assessment*

The burden of maintaining children and other family members in need of care falls mainly on women. This has a negative impact on their employment level (see Part 1), vocational qualifications and career opportunities. Socially supported families are entitled to concessions for kindergarten fees, but in many cases there is no possibility to use services rendered by these establishments simply because there is a shortage of them.

The possibility for either of the parents to take child raising leave (until the child turns three) has already been authorised in Lithuania, but such cases have been very rare among fathers. A situation like this limits women's chances of integrating or re-integrating in the labour market. Inadequate application of flexible forms of job organisation is further aggravating the situation.

#### *What needs to be done?*

In order to ameliorate the present situation in this area, the following priorities are established:

- to submit for ratification Convention 156 of the International Labour Organisation (hereafter ILO) on support for working men and women with family obligations;
- to encourage men to take child care leave, to draft legal acts establishing the conditions of paternal leave and to discuss them with the social partners;
- to identify and implement policies that would enhance the application of flexible forms of employment for men and women who are bringing up children;
- to develop and to launch a programme for universal pre-school education, thus facilitating access to such establishments and expanding or at least preserving their present network;
- to develop and implement special training programmes for women to resume work after a lengthy break with particular attention being given to those at high risk of poverty and social exclusion;
- to prepare legislation that would enable the development and organizing of social services for families with persons in need of care in all municipalities;
- to promote the social economy.

#### 4.1.1.5. Promoting the social economy

##### *Policy and institutional setting*

A conceptual framework of a law on social employment enterprises is in preparation. A draft framework recognises, on the part of the Government of Lithuania and the social partners, that the application of social economy principles in the country's social policy would not only speed up the transfer of the provision of state social assistance and services to the private sector and NGOs, but would also create conditions for the development of an entrepreneurship culture, improve the quality of services, promote job creation and make it possible to respond better to the needs of local communities. Social enterprises established by communities are oriented not

towards profit-making but towards the provision of social services, so they can start operating in places where the market and consumer behaviour do not exist in business terms but where activities and jobs created by them can stimulate a market response and generate consumption. A law on social employment enterprises is being drafted. It envisages that any enterprise or public institution in Lithuania that meets established requirements can acquire the status of a social enterprise. One of the requirements should be that no less than 30 percent of an enterprise's employees belong to certain socially supported groups: the disabled, persons who have no more than five years left until retirement, ex-prisoners, patients with addictive diseases, etc. The forms of state assistance will be differentiated by types of enterprises and as a function of the risk groups which their employees come from.

### *Assessment*

The creation of a legal basis for social employment enterprises in Lithuania has not been completed, and the necessary preconditions for its existence have not been created yet.

### *What needs to be done?*

Creating legal foundations for the establishment and operation of social enterprises is the priority task in this area. It is necessary to establish by law employment procedures for persons who have lost their capacity for work, to regulate the operation of social enterprises and to define the forms and duration of assistance to be provided for them (e.g., subsidies and concessions for job creation, etc.), supervision of their activities, etc.

## **4.2. Promoting access to resources, rights, goods and services**

### *4.2.1. Social protection*

#### *Policy and institutional setting*

The Ministry of Social Security and Labour is the main institution responsible for implementing social policy. The Board of the State Social Insurance Fund (SoDra) is responsible for administering the present State Social Insurance Fund. The Labour Exchange administers the Employment Fund, financed with State social insurance funds. Municipal social assistance departments have two major functions: to pay social assistance benefits and to organise social services.

The social insurance system is contribution-based. A minimum 15-year insurance record is required to become eligible for a state social insurance retirement pension, while to receive a full pension, men are required to have a 30-year insurance record, while women need to have a 29-year record. The basic pension is proportionally reduced for persons without the necessary social insurance record. Non-contributory social pensions are paid only to persons who for justified reasons (care for the disabled or child maintenance) have not acquired the necessary social insurance record to be entitled to a social insurance pension.

Unemployment benefits are granted to persons who have an insurance record of no less than 24 months during the last three years prior to their registration with the

labour exchange, or to persons who have been dismissed or quit jobs for no fault of their own. Unemployment benefits are also paid to certain groups without an insurance record. They are paid for no longer than six months during a year but the payment is extended for two months if a person has no more than five years left until the retirement age, while for persons who have less than two years left until the retirement age the benefit is paid until retirement age provided they have 15 years of insurance.

In 2003 a Law on social assistance in cash for low-income families (single persons) was adopted. The law is designed to create a social assistance framework that would ensure the provision of assistance to all individuals who receive low income for objective reasons. Those families (single persons) will be guaranteed minimal survival and utility services. This means that they will be eligible for a social benefit and for the compensation of expenses on heating and hot and cold water. The law envisages supporting the families of long-term unemployed. It is foreseen that due to this reason the part of population receiving social benefit will increase from 3.4 to 5 percent. The law is designed to support families in need and, in case they have illegal income, to avoid cases of abuse arising. Therefore such families are given support if the value of their property is not more than the value defined according to the average market prices of that dwelling place and if their income is insufficient for meeting their most basic needs.

Family members registered with the labour exchange are required to fulfill obligations laid down in individual employment plans run by state territorial labour exchanges. Non-working family members of working age are required to participate in public works organized by the local municipalities and social risk families are required to take part in social services programmes. Irrespective of a family's means, certain benefits are paid to meet the most urgent needs of family life. These include benefits for families raising children, maintenance and settlement benefits to orphans and foster children, as well as funeral grants.

Income from employment is subject to a flat 33 percent personal income tax, but recently the basis tax-exempt minimum income was raised to 290 Lt per month. However, the amount of tax-exempt income depends on the number of children in a family and individual rates are applied for people with disabilities.

Irrespective of family property and income, for the really core elements of family life benefits are paid for families raising children, for the maintenance and settlement of foster children and for funeral expenses.

Income from employment is subject to a flat 33 percent personal income tax, but recently the basic tax-exempt minimum income was raised to 290 Lt per month. However, the amount of tax-exempt income depends on the number of children in a family and individual rates are applied for people with disabilities.

### *Assessment*

Although the existing system of social transfers helps to alleviate poverty (23.6 percent before social transfers<sup>lxii</sup> and 17.2 percent after transfers (see Annex 1 Table 14)), it has a number of weaknesses that need to be removed. A sizeable reduction in the number of people who are insured (see Part 2.4), especially in respect of the low

coverage of self-employed individuals, is one of them. The opportunities for receiving a social pension are very limited. Social insurance pensions are low. The replacement rate is about 40 percent. Fairly strict eligibility criteria are applicable for unemployment benefits, so only about 11 to 12 percent of the unemployed receive unemployment benefits. In addition to that, unemployment benefits are low and not related to previous income. The system of social assistance for the impoverished is to be reformed in accordance with a law which has already been adopted. The income threshold for a social benefit and the amount thereof remain low (50 percent of the relative poverty line). State benefits for families with children do not cover families with one child or two children above three years of age. Only the poorest families (about 7 percent) receive them. At the same time more than two thirds of families with children have a level of income below the country's average subsistence level. A high income tax rate increases the costs of the unskilled work force and reduces demand for it. On the other hand, low take-home wages discourage unskilled workers from taking up jobs.

Over the past decade a social service system has been created, the variety of community social services has rapidly increased and the role of social workers in local authorities, the chief organizers of social services, in organising and providing social services has expanded. However, the under-developed model of social integration and a growing number of disabled people have accentuated the need to reform disability-related pensions, concessions and the employment and social assistance systems.

The growing demand for social services exceeds the existing resources. Inadequate attention is being paid to the quality of social services. There is a need to identify more effective ways of organising and providing social services. It is important to ensure that the organisation and provision of social assistance is not exclusively the responsibility of top government institutions. Both local communities and non-governmental organisations should and could share in it as well.

Inadequate attention is being paid to working with problem families and to the social integration of drug and alcohol addicts, ex-convicts, persons leaving social and psychological rehabilitation establishments and persons with an insecure stake in society.

#### *What needs to be done?*

- broader coverage is the priority task in the area of social insurance;
- increase social insurance pensions at a faster pace than the rate of growth in wages;
- extend the payment of social pensions to include elderly and disabled persons who do not receive social insurance pensions;
- reform unemployment insurance by making provision for:
  - a clear-cut group of persons eligible for unemployment insurance;
  - shortening the insurance record necessary to receive unemployment benefits. Include persons without unemployment insurance in the social assistance system;

- including persons without unemployment insurance in the social assistance system;
  - increasing unemployment insurance benefits by including in them a component related to the unemployed person's previous earnings;
  - providing for a longer period of payment of higher unemployment insurance benefits for jobless persons with a high insurance record;
  - relating the payment of unemployment benefits to the implementation of active labour market policies.
- implement the provisions laid down in the law on social assistance for the impoverished by strengthening the administration of benefits. Consider ways of increasing benefits;
  - expanding social benefits for families by harmonising them with family responsibility for the creation of appropriate conditions for children so as to prevent parents from “benefiting” from these benefits and to help them create first of all an appropriate environment to meet their children’s needs;
  - reduce the income tax rate for persons with low earnings;
  - in order to apply more effectively medical and vocational rehabilitation measures and to improve the provision of social assistance, implement the reform framework for disability recognition and social security measures for the disabled. The aim of this framework is to replace the procedure for disability recognition by creating conditions for a more just and effective provision of social security measures for the disabled;
  - create a system for assessing a person’s need for social services; clarify responsibility for assessment of the needs for social services; implement decisions which have been adopted regarding the allocation of various services;
  - promote competition among providers of social services;
  - develop and implement methods of working with problem families and with persons with an insecure stake in society.

#### 4.2.2. *Access to housing*

##### *Policy and institutional setting*

The Ministry of the Environment is responsible for housing policy. In accordance with a new Law on state support to acquire or rent housing, which came into force in 2003, state assistance for the acquisition of housing is provided by paying from the state budget insurance premiums for housing loans, or part thereof, or by providing subsidies for part of housing loans. In addition to that, municipal housing is let to provide dwellings for low-income persons and families. The assistance is provided not only in line with housing provision criteria (as previously) but also on a means-tested basis, so it is expected that families with the lowest incomes will benefit from

them. The new law makes it possible to receive state assistance for adapting dwellings to meet the needs of the disabled.

The main responsibility for solving the problems of homeless individuals is delegated to municipalities. Municipalities establish and maintain night shelters and provide social services for the homeless (free meals, hygiene, information and counselling services). They provide homeless persons with accommodation in hostels, temporary flats and care homes. If possible, one-off assistance is provided for such persons to acquire inexpensive accommodation. In addition to that, prevention work is carried out with persons who are at risk of losing their homes.

#### 4.2.2.1. Assessment

In order to grant a housing loan, banks require a family to have a certain income level, so housing loans are not accessible to all low-income families. In addition to that, the municipal rented housing stock accounts for only about three percent of the country's total housing stock. Under such conditions the supply of social housing continues to exceed the demand for it. Measures envisaged for adapting housing to meet the needs of the disabled are not sufficient.

Non-governmental organisations are also already involved in work with homeless individuals. At present a total of 60 NGOs operating in 26 municipalities provide assistance for the homeless (temporary and permanent accommodation, free meals, personal hygiene services, basic necessities, psychological assistance). However, the scope of services for homeless persons is not sufficient. In 2001 the number of places (738)<sup>lxiii</sup> in temporary residence homes was markedly smaller than the number of the homeless (see Part 2.2). Not all municipalities have established night shelters.

#### *What needs to be done?*

- increase the municipal rented housing stock;
- expand social assistance for low-income persons who rent housing from private individuals so that a part of the rent has to be covered for such persons depending on family (personal) income;
- define the functions of state institutions, district administrations and municipalities and their respective responsibilities for adapting housing to the needs of the disabled; differentiate the payment for housing adaptation taking into account a person's income and property and adaptation services (basic and auxiliary);
- develop the scope and variety of municipally-provided services for homeless individuals.

#### 4.2.3. *Health care*

##### *Policy and institutional setting*

The Mandatory Health Insurance Council and State Health Insurance Fund at the Ministry of Health and territorial health insurance funds are responsible for running the mandatory health insurance scheme. The Ministry of Health vets the activity of the State Health Insurance Fund, which in turn supervises the activities of the territorial funds. The territorial funds in turn sign contracts with health care

institutions and pharmacies and pay for services rendered, medicines and medical aid measures.

A long-term health programme for the 1998-2010 period and other public health programmes oriented towards ensuring health care for all are being implemented in Lithuania. At the end of 2002 a national programme for the prevention and control of tuberculosis for the period 2003-2006 was adopted. Legal documents that would regulate the pharmacy trade and implement requirements of the EU directives in the area of medications and medical equipment are being prepared.

The bulk of the population is insured with mandatory public health insurance with their own money or state funds. Insurance funds partly reimburse medication expenditure in out-patient treatment for certain established groups, while patients in in-patient establishments do not have to pay for medications. Vital medical aid is provided for all inhabitants irrespective of whether they have health insurance or not.

#### *Assessment*

The organisation of activities of health care institutions and the procedures for the provision of health care services have changed as the health care reform has proceeded. Not all people are aware of the changes in time. It is expensive for impoverished persons from remote locations to visit health care establishments. Possibilities of rural and urban inhabitants to receive medical services differ widely. Tuberculosis remains a serious cause for concern. Even the part of medication expenditure that is not reimbursed by the health insurance funds is too high for low-income individuals and persons subsisting on social benefits. Coordination of health care activities and social workers is not sufficiently well organised to provide effective assistance for socially excluded persons.

#### *What needs to be done?*

- organise an information campaign about the procedure for providing services in health care establishments, especially in rural areas and small towns;
- expand a network of general practitioners in rural areas and provide them with cars, thus ensuring the provision of necessary health care services for residents in remote locations;
- implement measures laid down in the programme for the prevention and control of tuberculosis for the period 2003-2006: organise an effective primary tuberculosis prevention scheme, apply preventive measures in custodial institutions and prisons; ensure the regular and free provision of medication for patients with tuberculosis, etc;
- foster public attitudes towards a healthy life style and health care and coordinate them with the requirements set out in EU law. Foster the ability of social-risk and health-risk persons to adapt to the environment by encouraging their participation in aid groups, teaching people how to independently overcome personal and public health problems and supporting public organisations involved in individual and public health activities;



- place more emphasis on and allocate more funds to children’s health care and preventive health examination; develop and implement a state programme for providing health care for pupils at school (under preparation);
- draw up proposals for co-operation on the part of community health care personnel and personnel of social assistance departments with a view to speeding up the identification of social problems and socially excluded persons noted by medical personnel. The introduction of a position of social worker in health care establishments would reinforce this co-operation and bring social services closer to socially excluded persons. A joint decision of the Ministry of Social Security and Labour and the Ministry of Health concerning funds necessary for remuneration for this work should be envisaged and coordinated.

#### 4.2.4. *Access to education*

##### *Policy and institutional setting*

Formal education in Lithuania includes primary, basic, secondary and post-secondary education, tertiary education and doctorate programmes. Education is compulsory for children up to 16 years of age. The state guarantees free primary, basic and secondary education and elementary vocational training for all. The Ministry of Education and Science (MES) is responsible for formal education policies. As part of a reform of the educational system, a new draft law on education has been prepared. This draft lays down the conditions for poverty reduction in Lithuania and provides individuals with the basics for a mature, autonomous existence and helps them to realise their potential throughout their lives. A Yellow Bus programme is being run to ensure safe transport to school. In order to organise free meals for children, “a procedure for the organisation of free meals for pupils from low-income families in basic schools” was adopted by Decree No. 64/93 of 16 March 1999. A new draft of this decree is in preparation.

##### *Assessment*

The state budget has essentially allocated no funds for the supply of teaching aids in schools over the past ten years. Pupils’ parents have to buy exercise books and atlases and dictionaries. This creates problems for socially supported families. The problem of providing school transport for pupils, including disabled pupils, has not been completely solved. The learning environment is not properly geared to children with special needs. A large proportion of pupils have learning difficulties. There are no accurate data but a certain proportion of children under 16 years of age, especially Gipsy children, do not attend basic schools. In addition to that, there is a shortage of social educators in schools.

##### *What needs to be done?*

- In order to facilitate access to education, establish municipal funds for the provision of financial assistance for children and young people (scholarships for gifted children from rural and socially supported families, funds to cover transportation costs for pupils from socially supported families participating in children's and young people's events, costs of children's informal education services and studies and purchasing learning aids, etc.);

- with a view to developing the integration of children and young people with special needs in schools at the basic level, prepare and implement a programme for the provision of special education services, providing for the development of not only the curricula but also for changes to the learning environment (e.g. equip classrooms and toilets accordingly, adapt special service roads, etc.);
- prepare and approve a package of state-supported educational services for disabled children (with special needs), taking into account the nature and gravity of the disability, and integrate as far as possible children with physical or intellectual disabilities into mainstream schools;
- pay more attention to young people with learning motivation and learning difficulties; promote teachers' work with parents, with the focus on problem families. It is necessary to ensure that all schools at the basic level have the requisite social staff. Organise upgrading courses for social educators;
- improve the provision of formal and informal information sources for schools (alternative textbooks, other teaching aids, computers and software, audio and video recordings, CDs etc); and
- launch and keep a register of children not attending schools and develop specific initiatives to tackle the problem of school drop-outs.

### **4.3. Preventing the risk of social exclusion**

#### *4.3.1. Knowledge society*

##### *Policy and institutional setting*

As information technologies and means of communication expand, information is becoming one of the most important elements in the world of work. A national conceptual framework for the information society is being developed in Lithuania. The strategic action plan has been approved. Some of the components of the strategic plan (computerisation of educational establishments, curriculum building and the preparation and implementation of a distance education programme) have been successfully launched. The Information Society Development Committee under the Government of the Republic of Lithuania has prepared a conceptual framework for adapting the information environment to the needs of people with disabilities.

An Internet educational information system is being created in Lithuania on the basis of new information technologies. This system will be accessible to all consumers. The purpose is to provide information about various existing forms of learning (professions, study programmes and curricula at all educational levels, educational establishments and study institutions, teaching standards, plans and curricula, etc.).

In 2001 an Internet information system developed by the LLMTD was launched. The system is oriented towards vocational and psychological counselling and continued learning, and encompasses both formal vocational training and informal training on the labour market. The Lithuanian Labour Exchange (LLE) Internet information system provides systematic information about labour force supply and demand,

employment opportunities, trends and forecasts at the national and territorial levels and information about vocational skilling schemes offered to the unemployed.

In 1998 the Lithuanian Citizens Advice Union (LGPS), a non-governmental voluntary organisation, was established under the auspices of the Ministry of Social Security and Labour. The Union has regional offices which provide the Lithuanian people with information about their rights, obligations and opportunities. The activities of the Union comply with both the directives of the European Council and European Parliament concerning the development of advisory councils and the national strategy and actions plans regarding the reduction of social exclusion in Lithuania. The Union has created an information system under which advice is provided in a number of areas: social security (pensions, benefits, reimbursement, credits, advice on taxes, etc.), health care, employment, human rights, education, family, etc.

At the initiative of the Union a memorandum on co-operation between public advisory councils in ten Central European countries was signed in Vilnius in 2002 with a view to exchanging experience, enhancing consultancy services and involving as many inhabitants as possible in the creation of a knowledge society.

On the basis of the Vilnius memorandum a strategy for the further development of the network of Central and Eastern European advisory councils and European parliamentary lobbying tactics are being developed in order to create an effective and standardised scheme of information and legal assistance in all EU member states.

As far as the information society is concerned, one development of particular significance is a project, the “Window into the Future” alliance, which started in 2002 and which unites the country’s largest banks, IT and mobile and landline communication companies. The aim of the project is to promote the development of a civic and business movement in creating and utilising public internet centres. At the end of 2002 the Government joined the alliance after the “Window into the Future” alliance and the Ministry of the Interior of the Republic of Lithuania signed a co-operation agreement. An agreement between the Ministry of Science and Education of the Republic of Lithuania provides for co-operation between the alliance and the ministry in teaching the country’s inhabitants how to use the Internet.

### *Assessment*

Being a small country, Lithuania can quickly adapt to rapidly changing circumstances of economic globalisation and to the rapid expansion of computerisation in the economy. Lithuania has a relatively good landline and mobile communications infrastructure. Broad-band internet and cable television services are available. Lithuania has qualified informatics specialists and a well-developed system of specialist training, and has made a good start on setting up a structure for distance learning. The alliance “Window into the Future,” in co-operation with municipalities, has already established 68 internet centres.

However, too small a proportion of the Lithuanian population uses computer networks. There are wide differences in the level of computerisation of large city dwellers and people in the provinces. Lithuanian people lack the skills to make full use of information technologies.

There are about 30,000 persons in Lithuania who cannot, because of their disabilities, receive and process information in the usual ways. In the past decade no efforts have been made to adapt the information environment to the needs of such persons. Because of their low levels of income, disabled persons have limited opportunities to acquire the equipment necessary for the use of the Internet and to cover user costs.

*What needs to be done?*

- accelerate the creation of the Internet educational information system in Lithuania on the basis of information technologies;
- create a broad network of public internet sites; by implementing the agreement between the alliance „Window into the Future“ and the Ministry of the Interior; achieve the average internet penetration rate of the European Union by 2015; and establish 300 internet centres during the next few years. In this way internet services will become available even to low-income persons;
- supplement and install the LGPS information system throughout Lithuania and use it together with the territorial labour exchanges;
- implement a project run by the alliance and the Ministry of Science and Education which is aimed at teaching Lithuanian inhabitants free of charge how to use the computer and the internet;
- implement a conceptual framework for adapting the information environment to the needs of people with disabilities; develop methods for adapting the information environment for education, training, vocational rehabilitation and employment of the disabled; create and adapt special aid equipment for people with disabilities, provide them with such equipment and adapt information systems and databases for them; develop norms for adapting the information environment to the needs of people with disabilities;
- use state budget funds allocated for the Council for Disabled People’s Affairs to finance projects designed to provide access to the Internet for the disabled.

*4.3.2. Preventing excessively large debts, homelessness and other life situations generating social exclusion*

*Policy and institutional setting*

The Lithuanian social assistance system provides for compensation payments for heating and hot water for low-income individuals. Under this system, state budget funds are used to cover part of the cost of housing maintenance and to ensure that persons on low incomes can stay in their homes.

*Assessment*

Even with the benefit of social assistance, part of the population cannot afford to pay for utility services and loses the right to social assistance. In such cases they are forced to sell their homes or to exchange them for housing in depressed regions. In some cases indebted home owners fall prey to dishonest dealers and lose their housing and money as a result.

### *What needs to be done?*

- collect data on the scope and scale of indebtedness for utility services;
- develop and implement an assistance programme for poor homeowners that would lay down mechanisms and procedures for protecting the interests of indebted homeowners and for indebtedness prevention measures such as a money advice and budgeting service.

### *4.3.3. Preservation of family solidarity*

#### *Policy and institutional setting*

In accordance with the Law on state benefits for families raising children, state benefits are currently paid for families who are raising children. The law also provides for assistance for orphans and foster children. These benefits are paid irrespective of the level of family income, except for the benefit for three children, which is paid by applying means testing. The system of state family benefits is only one of the main components of social family policy and does not address all the problems of family life. Families receive assistance for housing purchase, payments for utility services, tax breaks, various parent employment guarantees and assistance for children attending pre-school establishments and schools. Communication and transportation concessions, land tax breaks and similar are granted.

Fifteen women's crisis centres provide help (including shelter, psychological and legal assistance, consultancy and "hot lines") for victims of violence. A men's crisis and information centre has been established recently. Its main line of activities focuses on work with offenders.

#### *Assessment*

At present families need various types of support in all areas of life. In order to strengthen the ability to meet the needs of family members, state benefits have to be balanced with indirect support for families, first of all for children, by providing them with essential services. Lithuania has an ineffective system of state benefits for families raising children. Parents' legal and material responsibility for the use of benefits designated for children is not properly established. The existing support for foster children is not harmonised with support provided for children growing up in families. It thus encourages poor families to give children away into foster care, in most cases to close relatives. Too little attention is being paid to the provision of social services to families.

Violence against women is a serious concern in Lithuania. In 2001 and 2002 a survey was conducted in Lithuania within an educational campaign "Life Without Violence," financed by the United Nations Development Fund for Women. According to the survey data, a total of 82 percent of women above 16 years of age have experienced psychological violence or oppression, while 35 percent of those polled experienced physical violence. However, no special norms have been established in Lithuania yet that would establish responsibility for domestic violence and the possibility of removing offenders from injured families. Legal acts provide no definition of domestic violence. There are no programmes for solving this problem and no system

that would embrace all the areas or coordinate the activities of the various institutions and non-governmental organisations. Women – victims of violence – lack information about what help is available. Having only one Men’s crisis and information centre is not sufficient. No statistics about the scale and trends of violence by gender have been collected yet. There is no general and clear methodology for collecting data about domestic violence, persons who have suffered from violence and the like.

*What needs to be done?*

- Supplement and, if need be, prepare legal acts tightening up on parents’ legal and material responsibility for the use of benefits designated for children and granting more rights for institutions providing benefits so that they could replace benefits with in-kind support provided directly for children.
- To prepare a draft a Law on children’s benefits. The main goals of such a law would be:
  - (1) to encourage families to raise and maintain their children by supporting every child until he/she becomes an adult.
  - (2) to make the support system for children deprived of parental care more effective by guaranteeing the average level of living for foster children; by increasing the responsibility of close relatives for those children in need of support; and by guaranteeing more effective support for children who start their self-sustaining life;
  - (3) to guarantee that the benefits are used for the children’s requirements by increasing parents’ responsibility for the maintaining of their children; by the development of social services for families and by organizing preventive work with social risk families;
  - (4) to guarantee the unified administration of children’s benefits in local municipalities.
- Strengthen work with social-risk families so as to ensure that benefits are used to meet children’s needs.
- Create a favourable legal basis for tackling violence against women that would lay down the procedure for family protection and the removal of offenders; develop a conceptual framework of an action plan for tackling violence against women and introduce a raft of measures embracing education of judicial institutions, support for victims of violence, work with offenders, and information, education and health care for the public and victims of violence; with the active participation of municipal institutions; expand on a territorial basis a network of crisis centres that would ensure support for victims of violence and work with offenders; and support projects run by non-governmental organizations devoted to these issues.

#### **4.4. Helping vulnerable groups**

European Community legislation prohibits racial discrimination in employment, education, social security, health care, housing and access to goods and services. Discrimination on grounds of religion or belief, age, disability and sexual orientation

are also covered in the areas of employment and training<sup>1</sup>. The transposition and effective implementation of these directives should form part of Lithuania's strategy for promoting the integration of ethnic minorities and other disadvantaged groups.

### *Policy and institutional setting*

The following programmes are being conducted in this area: a Poverty Reduction Strategy and Action Plan, a programme of social adaptation for convicts and ex-convicts and persons leaving penitentiary labour and social and psychological rehabilitation establishments for the period 2001-2004, a national programme for social integration of persons with disabilities for the period 2003-2012, a Gipsy integration programme, a programme for the control and prevention of trafficking in human beings and prostitution for the period 2002-2004, and a national programme for drug control and prevention for the period of 1999-2003. A programme for social integration of foreigners who have been granted asylum is being carried out on the basis of co-operation agreements with municipalities, non-governmental organizations and the Refugees Reception Centre of the Ministry of Social Security and Labour. The migration process in the Republic of Lithuania is regulated by the Law on the Legal Status of Foreigners and the Law on the Status of Refugees.

### *Assessment*

Trafficking in human beings, especially in women and children, is one of the most serious violations of human rights and one of the gravest forms of violence against women. The Government is paying considerable attention to this problem. The ongoing complex programme concerned with the control and prevention of trafficking in human beings and prostitution creates the preconditions for a basic improvement in this field and for providing assistance to victims of trafficking in human beings. It covers a revision of laws, scientific and analytical research, improving education, prevention and social integration of deprived persons and implementing organizational measures on the part of institutions fighting trafficking in human beings. Support is being granted for governmental and NGO projects designed to provide social support for and the reintegration into society of victims of forced prostitution. This and other ongoing programmes, as well as international projects, essentially ensure the implementation of the provisions of many international documents on trafficking in human beings.

The integration of foreigners who have been granted asylum is being impeded by the provision that only permanent residents of the Republic of Lithuania are entitled to social assistance and guarantees. As a result, upon expiry of the set period of social integration provision (one year, or in exceptional cases two years) and upon failure to find a job, refugees remain not only without a means of subsistence but also without social guarantees. The law does not provide for any employment privileges for refugees. For this reason municipalities are reluctant to administer state assistance for the provision of social integration of foreigners who have been granted asylum, which means that the main burden falls on non-governmental organizations. Municipalities and non-governmental organizations lack funds and qualified specialists in this area. The public is too ill-informed about the problems of foreigners, while foreigners have

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<sup>1</sup> Directives 2000/43/EC and 2000/78/EC.

too little information about the country's living conditions: housing, employment, education, health insurance and benefits. There are no provisions on the social integration of foreigners coming into the country for family reasons.

*What needs to be done?*

In implementing point 40 of the action plan under the programme for the control and prevention of trafficking in human beings and prostitution for the period 2002-2004, it is necessary to draft amendments and supplements to legal acts stating that victims of trafficking in human beings are relieved of the responsibility for prostitution and to conduct a survey aimed at finding out the extent of social services required by victims of trafficking in women.

In order to create a social, economic and political environment in which foreigners residing in the Republic of Lithuania are recognized as an important and respected part of the society with a positive status, it is necessary:

- upon the enforcement of the Law on the Legal Status of Foreigners of the Republic of Lithuania after Lithuania joins the European Union, to develop an appropriate legal basis providing for the social integration of foreigners in Lithuania, taking into consideration the experience of other member states of the European Union and the country's specific features (economic, social and other factors);
- to develop a clear and specific programme combining the activities of all state institutions and public organizations in tackling economic and cultural issues related to the provision of social guarantees to foreigners;
- to create integration programmes to help foreigners to benefit from them and accelerate their integration in society; and
- to strengthen the links between the society and foreigners residing in the country in establishing information and assistance centres.

## **Eradicating the social exclusion of very vulnerable children <sup>2</sup>**

*Policy and institutional setting*

The Ministry of Social Security and Labour is preparing a strategy for reorganising the system of childcare, the aim being to lay down the main directions of the development of the system for providing social services for children without parental care. This would guarantee the improvement and activation of a community (home care) child care system and its priority with regard to the development of a residential (in-care) child care system, seeking at the same time to create equal possibilities for children without parental care to successfully integrate into society and to avoid social exclusion.

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<sup>2</sup> Some aspects of social inclusion of children are analysed in sections 4.2.1. (Social Protection, discussing benefits for families with children and social services), 4.2.4. (Access to Education), 4.3.3. (Preservation of Family Solidarity, discussing tightening up parents' responsibility for the use of benefits for children and encouraging families to raise children).



A national programme of NGO child day centres for the period 2002-2004 is being implemented. This programme provides financing for projects of non-governmental organizations working with children. It helps to tackle the social problems of children of pre-school age and school-age from problem families, to organize their upbringing and extra-curricular activities and to ensure social work with parents in order to create conditions for children to return to their families. Appropriate conditions for children's socialization, early prevention of minor and juvenile delinquency and the provision of social services for problem families have to be created in child day centres.

The Ministry of Social Security and Labour is conducting a national programme against sexual commercial exploitation of children and sexual abuse. A programme for improving the activities of municipal services for the protection of children's rights is in preparation.

Violence against children and commercial exploitation of children are recognised as criminal acts liable to prosecution.

#### *Assessment*

The preparation of a strategy for reorganising child care and especially the intention to give priority to the development of community child care is potentially an important step forward in protecting children from exclusion. The biggest problem that remains is the identification of children who have suffered from sexual abuse and the creation of a system of policies preventing sexual abuse of children, and the requisite implementation mechanism.

#### *What needs to be done?*

The finalisation and implementation of the strategy for reorganising child care is an urgent priority.

One important task is to create a system for the prevention of sexual abuse and the sexual commercial exploitation of children. This will be accomplished by organizing training in accordance with upgrading programmes for specialists related to the protection of children's rights. The programmes have been adopted, and the training is to be launched in 2003.

### **Supporting the integration of persons with intellectual disability**

People with intellectual disability are amongst the groups most at risk of social exclusion. In Lithuania a range of legislation is in place to protect their human rights and the National Program for the Social Integration of Persons with Disabilities for 2003-2012 and the Action Plan of the Lithuanian Year of People with Disabilities provides a positive environment. Also in recent years considerable progress has been made on the integration of children with special needs into mainstream schools. However, much still needs to be done to overcome the exclusion of persons with intellectual disability. Areas that need attention include: increasing public awareness and overcoming negative public attitudes; increasing the availability of information; increasing access to rehabilitation measures and work; expanding social and support services, particularly in rural areas; improving the systems of financial support to

disabled people and their families; enhancing the training and qualifications of specialists and professionals. This is an area in which close co-operation and partnership between national and local state bodies and non governmental organisations will be important.

#### **4.5. Mobilising all relevant bodies**

##### *4.5.1. Mainstreaming and coordinating policies and programmes to combat poverty and social exclusion*

In order to prepare documents of national significance (e.g. the General Programming Document, the National Development Plan, etc.), task forces comprising representatives of state institutions from various areas and various tiers have been established. The task forces also include independent experts (academics), NGO representatives and social partners. A coordinating institution responsible for the work has been appointed. Meetings of the task forces are held to discuss issues arising in the course of preparing documents/programmes, to submit proposals, etc. In all areas (environment protection, health care, etc.) measures proposed in documents/programmes are assessed in terms of the reduction of poverty and social exclusion. The Association of Municipalities represents municipalities in the preparation of documents related to social exclusion by central government institutions. The Association of Municipalities coordinates the activities, and represents the interests, of municipalities in institutions of state governance. As regards the preparation of the Joint Inclusion Memorandum a task force was established which was coordinated by the Ministry of Labour and Social Security. This inter-agency task force will then carry forward the work by coordinating and preparing a National Action Plan.

In order to reduce poverty and social exclusion in rural areas, a rural community partnership programme, financed by the UK International Development Department, is being carried out. It is a three-year project embracing three target regions of the Vilnius district (Salcininkai, Svencionys and Ukmerges regions). The purpose of this project is to enhance the quality of life and occupational skills of rural dwellers and to foster their capacities to successfully manage change. The project is based on a structure of partnership groups which have equal representation of local government, governmental institutions, economic development agencies (which in turn comprise representatives of regional and local development agencies, business aid agencies and interested local employers), local communities and non-governmental organizations. The aim is to promote co-operation between regional and national institutions by combining “bottom-up” and “top-down” principles. After auditing local needs, partnership groups have developed local development strategies for reducing poverty and social exclusion to serve as a basis for implementing small-scale community projects initiated by community groups, NGOs, municipalities and private agents. A Partnership Group selects projects on the basis of established criteria and vets the implementation thereof.

Results and implementation methods of the programme will be disseminated with the view to implementing them at the national and regional levels. The Rural Communities Partnership Programme has helped the Ministry of Agriculture to

develop a Leader+ measure which has been included in the Single Programming Document.<sup>3</sup>

The Lithuanian Council for Disabled People's Affairs under the Government of Lithuania coordinates medical, professional and social rehabilitation and social integration of the disabled. The Council, which is governed by law, is established on the parity principle and comprises national public organizations of disabled people and representatives of state institutions. The Council for Disabled People's Affairs not only helps the Government to form a social policy reflecting the needs of the disabled and coordinate programmes of social integration of the disabled conducted by NGOs working in the area of disability, ministries, governmental agencies and other institutions. It also seeks to ensure that disabled people take an active part in addressing all issues related to their life and activities. The Council also coordinates and supervises a national programme for the social integration of the disabled for the period 2003-2012, approved in 2002. In 2003 the Council has been granted additional funding for an action plan of the Year of the Disabled, two thirds of which will, after consultation with disabled people's organizations, be allocated to financing various programmes for the disabled.

#### *4.5.2. Mobilising all actors*

In order to survive, NGOs often design their activities in accordance with priorities announced by foundations rather than according to governmental strategies or action plans. For this reason NGOs are not very active in addressing important issues with a national dimension. There is some fragmentary evidence of effective co-operation between governmental institutions and NGOs, but this experience has not been expanded on. There is no universally accepted model of co-operation to define the quality and continuation of NGO work, spell out responsibility and guarantee transparent funding.

For NGOs to become effective partners in expanding social coverage and implementing other national strategies, the aim is to increase the government's confidence in NGOs and to simplify laws regulating the operation of NGOs. Therefore it is important to note that, in accordance with a new Civil Code, these laws do not contain excessive or petty regulation of NGO activities. Also, provisions have been made uniform and, equally important, now these provisions will not be dispersed in many different laws.

A new law on personal income taxation allows tax payers to allocate two percent of their income tax for selected organizations/donation recipients. Practical implementation of this provision is the current objective. A task force comprising NGO representatives and officials from various state institutions has been set up to draw a draft law on NGO development. In addition to that, it is planned to replace the NGO registration procedure and to improve the mechanism for supervising NGO activities.

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<sup>3</sup> Lithuania. A rural communities partnership programme in the Baltic States (CNTR 00 0412): A Brief Project Description/ UK International Development Department. – Vilnius 2003.

At the end of 2002 the United Nations Development Programme (hereafter UNDP) and the Ministry of Social Security and Labour as well as UNDP and the NGO Information and Support Centre (hereafter NISC) signed agreements on the implementation of a project “Strengthening Capacities of Non-governmental Organisations in Poverty Reduction in Lithuania.”

With financial and methodological support from UNDP, it is planned to create a structural network of Lithuanian NGOs fighting poverty, to organise training and seminars on partnership, co-operation and social dialogue for network members, and to foster their social initiative management skills in combating poverty and social exclusion. Lithuania has considerable experience in this area: a structural network of advisory councils has already been created, and 20 volunteers have been trained to provide information for socially excluded persons. This is in line with the main provisions of the European declaration of advisory councils.. In order to achieve a structurally effective dialogue between the Ministry of Social Security and Labour and NGOs, a secretariat of the NGOs-against-poverty network (these functions are delegated to LGPS and NISC) has been established. With the support of NISC, it is planned to set up in all regions of Lithuania advisory councils that would organise meetings of NGO network members and discussions with the public, promote community initiatives and act as mediators between state and local institutions and the society. This NGO network and the Ministry of Social Security and Labour would act as social partners in the areas of information exchange, dissemination of best practice, co-operation in conducting an independent and accurate analysis of the existing situation in Lithuania and formation of a more effective social dialogue between state and local institutions and non-governmental organizations.

The NGOs-against-poverty network is expected to become a serious partner of the Ministry of Social Security and Labour in drawing up a social map and implementing the poverty reduction strategy and its 2002-2004 action plan, conducting poverty monitoring, analysing outcomes and shaping national poverty reduction policy. This positive example of the involvement of NGOs in the programme of Poverty Reduction in Lithuania may be used as a basis for good practice in the Joint Inclusion Memorandum as well.

In the context of developing the JIM the following have been identified as important areas in which NGOs can work in partnership with the state to tackle poverty and social exclusion:

- The development of programmes which increase access to the labour market for jobless persons over 50 and disabled persons. This can include consultations, psychological support and monitoring of employed persons with integration difficulties, retraining and close relationship with employers with a view to identifying the most marketable occupations. Also important is working with the help of the mass media to improve the image of such workers.
- Developing a system of life-long learning for adults with retraining based on the needs of the labour market and needs of adults and disabled persons.

- Involving NGOs in rural areas in the development programmes of the regions.
- Family support networks helping families to raise children and take care of old parents and disabled persons. Intergenerational programmes for exchanging national traditions and life experience.
- Cultural programmes preserving national traditions and integrating foreigners into Lithuanian society.

In supporting and encouraging the development of NGOs it will also be important to support and encourage them to link with EU NGO networks active in the field of poverty and social exclusion so that they can learn from their experience and also contribute to the development of policies at EU level.

Tripartite co-operation is widespread in Lithuania in addressing the issues of employment, remuneration, social guarantees of employees and others. In 2003 a Social Partnership Development action plan for the period 2003-2004 has been prepared. (Its main goals are: a social partnership system and improvement thereof, improvement of the legal and normative basis of social partnership, improvement of collective labour relationships and information and education of the social partners.) One challenge will be to further increase the involvement of the trade union and business sectors in the struggle against poverty and social exclusion, including through the development of corporate social responsibility initiatives.

#### *4.5.3. Ensuring participation of the excluded*

The participation and self-expression of socially excluded individuals is encouraged by creating conditions for the activities of non-governmental organizations (see the section above) and promoting people's involvement in these activities. At the local level people are engaged in the implementation of such programmes as „A Programme for Partnership of Rural Communities” and „Local Employment Initiatives.”

## **5. PROMOTING GENDER EQUALITY IN COMBATING POVERTY AND SOCIAL EXCLUSION**

### *Gender equality in the JIM*

The process of preparing the Joint Inclusion Memorandum has reinforced the understanding that the problem of poverty and social exclusion is characterised also by gender inequality in both the labour market (vertical and horizontal segregation, reconciling family and work, flexible labour forms, etc.) and such areas as labour relationships, labour earnings, working conditions, social security and health care. Different factors influence men's and women's problems in this area; poverty and social exclusion have different effects on men and women. Specific risk factors that have been highlighted by the JIM process include the following: family violence, divorce (which has different effects on the situations of men and women because in most cases mothers raise the children after a divorce), age problems, especially those of women, related to the possibilities of participating in the labour market,

reintegration problems of ex-convicts, health problems, including drug addiction, which are more characteristic of men. These and many other factors are interrelated, which means that in terms of gender they should be treated at a horizontal level. In many cases poverty and social exclusion cause negative consequences for women such as a risk of getting involved in prostitution, while they can lead men to get involved in crime, become homeless, etc.

To ensure gender equality, a dual approach combining a gender mainstreaming strategy with specific actions is used in all areas. Taking into account the principles of the gender mainstreaming strategy, gender issues have been consistently integrated in each JIM section, especially in the section on employment, as it is recognised that employment is one of the most significant factors in combating poverty. In both evaluating the situation and identifying problems, objectives and tasks, the impact on both genders was assessed.

### *Legal and institutional framework*

Lithuania has a well developed legislative and institutional framework for promoting gender equality. The legislative framework in Lithuania provides conditions for implementing a gender mainstreaming strategy. The principle of equal opportunities and equal treatment is established in the Constitution of the Republic of Lithuania. This principle is also enshrined in a number of laws, especially in the areas of social security and labour: the Labour Code, the Law on Support for the Unemployed, the Law on Safety and Health of Employees, the Law on Elections, the Law on Referendum, the Law on Public Service. Legislation is in line with the EU *acquis* on equal opportunities and creates preconditions for ensuring equal opportunities for women and men on the labour market, one of the most important focus points in combating poverty and social isolation.

The Law on Equal Opportunities of the Republic of Lithuania, adopted back in 1998, requires all state and governance institutions to implement equal rights for men and women, to ensure that equal rights are established in all legal acts prepared and adopted by them, to develop and implement within their competence programmes and measures designed to secure equal opportunities for men and women in the area of public administration. The law lays down the duty of educational and academic institutions to implement equal rights by ensuring equal conditions for men and women in entering professional training establishments, establishments of tertiary education and qualification upgrading courses, in assigning scholarships and granting study loans, selecting curricula and evaluating the level of knowledge. It requires that curricula and textbooks do not contain any basis for discrimination of men and women. The law sets out the duty of employers to implement equal rights for men and women at work: to apply equal criteria in hiring employees, except for special jobs which can be performed only by persons of one or the other gender, to create equal working conditions, to create possibilities to raise qualifications, to provide equal privileges, to apply equal performance assessment criteria, to pay the same remuneration for the same type of work, to undertake measures to prevent sexual abuse and to undertake measures to prevent persecution of employees who have filed complaints regarding discrimination.

An institutional mechanism for implementing equal opportunities for men and women has been created and is being further developed with a view to implementing the legal

provisions. This mechanism combines several interrelated levels, which are involved in intense co-operation: parliamentary, governmental and public levels. In 1999 an independent Office of the Equal Opportunities Ombudsman was established to watch over the implementation of legal provisions. The Ministry of Social Security and Labour is responsible for coordinating all activities in the area of gender equality at the governmental level.

In order to ensure monitoring of the situation of men and women in different areas, it is important to collect gender statistics. An annual publication *Men and Women in Lithuania* has been issued since 1997 by the Department of Statistics. It offers various statistics by gender. This makes it possible to identify the existing gender inequality and existing problems, to raise proper issues in one area or another, to properly target efforts and to undertake the necessary measures.

Rapid changes in society highlight new problems, challenges, objectives and tasks in many areas. Gender equality is not an exception. Women's progress goals are being replaced with the goal of ensuring gender equality, i.e. equal rights and opportunities for men and women, which in turn means the gender mainstreaming strategy.

The gender dimension is consequently integrated into a number of programmes. First of all, there is the Programme for Increasing Employment, which contains a separate section on how to ensure equal opportunities for men and women on the labour market and defines policies designed to reconcile family and work. These include the application of flexible forms of job organisation, the development of possibilities for looking after children of pre-school age and policies to address the problems of reintegrating women who are re-entering the labour market after a lengthy break, and elderly women. Strategic directions of Small and Medium-Sized Business development until 2004 and measures for Small and Medium-Sized Business Development from 2002 until 2004 envisage specific measures for promoting entrepreneurship among women. A National Plan for Support and Protection of Human Rights in the Republic of Lithuania also embraces measures to uphold women's rights in all areas in the context of equal opportunities for men and women. The Programme for the Control and Prevention of Trafficking in Human Beings and Prostitution for the period 2002-2004 is designed to address the problems of trafficking in human beings, especially women, which is one of the gravest forms of violence against women.

In order to ensure gender mainstreaming and gender impact assessment, a methodology for assessing the impact of decisions was approved by Resolution No 276 of the Government of Lithuania of 26 February 2003. This methodology defines principles and aspects of assessing policy proposals submitted to the Government. One of them refers to the impact on the social environment and equal opportunities for men and women. It will be applied in assessing policy proposals submitted to the Government starting from 1 August 2003.

In accordance with the principles of gender mainstreaming, a National Programme on Equal Opportunities for Men and Women for the period 2003-2004 was prepared and approved by Government by Resolution No 712 of 3 June 2003. The main goal of the programme is to ensure equal opportunities for men and women to seek education, to raise qualifications, to obtain employment and higher positions and to receive equal earnings so that women can share fully in all areas of political and public work and

prestigious activities and hold leading positions in state governance institutions. The main directions of the programme are to ensure equal rights and equal opportunities for men and women and thus to embrace both gender mainstreaming and special actions.

The programme lays down actions designed to ensure equal opportunities for men and women in the respective problem areas: employment, education, politics and decision making. It also identifies actions designed to address specific problems in such areas as human rights, combating violence against women and trafficking in women, health and environmental protection. In addition to that, the programme identifies measures to strengthen the implementation of mechanisms and the improvement and development of methods. The measures envisaged also entail a further improvement in existing gender statistics.

#### *Areas for improvement*

Lithuania has made much progress in the creation of the legal basis for gender equality and the development of institutional mechanisms, in implementing programmes and measures designed to solve these problems and in implementing gender mainstreaming. However, given the specifics of the gender equality issue, this is a long-term goal and there is an array of problems to be addressed in such areas as employment, balanced representation, education, social security, health care and other areas. In many cases this is related to a lack of knowledge and understanding.

A lack of knowledge of the particular features of gender equality in relation to poverty and social exclusion is particularly evident in the social sphere. It is likely that the integration of the gender dimension into the education of various specialists would help to address this. This should create the conditions for the rise of new, improved social initiatives devoted to both men and women and should make it possible to take into consideration the gender equality principle in various social areas. In addition, this should result in greater attention being paid to the application of gender mainstreaming in developing programmes and measures for the reduction of poverty and social exclusion.



## 6. STATISTICAL SYSTEMS AND INDICATORS

In compliance with the Law on Statistics of the Republic of Lithuania, the Department of Statistics under the Government of Lithuania (hereafter LDS) implements general state policy in the area of statistical methodology, organisation of statistics and the provision of statistical information to consumers. Following legal acts of the Republic of Lithuania and the European Union regulating the preparation of statistical information and taking into consideration the government's priorities, the LDS, together with other institutions dealing with statistics, develops and adopts annual programmes of official statistics and ensures that the work earmarked in these programmes is accomplished.

The LDS collects, stores, analyses and provides statistical data that are required by state institutions, the statistical office of the European Communities (Eurostat), other international organisations and society in general. LDS operations are based on the fundamental principles of official statistics approved by the European Economic Commission of the United Nations: neutrality, professional independence, transparency of the methods used, the right to comment on erroneously interpreted data, the use of the most effective sources of data, confidentiality, legal transparency, co-operation with other institutions, compliance with international standards and international co-operation.

The aim is to ensure that statistics meet quality criteria applicable to official statistics: fitness for purpose (meeting consumer needs), accuracy, timelines, clarity and accessibility, comparability (cross-country) and compatibility.

**Compliance of statistical indicators with EU requirements.** The Department of Statistics submits statistical data to EUROSTAT. They are stored in a uniform database, New Cronos, which is accessible to all consumers.

The 2002 Regular Report of the European Commission gave a positive assessment of the progress achieved by Lithuanian statistics in recent years. By July 2003 the LDS had prepared a total of 623 social statistics indicators (97 percent) that met EU requirements. All in all 92 percent of all statistical indicators meet EU requirements, so the level of compliance of social statistics is very high.

**Poverty and inequality indicators.** At present the Lithuanian Department of Statistics calculates poverty and inequality indicators on the basis of household budget surveys. The methodology of calculating the relative poverty line and inequality indicators applied nationally in social policies and in analysing the standard of living differs from the methodology recommended by Eurostat for measuring social exclusion. The household budget survey collects information both about household income and expenditure. In contrast to the approach used in the EU, experts in Lithuania consider that the information about consumer expenditure is more credible than the information on household income for measuring poverty and social exclusion. For this reason they use expenditure and not income indicators to measure relative poverty and inequality. However, in the EU context, Eurostat and the indicators endorsed at the Laeken European Council opt for income indicators as these better reflect opportunities whereas consumption reflects choices. The eventual launch of EU-SILC in Lithuania will be based on income indicators. Household

budget surveys are not sufficient to evaluate the scale of poverty in different population groups because these surveys do not embrace a sufficiently large number of such households. For example, according to the results of these surveys, the poverty level of households of one adult person with children below 18 years of age differs markedly from year to year. It is suspected that the results are determined accidentally rather than being dictated by changes in the actual situation. It is therefore necessary to organise additional surveys of specific population groups.

Based on the information about household income, social coverage indicators are calculated for international comparison in accordance with the Eurostat methodology: a relative poverty line before social transfers and after social transfers for different population and household groups, the Gini index and the extent of the relative poverty risk. In order to enhance the credibility of information, an improved programme of household budget surveys has been implemented starting from 2003 and a sample plan representing the country's districts has been prepared.

**Statistics on income and living conditions.** At EU level a new survey is being developed (EU-SILC) which will provide statistics across the EU on income and living conditions. Statistics Lithuania will be involved in this survey and will be ready to collect statistics on income and living conditions in accordance with the requirements of the European Union in 2006. At present preparation for a pilot survey is underway. The new survey is expected to become a source of information for calculating both monetary and non-monetary indicators of the standard of living and social exclusion. The survey will also provide a source of information for the calculation of long-term (permanent) poverty, for which there are at present no raw data.

**Population census.** In 2001 a universal population and housing census was carried out, and the main results were announced. These include data about the number of inhabitants and their demographic and social characteristics, the number of families and composition thereof, households, housing and housing quality, the possession of housing facilities by families and lone persons, living conditions of disabled individuals, population migration, etc. However, not all the data necessary for solving the problems of social exclusion are reliable. For example, the number of homeless individuals obtained from the census differs from the data collected by municipalities by a factor of almost two.

**Labour force surveys** In order to receive reliable information about the employment situation that is comparable in terms of cross-country analysis, the Department of Statistics conducts sample labour force surveys. The survey questionnaire fully meets the requirements of Eurostat. Labour force surveys have been conducted regularly since 2000. The results are announced every quarter. Labour force surveys are carried out in accordance with the regulations of the European Council. The concepts of the employed and the unemployed correspond to the concepts used by the International Labour Organisation. The survey experience shows that a number of persons pursue jobs individually and are not reflected in the number of unemployed registered by the Labour Exchange. Therefore the results of labour force surveys present more realistic information which is more suitable for cross-country comparison. Territorial labour exchanges collect, store and publicise information about unemployed individuals registered by them.

**Provision of information and indicators for consumers** In providing indicators for consumers (aggregate databases, statistical tables and visual information), meta-data are issued and methodologies are described. If necessary, indicators are prepared to reflect data by territory, regions and trends. The survey samples are sufficient to obtain credible national data and in some cases district data. However, they are insufficient to obtain precise information by municipalities. The data from the 2001 universal population and housing census are very significant in providing for consumer analysis details of demographic and social characteristics and living conditions of the population at the national, district and municipal levels. However, due to long time gaps between censuses these data are insufficient for monitoring social exclusion.

## **7. SUPPORTING SOCIAL INCLUSION POLICIES WITH EU STRUCTURAL FUNDS**

After joining the EU Lithuania will have qualify for substantial financial support from the EU Structural and Cohesion Funds. The European Commission's financial proposal concerning support for the candidate states provides for Lithuania to receive over 1.35 billion euros from the EU funds in the period 2004-2006, of which:

**543.5** million euros from the Cohesion Fund;

**792.1** million euros from Structural Funds for the Objective 1 programme; and from the Communities' INTERREG and EQUAL initiatives.

In the period 2004-2006 Lithuania will receive assistance from all of the four EU Structural Funds on the basis of one Objective 1 programme "**Single Programming Document (SPD) of Lithuania for the period 2004-2006.**" The main strategic goal of the Lithuanian SPD is to strengthen the basis for long-term growth of the country's competitiveness and speedy development of a knowledge-based economy, expressed, first of all, as real GDP and employment growth and stimulating welfare growth and higher living standards for the whole country's population. To accomplish this goal, EU Structural Funds will be invested in four priority areas in Lithuania:

1. **the development of the social and economic infrastructure** (increasing the effectiveness of the transport infrastructure, the development of the energy sector, enhancing the quality of the environment, improving the health care system, renewing the educational and social service infrastructure);
2. **the development of human resources** (labour force training, social integration, the development of life-long learning);
3. **the manufacturing sector** (assistance will be provided for increasing business and industrial competitiveness, the development of information services and a more effective utilisation of tourism potential);
4. **agricultural and rural development.**

The investments and the implementation of assistance from the EU Structural Funds and especially the European Social Fund as projected in the Single Programming

Document of Lithuania will support and supplement the priorities of reducing social exclusion and contribute to ensuring equal opportunities on the labour market.

**The development of human resources** is one of the top priorities in the Single Programming Document. The objectives related to this priority goal are to reduce structural unemployment and youth unemployment and to prevent unemployment by combining the knowledge and skills of the working population with new demands of the labour market, to balance the growth of skilled human resources with the goals of economic development, and to promote social integration. Assistance for the development of human resources will be provided from **the European Social Fund (ESF)**.

The top priority of the Joint Inclusion Memoranda for Lithuania is to enhance employment opportunities. It envisages the need to create an open labour market that would meet the needs of socially vulnerable people and to enhance the active role of the unemployed, to reduce regional unemployment disparities, to increase access to education, vocational training and guidance for socially vulnerable groups, to promote a social economy and to create conditions for reconciling family and work.

The Single Programming Document (SPD) of Lithuania for the period 2004-2006 provides for the resources from the European Social Fund to be invested for addressing the problems specified in the memorandum and for implementing the planned measures. The measure "Development of Employability" under the priority of developing human resources of the SPD is designed to facilitate the implementation of such activities as the development and implementation of specific employment programmes for young jobless individuals, the disabled, elderly jobless individuals and the long-term unemployed, pursuing a more active labour market policy and measures for enhancing integration of ethnic minorities in the labour market. The development of local employment initiatives and partnership envisaged in the memorandum as a measure to address regional unemployment problems will also be financed from the European Social Fund.

One of the most important objectives set out in the memorandum for reducing social exclusion is to increase access to and quality of education, vocational training and guidance. The SPD measures "Prevention of **Social exclusion and social integration**" and "**Development of conditions for life-long learning**" provide for investment in activities that would facilitate the accomplishment of the objective set out in the memorandum. It is planned to invest ESF assistance in the improvement of educational and vocational training, especially for persons with inadequate motivation; the development of vocational training for the disabled, the adaptation of the labour market vocational training for specific groups of the disabled, the development of distance learning programmes, etc. In addition to ESF, ERDF assistance will be channeled to support the optimisation of the network of professional information, consultancy and vocational training institutions under the measure "**Development of infrastructure of labour market, education, vocational training, research and study institutions and social services**".

The main objective of the measure "Prevention of Social exclusion and social integration" is to reduce social exclusion and to ensure equal opportunities on the labour market. This measure is directly related to and reflects the objectives specified in the memorandum. A specific area of support of this measure is enhancing

employment capacities and integration in the labour market for the disabled, broader utilisation of information technologies in distance learning and the development of new forms of employment. Successful utilisation of the assistance in this area will contribute to achieving the goals of the memorandum.

The memorandum promotes the creation of legal foundations for the establishment and operation of social enterprises as one of the elements of developing a social economy. The legalisation of such enterprises would create favourable conditions for the implementation of activities envisaged in the Single Programming Document, for utilising the assistance from the European Social Fund and for a further development of social enterprises.

The memorandum indicates that the creation of conditions for utilising the potential of the knowledge-based society is one of the essential ways of preventing social exclusion. A wider use of information technologies in the area of education and vocational training and the education and vocational rehabilitation of the disabled would reduce social exclusion and enhance employment capacities. The Single Programming Document also pays much attention to the development of an information society and the resultant potential. Investments are envisaged for developing distance learning, increasing information literacy, especially in remote areas, and the adaptation of the information environment to the needs of the disabled.

Investments from the European Social Fund will help to ensure equal opportunities as emphasised in the memorandum. Besides equal opportunities as a horizontal priority of the Single Programming Document shall be integrated into all measures and activities supported by the EU structural funds. Poor health can become a major obstacle to reintegration to the labour market which is why the SPD foresees to invest ERDF resources into the development and upgrading of health care institutions.

## **8. CONCLUSION**

Full participation in the European Union's social inclusion process, the Open Method of Coordination on poverty and social exclusion is a high priority for the Government of the Republic of Lithuania, especially given the importance the Government has given in recent years to poverty reduction. In this context a Poverty Reduction Strategy was prepared in Lithuania in 2000 and the Government adopted an implementation programme for the period 2002-2004 (the Poverty Reduction Programme) in November 2002. The Programme lays down priority goals and actions (measures) for poverty reduction which the Government and other state institutions intend to undertake with the aim of reducing poverty. These are very significant documents which have considerably enhanced public awareness and strengthened institutional activities in the area of poverty reduction.

The elaboration of this Joint Inclusion Memorandum (JIM) has built on the above commitments and efforts and has stimulated fresh impetus in the fight against poverty in Lithuania. The cooperation between the Lithuanian authorities and the European Commission in the preparation of the JIM has enabled Lithuania to learn from the experience of the EU member states. This has helped to deepen the analysis of social exclusion in Lithuania and has helped with the identification of measures for reducing it. The process has also led to a wider involvement of governmental institutions and

civil society in debating the problems of social exclusion and has encouraged their active participation in proposing relevant measures. The goals and measures set out in the memorandum are hence the result of broad discussions.

In keeping with the common objectives which underpin the EU's social inclusion process the JIM proposes a wide-ranging and comprehensive set of measures to tackle poverty and social exclusion. Progress on all the areas identified in the JIM will be important over the next decade. However, some of these are particularly urgent.

**The Lithuanian Government and the European Commission have identified the following most urgent challenges in relation to tackling poverty and social exclusion:**

- to increase the level of employment and reduce unemployment, especially long-term unemployment;
- to tackle rural poverty and revive disadvantaged rural areas;
- to develop the social protection system so as to ensure that those who are unable to work are guaranteed an adequate income while also ensuring a closer link between the payment of unemployment benefits and active labour market policies;
- to tackle educational disadvantage and to ensure that all citizens gain the skills necessary to access and participate in the new information society.

**In light of the analysis undertaken in this report, the Lithuanian Government and the European Commission have agreed that the most immediate policy priorities in relation to tackling poverty and social exclusion are:**

- to develop measures to support access to employment of those at risk of unemployment by: expanding targeted employment programmes for socially vulnerable groups; establishing branches of labour exchanges and labour centres geared to such activities; ensuring that every unemployed person is engaged in active labour market measures no later than three months after registering with a labour exchange; preparing a programme for facilitating the employment of individuals of pre-retirement age; creating conditions for continued vocational training for socially supported persons; expanding training for adults with low educational attainment and low qualifications; and developing training programmes for the social partners designed to prevent discrimination of elderly employees; creating a legal basis for the establishment and operation of social enterprises.
- to draw up and implement a rural development plan and other measures for the period 2004-2006 for reducing social exclusion in rural areas.
- to develop the social protection system and progressively increase its resourcing with particular priority being given to: implementing the 2003 Law on Social Assistance; increasing social insurance pensions faster than growth in average earnings; expanding the payment of social pensions for elderly and disabled individuals who do not receive social insurance pensions; and reducing the rate of the personal income tax for low-income persons.

- to prevent educational disadvantage by: establishing municipal funds for the provision of financial assistance to children and young people from disadvantaged backgrounds to ensure their full participation in education; developing and implementing a programme for the provision of special education services so as to promote the integration of children and youth with special needs in basic schools; expanding work with young people and the parents of children with learning motivation and learning difficulties; and developing specific initiatives to tackle the problem of young people leaving school early.
- to increase access to the knowledge society by: establishing a wide network of public internet sites; achieving the EU average of internet penetration by 2015; aiming for internet services to become accessible for low-income persons; and financing projects designed to ensure access to the internet for the disabled.

The implementation of the range of social inclusion measures envisaged in the JIM will require significant resources. Thus increased investment of national resources in relevant policies will be important. EU Structural Funds can also make an important contribution. In particular the European Social Fund can assist with the expansion of training opportunities for the socially excluded which will increase their employment skills, enhance their skills and abilities to adjust to changes and help to develop the conditions for life-long learning. The Government also recognises that the eradication of poverty and social exclusion is a long term process which involves constant checking and monitoring of progress. It also involves a continuation of the process of inter-agency working and the mainstreaming of a concern with poverty and social exclusion across all policy domains which was used in the preparation of the JIM. It is thus envisaged that the inter-agency expert group which prepared this Memorandum will proceed with its work and in particular will be responsible for the preparation of Lithuania's first National Action Plan on poverty and social exclusion. This is due to be presented to the European Commission after accession in 2004 as part of Lithuanian's participation in the EU's Open Method of Coordination. The priorities and measures laid down in the JIM will provide a sound basis for the preparation of this plan.

## ANNEX 1 – STATISTICAL TABLES

**Table 1. GDP per capita (based on purchasing power standards at current prices)**

	1996	1997	1998	1999	2000	2001	Compared with EU-15 2001	2001/1996
<b>Lithuania</b>	6,200	6,900	7,400	7,300	8,100	8,700	38%	1.40
<b>CC-13</b>	6,400	6,800	7,100	7,300	7,500	7,600	33%	1.19
<b>EU-15</b>	18,500	19,400	20,300	21,200	22,600	23,200	100.0%	1.25

Source: *Statistics in focus – Theme 2 – 41/2002*, – Eurostat, 2002, p. 7.

**Table 2. Changes in gross domestic product  
(compared to corresponding period of previous year, percent)**

	1998	1999	2000	2001	2002
<b>Lithuania<sup>1</sup></b>	7.3	-1.8	4.0	6.5	6.8
<b>EU-15</b>	2.9	2.8	3.5	1.6	1.0

Source: *Economic and Social Development in Lithuania. – Statistics Lithuania, 2003/8*, p. 14.

Note: At 2000 constant prices

**Table 3 . GDP forecasts**

Indicator	2001	2002	Forecasts			
			2003	2004	2005	2006
<b>GDP, mln Lt</b>						
<b>at 2000 constant prices</b>	47,611	50,848	53,904	57,246	60,951	64,608
<b>Real growth, percent</b>	6.5	6.8	6.1	6.2	6.5	6.0

Source: *Lietuvos ūkio plėtros prognozė 2003–2006 metams (2000 metų kainomis)*.

[http://www.finmin.lt/liet/progn.htm#\\_Ekonomins\\_pl?tros\\_perspektyvos\\_200](http://www.finmin.lt/liet/progn.htm#_Ekonomins_pl?tros_perspektyvos_200)

**Table 4. Composition of expenditure on social security (%)**

	In Lithuania <sup>1</sup>		15 EU member states <sup>2</sup>
	2000	2001	1999
<b>Disease and health care</b>	28.3	28.6	26.7
<b>Disability, old-age and widowhood</b>	53.7	53.6	54.2
<b>Family and children</b>	13.1	12.7	8.5
<b>Unemployment</b>	1.7	1.7	6.8
<b>Social exclusion and housing</b>	3.2	3.4	3.7
<b>Total</b>	100.0	100.0	100.0

Source: (1) *Socialinė apsauga Lietuvoje 2001 – Statistikos departamentas prie LR Vyriausybės*, 2002, p. 60; (2) Source: *Social protection. Expenditure and receipts 1980–99 – European Commission*, 2001, ppl. 74-81.



**Table 5. Activity and employment rates by gender (average annual, %)**

Year	Activity rate			Employment rate		
	2000	2001	2002	2000	2001	2002
<b>TOTAL</b>	57.9	58.4	57.9	49.9	48.3	49.9
15-64	70.5	69.4	69.3	58.7	57.2	59.6
<b>Men</b>						
Total	66.0	64.9	64.4	53.6	51.9	55.0
15-64	74.2	73.4	73.2	60.1	58.5	62.3
<b>Women</b>						
Total	54.3	53.0	52.4	46.8	45.2	45.6
15-64	67.1	65.8	66.0	57.5	55.9	57.1

Source: data were submitted by the Department of Statistics under the Government of the Republic of Lithuania.

Note: **Activity rate** – the ratio of the labour force to the surveyed age population; **Employment rate** – the ratio of the employed to the surveyed age population. (since 2000 the survey has covered the population over the age of 15).

**Table 6. Unemployment by age and gender (annual average; percent)**

Age groups	2001			2002		
	Total	Men	Women	Total	Men	Women
<b>Total</b>	17.4	19.9	14.7	13.8	14.6	12.9
15–19	46.5	48.5	42.6	38.4	41.8	32.2
20–24	28.6	33.8	21.7	20.9	20.2	21.9
15-24	31.1	36.1	24.1	23.0	23.1	22.9
25–29	16.8	19.1	14.2	13.5	14.9	11.9
30–34	15.8	16.8	14.7	11.9	12.6	11.1
35–39	16.4	18.4	14.4	13.3	12.9	13.6
40–44	16.8	19.6	14.3	12.8	14.1	11.5
45–49	16.7	18.5	15.1	12.9	12.5	13.3
50–54	16.8	18.0	15.9	15.4	16.5	14.5
55–59	14.8	18.5	10.4	12.6	14.4	10.8
60–64	9.1	12.8	1.7	8.5	13.4	0.4
65–69	1.7	3.0	0.7	0.3	-	0.6
70+	-	-	-	-	-	-

Source: <http://www.std.lt/web/main.php?parent=936>; <http://www.std.lt/web/main.php?parent=928&module=&action=&id>

Note: The data are calculated based on the 2001 population census. They are not comparable with the data of the labour force surveys in previous years.

**Table 7. Employment, participation and unemployment in 2002 (percent)**

	Employment rate 15-64			Activity rate 15-64			Total unemployment rate			Youth unem- ployment rate	Long- term unem- ployment rate
	Total	Men	Women	Total	Men	Women	Total	Men	Women		
<b>LT</b>	60.6	64.3	57.2	69.8	74.3	65.7	13.1	13.3	13.0	21.4	7.4
<b>EU15</b>	64.1	73.1	55.0	69.2	78.1	60.2	7.5	6.7	8.6	14.9	3.1

Source: Employment, activity and long-term unemployment rates from the 2002 Spring Community LFS, Eurostat. Data for EU15 (LFS annual average), Structural Indicators, Eurostat. Total unemployment rate and youth unemployment rate from the 2002 harmonised unemployment series, Eurostat.

**Table 8. Unemployment by education and age, percent**

	2000	2001	2002
<b>Total</b>	16.4	17.4	13.8
Higher education	8.6	8.4	6.8
Secondary	17.6	19.3	14.9
Basic, primary	23.8	23.6	20.4
<b>15-24 years</b>	30.0	31.1	23.0
Higher education	27.2	24.7	19.5
Secondary	25.1	31.3	21.2
Basic, primary	36.3	34.5	27.8
<b>25-49 years</b>	15.5	16.5	12.9
Higher education	7.1	6.7	5.5
Secondary	17.4	18.7	14.3
Basic, primary	26.0	27.2	22.2
<b>50-64 years</b>	13.5	15.0	13.4
Higher education	6.0	8.8	6.6
Secondary	15.3	17.3	15.0
Basic, primary	16.8	15.7	15.9

Source: data were submitted by the Department of Statistics under the Government of the Republic of Lithuania.

Note: The 2000 and 2002 data are calculated based on the 2001 population census, which means that they are not comparable with the data of the labour force surveys in previous years.

**Table 9. Births, deaths, natural increase, marriages and divorces**

Year	1990	1995	1996	1997	1998	1999	2000	2001	2002
Live births	56,868	41,195	39,066	37,812	37,019	36,415	34,149	31,546	30,014
Deaths	39,760	45,306	42,896	41,143	40,757	40,003	38,919	40,399	41,072
Natural increase	17,108	-4,111	-3,830	-3,331	-3,738	-3,588	-4,770	-8,853	-11,058
Marriages	36,310	22,150	20,433	18,796	18,486	17,868	16,906	15,764	16,151
Divorces	12,747	10,221	11,311	11,371	11,752	11,390	10,882	11,024	10,579
<b>Rate per 1,000 population:</b>									
Live births	15.4	11.4	10.8	10.6	10.4	10.3	9.8	9.1	8.6
Deaths	10.8	12.5	11.9	11.5	11.5	11.3	11.1	11.6	11.8
Natural increase	4.6	-1.1	-1.1	-0.9	-1.1	-1	-1.3	-2.5	-3.2
Marriages	9.8	6.1	5.7	5.3	5.2	5.1	4.8	4.5	4.7
Divorces	3.4	2.8	3.1	3.2	3.3	3.2	3.1	3.2	3.1

Source: Demografinis metraštis 2002. – Statistikos departamentas prie LR Vyriausybės. 2003.

**Table 10. Rural and urban population**

	Population, thousands			%		Population density per sq. km
	Total	Urban	Rural	Urban	Rural	
1989 <sup>1</sup>	3,674.8	2,486.8	1,188.0	67.7	32.3	56.3
2001 <sup>2</sup>	3,487.0	2,334.2	1,152.8	66.9	33.1	53.4
2003 <sup>2</sup>	3,462.5	2,317.2	1,145.3	66.9	33.1	53.0

Source: the Department of Statistics under the Government of the Republic of Lithuania.

Note: (1) Population census data; (2) At the beginning of the year.

**Table 11. Population by age groups and gender**

By age groups	1995	2003	2003	2003
	Total	Total	Men	Women
<b>under 15</b>	21.9%	18.3%	20.1%	16.7%
<b>15-59</b>	60.7%	61.7%	64.3%	59.4%
<b>60-64</b>	5.2%	5.3%	4.8%	5.8%
<b>65 and over</b>	12.2%	14.7%	10.8%	18.1%
	100.0%	100.0%	100.0%	100.0%

Source: the Department of Statistics under the Government of the Republic of Lithuania

**Table 12. Average disposable household income and consumer expenditure (per capita per month; in litas)**

	1999	2000 <sup>1</sup>	2001	2002
Disposable income				
<i>Total</i>	428.0	415.4	409.9	422.0
Urban	475.2	464.9	455.4	472.2
Rural	327.1	311.0	310.9	320.4
Consumer expenditure				
<i>Total</i>	425.4	404.4	411.4	416.1
Urban	469.5	443.0	450.6	461.1
Rural	331.1	322.9	327.3	324.9

Source: Statistical Yearbook of Lithuania 2001. – Statistics Lithuania under the Government of Lithuania. 2001, pp. 203, 208, 210, 211; Statistical Yearbook of Lithuania 2002. – Statistics Lithuania under the Government of Lithuania. 2002, pp. 173, 178, 179, 181; <http://www.std.lt/web/main.php?parent=900>.

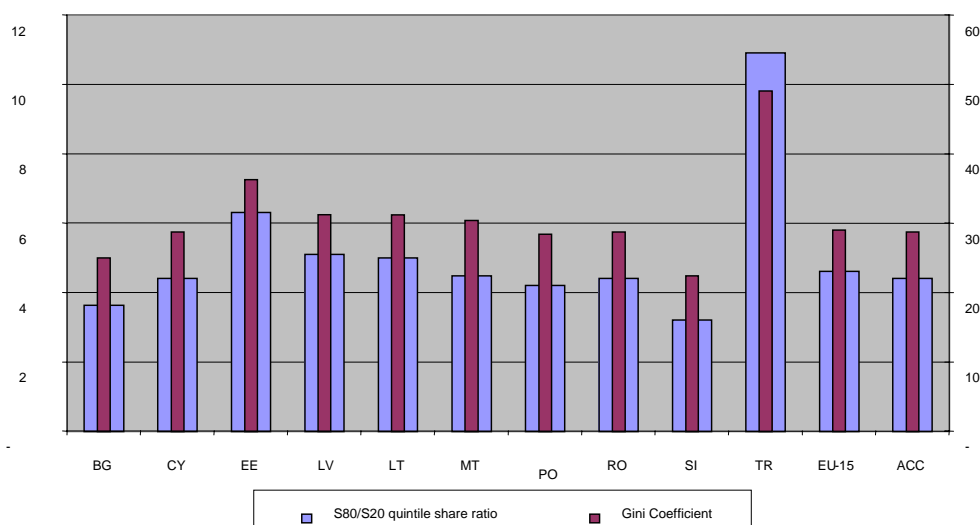
Note: In 2000 and in previous years the distribution of the respondents in the survey sample corresponded to the distribution of the population by gender, age and place of residence prior to the 2001 population census.

**Table 13. Average disposable household income by socio-economic group of household head in 2002 (per capita per month)**

	All households	Self-employed in agriculture	Hired workers	Pensioners		Pensioners relative to hired workers
				Litas	%	
Total disposable income	Litas 422,0	Litas 237,1	Litas 465,4	Litas 376,4	100.0	80.9
Income from employment	226,3	29,3	353,8	23,3	6.2	6.6
Income from self-employment	47,6	134,6	23,5	29,6	7.9	126.0
Income from agriculture	28,1	130,1	17,5	26,9	7.1	153.7
Income from business, handicrafts, free professional activity	18,4	2,6	5,1	1,9	0.5	37.3
Income from other activities (non-business)	1,0	1,9	0,9	0,8	0.2	88.9
Income from property	0,3	0,0	0,2	0,8	0.2	400.0
Income from rent	0,5	0,0	0,2	0,4	0.1	200.0
Retirement pensions	61,5	16,1	16,3	210,7	56.0	1292.6
Unemployment benefits	1,5	1,0	1,0	1,2	0.3	120.0
Other benefits and pensions	40,5	34,0	24,8	80,6	21.4	325.0
Other income	43,8	22,2	45,6	29,8	7.9	65.4

Source: Statistical Yearbook of Lithuania 2002. – Statistics Lithuania under the Government of Lithuania. 2002, pp.173, 176, 177; Household income and expenditure 2002. The Department of Statistics under the Government of, 2003, pp.32,37.

**Figure 1 S80/S20 quintile share ratio and Gini Coefficient**



Source: Ian Dennis and Anne-Catherine Guio *Monetary poverty in EU Acceding and Candidate Countries*. – Eurostat: *Statistics in focus. Population and Social Conditions*. – Theme 3 – 21/2003.- P. 4.

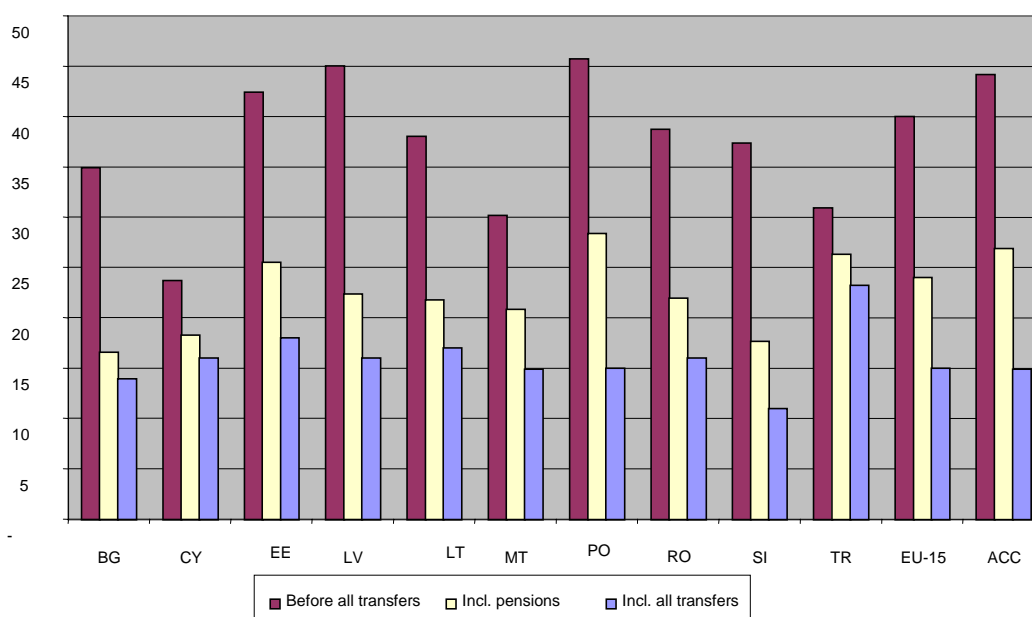
Note: Income quintile share ratio (left) and Gini coefficient (right) for 1999, except Cyprus (1997), Estonia (2000), Malta (2000), Turkey (1994).

**Table 14. Income inequality and poverty-risk indicators calculated according to the Eurostat methodology under which the poverty-risk level is considered to be 60 percent of the median of equivalised disposable income<sup>1</sup>**

	1996	1997	1998	1999	2000	2001
<b>The ratio of the shares of the upper and the bottom quintiles (the S80/S20 ratio)</b>	5.2	4.6	4.8	5.0	5.0	4.9
<b>The poverty-risk level before social transfers (social transfers do not include retirement-related pensions)</b>	22	21	21	22	23	24
<b>The poverty-risk level after social transfers</b>	18	15	17	17	17	17

Note: In calculating equivalised income, a modified OECD scale is applied whereby the first adult in a household constitutes 1 equivalised consumer, other adults constitute 0.5 and children under 14 constitute 0.3 of the equivalised consumer.

**Figure 2 Poverty level before and after transfers**



Source: Ian Dennis and Anne-Catherine Guio *Monetary poverty in EU Acceding and Candidate Countries.* – Eurostat: *Statistics in focus. Population and Social Conditions.* – Theme 3 – 21/2003.- P. 4

Note: The poverty-risk rate before any social transfers (top), after pensions (middle) and after all social transfers (bottom) for 1999, except CY (1997), EE (2000), MT (2000), TR (1994).

**Table 15. Relative poverty line in vulnerable groups (%)**

Household type	1997	1998	1999	2000	2001	2002
All households	16.6	16.0	15.8	16.0	16.5	16.6
Persons subsisting on benefits, scholarships and savings <sup>1</sup>	39.6	40.8	40.4	41.1	35.1	42.4
Households with 3 and more children	37.2	34.5	35.4	37.6	33.0	34.5
Single parents with children up to 18 years	21.6	22.0	25.7	14.9	16.1	23.2
Self-employed in agriculture	30.2	32.2	39.9	35.3	34.3	35.9
Rural residents	25.9	26.5	28.2	27.6	27.6	28.5
Households whose breadwinner has basic education (8-9 years)	24.4	24.6	26.3	24.2	26.2	28.9
Pensioners	22.1	20.9	19.1	20.4	21.4	21.5

Source: Data of the Department of Statistics under the Government of Lithuania

Note: This type of households includes all jobless persons regardless of their official status (looking for jobs, registered or unregistered with the labour exchange, – e.g. persons subsisting on rent and students making their living out of scholarships).

**Table 16. Social-risk families (data of the Ministry of Social Security and Labour, at the end of the year, thous.)**

	1995	1996	1997	1998	1999	2000	2001	2002
<b>Families</b>	9.7	12.6	14.9	15.1	16.0	18.1	18.7	18.5
<b>Children in families</b>	25.6	29.9	34.3	34.4	36.9	40.3	42.8	40.0

Source: *Statistical Yearbook of Lithuania 2002.* – Statistics Lithuania under the Government of Lithuania. 2002. p. 283; Source of the 2002 data: „2002 information about social-risk families, their children and children without parental care” of the Ministry of Social Security and Labour of April 18, 2003.

**Table 17. Pre-school institutions (at the end of the year)**

	1990	1995	1997	1998	1999	2000	2001	2002
Pre-school institutions	1681	741	724	719	713	714	699	686
Urban	813	502	491	488	495	501	495	493
Rural	868	239	233	231	218	213	204	193
Children in pre-school institutions, thousands	163.2	90.3	96.4	96.9	96.1	90.1	89.8	90.9
Urban	137.1	81.2	86.3	85.7	85.4	80.6	80.3	80.9
Rural	26.1	9.1	10.1	11.2	10.7	9.5	9.5	10.0

Source: Statistical Yearbook of Lithuania 2002. – Statistics Lithuania under the Government of Lithuania. 2002. p. 550.  
 Statistical Yearbook of Lithuania 2002. – Statistics Lithuania under the Government of Lithuania. 2002. p. 230.

**Table 18. Drop-outs from educational institutions**

Academic year	Basic schools (day)		Vocational colleges		Non-university tertiary education institutions		Universities	
	Number	%	Number	%	Number	%	Number	%
<b>1991/1992</b>	10,057	2.1	3,871	...	4,086	10.9	7,115	11.5
<b>1992/1993</b>	11,089	2.2	4,856	11.4	3,060	10.2	6,684	11.8
<b>1993/1994</b>	4,473	0.9	4,579	9.9	2,400	10.1	6,332	12.7
<b>1994/1995</b>	6,263	1.2	3,840	8.4	2,736	11.5	6,166	11.7
<b>1995/1996</b>	6,706	1.3	4,163	8.4	2,554	10.4	5,358	9.6
<b>1996/1997</b>	6,081	1.2	4,730	9.1	2,967	10.9	6,542	10.9
<b>1997/1998</b>	5,108	0.9	4,896	9.0	4,126	13.4	7,227	10.5
<b>1998/1999</b>	5,127	0.9	5,144	9.1	3,023	8.8	8,542	11.1
<b>1999/2000</b>	4,828	0.9	5,410	10.3	4,477	11.5	8,828	10.1
<b>2000-2001<sup>1</sup></b>	5,502	1.0	5,558	11.8	4,769	12.8	10,376	10.6
<b>2001-2002<sup>1</sup></b>	5,638	1.0	6,383	14.1	4,937	15.2	12,777	11.6
<b>Change: 1991-2002</b>	-4,419	-1.1	+2,512	+2.7	+851	+4.3	+5,662	+0.1

Source: Education in Lithuania -2001. [http://www.smm.lt/svietimas/sv01\\_60.pdf](http://www.smm.lt/svietimas/sv01_60.pdf)  
 Note: Data of the Department of Statistics under the Government of Lithuania.

**Table 19. Average life expectancy for persons of a given age**

	Year	Men		Women	
		0 year	60 years	0 year	60 years
Total	1990	66.44	16.24	76.27	20.88
	1995	63.27	15.50	75.06	20.65
	2000	66.77	16.55	77.45	21.89
	2002	66.21	16.11	77.58	21.82
Urban	1990	67.54	16.26	76.79	21.11
	1995	64.51	15.78	75.52	20.89
	2000	68.00	16.92	78.22	22.26
	2002	67.71	16.62	78.33	22.23
Rural	1990	64.06	16.21	75.33	20.69
	1995	60.89	15.22	74.31	20.42
	2000	64.56	16.08	76.11	21.37
	2002	63.54	15.42	76.32	21.29

Note: Demographic Yearbook 2002. – Statistics Lithuania under the Government of Lithuania. 2003, p.42-43.

**Table 20. Tuberculosis incidence and prevalence rates**

	1996	1997	1998	1999	2000	2001	2002 <sup>1</sup>
Per 100,000 population:							
<b>Number of new cases</b>	62.5	75.2	76.3	69.1	63.0	63.7	60.4
<b>Ill people</b>	268	288.5	308	318.1	290.3	277.2	269.4

Source: Data of the tuberculosis register

**Table 21. Unemployment and employment by nationality, percent**

	2001			2002		
	Total	Men	Women	Total	Men	Women
<b>Total</b>						
Employment (15-64 years)	57.2	58.5	55.9	59.6	62.3	57.1
Unemployment	17.4	19.9	14.7	13.8	14.6	12.9
<b>Lithuanians</b>						
Employment (15-64 years)	58.3	59.1	57.6	60.5	62.7	58.4
Unemployment	16.7	19.3	13.9	12.8	13.9	11.6
<b>Russians</b>						
Employment (15-64 years)	48.7	54.2	43.8	54.3	58.2	50.8
Unemployment	23.6	23.0	24.3	20.3	20.6	19.9
<b>Poles</b>						
Employment (15-64 years)	53.3	57.3	49.8	55.5	62.5	49.9
Unemployment	19.5	23.0	15.5	17.8	15.5	19.9
<b>Other</b>						
Employment (15-64 years)	54.2	53.8	54.6	57.6	58.7	56.5
Unemployment	19.7	23.9	16.1	17.4	19.1	15.8

**Table 22. Persons who were granted asylum and participated in social integration by country of origin in 2002**

Country of origin	Foreigners who were granted asylum and state assistance for social integration	%
Russian Federation	150	81
Afghanistan	16	8.6
Somalia	10	5.4
Pakistan	4	2.2
Sri Lanka	3	1.6
Iraq	1	0.6
Congo	1	0.6
<b>Total</b>	185	100



## **ANNEX 2 – MAJOR FINDINGS OF A SURVEY 'LIVING CONDITIONS OF THE HOMELESS'**

Men constitute more than three-quarters (77.1%) of homeless individuals. Slightly more than half (51.2%) of those who have lost homes are persons of the most active working age (30-49 years). Young people (under 30 years) account for a small proportion of the homeless (13.7%), but elderly people are frequently found in this social group – every third homeless person (33.7%) is above 50 years of age.

The majority of homeless persons are single: only 8.8% are married, while 3.6% have unregistered marriages.

More than half (57.1%) of homeless persons have children. A fairly large proportion (about 40%) of these children are under 18 years of age. However, only one out of twenty homeless men with children and one out of five homeless women take care of their children themselves.

Homeless women have typically a lower level of education than men: upwards of half (54.7%) of homeless women have basic (10 grades) and lower education, while only slightly more than a third (37.5%) have secondary or specialised secondary education, and 2.9% have diplomas of higher education. The biggest proportion (62.3%) of homeless men have secondary or specialised secondary education, while 6.6% have higher education.

The sources of subsistence of homeless individuals differ across age groups:

Although casual earnings play the most important role in all age groups for men, unemployment benefits are the second most important source of income for younger persons (under 30 years) (27.3% of homeless persons in this age group receive unemployment benefits), income from the sale of recyclable materials for the 30-49 age group (24.3%), and disability pensions for persons aged 50 and over (30.6%).

The youngest homeless women subsist first of all on social allowances (35.3%) and assistance from relatives and close persons (29.4%). Casual earnings are the most important source of income for middle-aged (30-49 years) women (33.9%), compared with old-age pensions for women aged 50 and over (31.7%).

Charity is a fairly significant source of subsistence income for elderly people. Every fifth woman and every seventh man polled reported receiving charity (in the age group of 50 years and over).

*Income of homeless persons depends on their place of residence. Homeless men in Kaunas, Palanga, Vilnius and Svencionys earned the most (on average from 73 to 107 litas). The biggest income was reported by homeless women in the Vilnius region and Kaunas (an average of 62 to 68 litas).*

*Men's income is higher than women's: during the last week before the survey homeless men managed to earn on average 66.6 litas, while homeless women reported one-third less (46 litas).*

*Low income (or a lack of income) does not allow homeless persons to have proper nourishment: only one out of three (34%) said that he or she had food all the time during the last four weeks. Every tenth (11.1%) had nothing to eat at all for several days in succession;*

*almost a third (32.2%) were more often hungry than not, and a somewhat smaller proportion (29.7%) were more often satiated than hungry.*

Social assistance is very important for the homeless, but more than half (59.6%) of them do not know what social services and concessions they are entitled to.

*The opportunities for homeless individuals to access social aid depend to a large extent on whether they have means of identification or social insurance. According to the survey results, a large majority of homeless persons have some means of identification: 72.4% have passports, 35% have social insurance certificates, 5.9% have pensioner's certificates, 14.7% have disability certificates; 12.8% have driver's licences, 6.9% have permanent residence permits in Lithuania, 2% have temporary residence permits, and 7.3% have temporary ID cards.*

*Not a single person of those polled maintains contact with their spouses (present or former). Slightly more than half (55.2%) of those polled maintain contact with their children; less than a third (31.2%) maintain contact with their relatives, less than a fifth with their former neighbours or colleagues (18.8% and 19.5% respectively), and every second (52.8%) maintains contact with his or her (former) friends. In most cases contact is maintained with other homeless persons. More than three-quarters (76.1%) of those polled indicated this.*

In spite of adverse living conditions, there are more “firm” optimists than pessimists among the homeless: almost 40% of the respondents think that their situation will improve in the near future, while the number of those who have the opposite opinion is five times smaller (7.9%).

#### Macro-economic indicators

Lithuania has successfully overcome the most difficult phase of economic transition and has become a dynamically developing open market economy. The country's economy has been catching up with the Member States since the second half of the 1990s, and GDP growth is well above the EU average. In 2001, economic policy changed, due to worsening conditions in the external economy. Instead of export-driven growth, which had been the main trend earlier, focus was put on increasing domestic demand, raising living standards, infrastructure development (motorway construction) and tackling inflation. Fiscal expansion, including a dynamic increase in wages and pensions (e.g. doubling of the minimum wage in 2001-2002, 50% pay rise in the public sector in 2001-2003), as well as large state investments slightly held back the decline in economic growth, but both the external and internal equilibrium deteriorated considerably.

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i [www.std.lt](http://www.std.lt)

ii Preliminary 2002 data were submitted by the Ministry of Agriculture.

iii According to the labour force survey, in 2002 persons employed in agriculture accounted for 17.8 percent of all employed people in the population.

iv 13 šalių kandidačių socialinės apsaugos sistemų tyrimas. Ataskaita apie Lietuvą. – 2002, p.4-5.

v 13 šalių kandidačių socialinės apsaugos sistemų tyrimas. Ataskaita apie Lietuvą. – 2002, p.5.

vi Lietuvos Respublikos skurdo mažinimo strategijos įgyvendinimo programa 2002-2004 m. – 2002, p.25.

Note: ESA '95 (European national and regional accounts systems) data

vii <http://www.std.lt/web/main.php?parent=709>. Note: ESA '95 (European national and regional accounts systems) data.

viii <http://www.std.lt/>.

ix Lietuvos Respublikos skurdo mažinimo strategijos įgyvendinimo programa 2002-2004 m. – 2002, p.25.

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- <sup>x</sup> On the implementation of the Programme for Increasing Employment for the period 2001-2004: May 2001 – May 2002. - Ministry of Social Welfare and Labour, p.6.  
[http://www.socmin.lt/upload/199901/uzimtumo\\_a1.pdf](http://www.socmin.lt/upload/199901/uzimtumo_a1.pdf)
- <sup>xi</sup> Hereafter the data of labour force surveys conducted by the Lithuanian Department of Statistics, if not indicated otherwise, are presented. The first labour force survey was conducted in 1995. People aged 14 and over were interviewed. Since 2000 people aged 15 and over have been interviewed. Persons in mandatory military service are not included. Persons raising children and students seeking jobs are classified among the unemployed.
- <sup>xii</sup> Hereafter the 2000 and 2002 data are recalculated based on the 2001 population census, therefore they are not comparable with the data from previous years' labour force surveys.
- <sup>xiii</sup> <http://www.std.lt/web/main.php?parent=178&module=620&id=343>
- <sup>xiv</sup> Moterys ir vyrai Lietuvoje. - 2001, p.7, 51.
- <sup>xv</sup> Lietuvos Respublikos skurdo mažinimo strategijos įgyvendinimo programa 2002-2004 m.- 2002, p.6.
- <sup>xvi</sup> Statistical Yearbook of Lithuania 2002. – Statistics Lithuania under the Government of Lithuania. 2002. p.118.
- <sup>xvii</sup> <http://www.std.lt/web/main.php?parent=178&module=620&id=343>.
- <sup>xviii</sup> Lietuvos Respublikos skurdo mažinimo strategijos įgyvendinimo programa 2002-2004 m.- 2002, p.13-15.
- <sup>xix</sup> In accordance with 2001 amendments to the Law on Support for the Unemployed, additional assistance is provided to the following categories of the unemployed: disabled persons; young persons between the ages of 16 and 25 entering the labour market; graduates from vocational and tertiary educational establishments starting work by occupation; long-term (more than two years) unemployed persons; persons with not more than five years left until retirement pension; a father or a mother raising a child under the age of 18; and ex-convicts having served a term of more than six months. Previously employment quotas had been established for the aforesaid groups, but these quotas were revoked on the ground that they infringed employers' rights to freely choose employees with the necessary qualifications. In addition to that, in most cases unqualified, low-paid jobs used to be offered for persons covered by quotas, while unemployed persons had not been encouraged to upgrade.
- <sup>xx</sup> Total fertility rate – average number of children who would be born alive to a woman during her lifetime if she had lived the whole reproductive age (15-49) with the fertility rate of women of a given age at a given period.
- <sup>xxi</sup> Demographic Yearbook 2002. – Statistics Lithuania under the Government of Lithuania. 2003, p.37.
- <sup>xxii</sup> 13 šalių kandidačių socialinės apsaugos sistemų tyrimas. Bendroji ataskaita. – 2002, p.13.
- <sup>xxiii</sup> Demographic Yearbook 2002.- Statistikos departamentas prie LRV, 2003, p.82.
- <sup>xxiv</sup> The ratio of persons over 65 years of age to persons aged between 15 and 65.
- <sup>xxv</sup> 13 šalių kandidačių socialinės apsaugos sistemų tyrimas. Bendroji ataskaita. – 2002, p.20.
- <sup>xxvi</sup> Lietuvos statistikos metraštis, 2001.- Statistikos departamentas prie LRV, 2001, p.203, 208, 210, 211. Lietuvos statistikos metraštis, 2002.- Statistikos departamentas prie LRV, 2002, p.173, 178, 179, 181.  
<http://www.std.lt/web/main.php?parent=900>.
- <sup>xxvii</sup> Lietuvos ūkio plėtros prognozė 2003 – 2006 metams (2000 metų kainomis).- [www.finmin.lt](http://www.finmin.lt).
- <sup>xxviii</sup> 13 šalių kandidačių socialinės apsaugos sistemų tyrimas. Ataskaita apie Lietuvą. – 2002, p.22, 23.
- <sup>xxix</sup> A total of 470,100 persons received compensation for heating and water expenditure during the heating season in 2001. There are no aggregate statistics on the number of heavily indebted households.
- <sup>xxx</sup> This survey was conducted in 1999 by the Ministry of Social Security and Labour and the Norwegian Applied Social Sciences Institute (FAFO).
- <sup>xxxi</sup> Lietuva 1999. Gyvenimo sąlygos. - 2000, p.209-223.
- <sup>xxxii</sup> Homeless persons were considered to be persons without a permanent place of residence and without money to rent or purchase at least minimum housing facilities. They were recorded sleeping rough, in sewers and at rubbish tips and from the lists of homeless individuals kept by municipalities and various social assistance establishments. Persons who received shelter in night shelters or mother-and-child establishments (600 persons) were recorded as residents of institutional homes.  
<http://www.std.lt/web/main.php?parent=468&module=811&id=385&param=archive>
- <sup>xxxiii</sup> The main results of the survey are presented in Annex 2. They will be taken into consideration in developing measures for the prevention of homelessness and assistance for the homeless.
- <sup>xxxiv</sup> Statistical Yearbook of Lithuania 2002. – Statistics Lithuania under the Government of Lithuania. 2002. p.472.
- <sup>xxxv</sup> There are no aggregate statistics on the distribution of persons awaiting state support for housing purchase by income level and family composition. There used to be three lines for state assistance. The first line

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was for persons eligible for social assistance and wishing to find accommodation. The second line was for socially supported families. The third line was for young families. The procedures for receiving state support have been changed, but this has not affected the number of people in need of support.

<sup>xxxvi</sup> Economic and Social Development in Lithuania. – Statistics Lithuania, 2003/4, p.p.34.

<sup>xxxvii</sup> Gyventojai pagal išsilavinimą, gimtąją kalbą ir kalbų mokėjimą.- Statistikos departamentas prie LR Vyriausybės, 2002, pp.10-11. Note: During the population census a person was classified as “illiterate” if he or she could not read (and understand a text) and write a simple sentence on topics concerning daily life.

<sup>xxxviii</sup> Gyventojai pagal išsilavinimą, gimtąją kalbą ir kalbų mokėjimą.- Statistikos departamentas prie LR Vyriausybės, 2002, p.32.

<sup>xxxix</sup> <http://www.std.lt/web/main.php?parent=299>

<sup>xl</sup> Lietuvos švietimas-2001. [http://www.smm.lt/svietimas/sv01\\_50.pdf](http://www.smm.lt/svietimas/sv01_50.pdf)

<sup>xli</sup> Pupils who are uncomfortable at school or are unable for social reasons to attend basic schools can attend youth schools. Youth schools provide concurrently beginners’ vocational skills and basic education.

<sup>xlii</sup> Adult irregular education establishments are for persons over 18 years of age. They provide different levels of basic and vocational education, including tertiary education. Acquired modules make it possible to transfer from the formal irregular study system to the regular study system.

<sup>xliii</sup> Statistical Yearbook of Lithuania 2002. – Statistics Lithuania under the Government of Lithuania. 2002, p.230.

<sup>xliiv</sup> Lietuvos švietimas-2001. [http://www.smm.lt/svietimas/sv01\\_52.pdf](http://www.smm.lt/svietimas/sv01_52.pdf)

<sup>xlv</sup> Bendrasis Lietuvos užimtumo politikos prioritetų įvertinimas. – LR Socialinės apsaugos ir darbo ministerija, 2002.

<sup>xlvi</sup> <http://europa.eu.int/comm/eurostat/Public/datashop/print-product/EN?catalogue=Eurostat&product=1-em051-EN&mode=download>

<sup>xlvixxlvii</sup> Lietuvos švietimas-2001. [http://www.smm.lt/svietimas/sv01\\_59.pdf](http://www.smm.lt/svietimas/sv01_59.pdf)

<sup>xlviii</sup> Lietuvos švietimas-2001. [http://www.smm.lt/svietimas/sv01\\_60.pdf](http://www.smm.lt/svietimas/sv01_60.pdf)

<sup>xliv</sup> Statistical Yearbook of Lithuania 2002. – Statistics Lithuania under the Government of Lithuania. 2002, p.290.

<sup>i</sup> LR skurdo mažinimo strategijos įgyvendinimo programa 2002-2004 m.- 2002, p.41.

<sup>ii</sup> Kai kurie Europos šalių demografiniai rodikliai. <http://www.lsic.lt/>. Note: Data on European countries are for the 1998-2000 period.

<sup>iii</sup> A survey conducted by Kaunas Medical University shows that mothers’ education and family status have a profound impact on the health of newborns. Women with a lower level education, single or divorced women and widows tend to give stillbirths or give birth to children of light weight or to have shorter gestation periods on a wider scale. Given that poverty and low educational attainment are closely interrelated (see Table 6, Annex 2), it can be assumed that poor living conditions determine the poor health of children.

<sup>iiii</sup> 13 šalių kandidačių socialinės apsaugos sistemų tyrimas. Bendroji ataskaita. – 2002, pp.15-16.

<sup>liv</sup> In 2003 women accounted for 53.3 percent of the total population.

<sup>lv</sup> Lietuva 1999. Gyvenimo sąlygos. - 2000, p.187.

<sup>lvi</sup> LR skurdo mažinimo strategijos įgyvendinimo programa 2002-2004 m.- 2002, p.54.

<sup>lvii</sup> <http://www.std.lt/web/main.php?parent=588&module=588&action=page&id=129&print=y&print=y&print=y>

<sup>lviii</sup> Lietuvos Respublikos skurdo mažinimo strategijos įgyvendinimo programa 2002-2004 m.- 2002, p.31.

<sup>lix</sup> [www.std.lt/Surasyimas/Rezultatai/Tautybes\\_e.htm](http://www.std.lt/Surasyimas/Rezultatai/Tautybes_e.htm)

<sup>lx</sup> One person was granted the status of refugee. A total of 221 persons were issued temporary residence permits for humanitarian reasons on the principle of non-repatriation (because of war, humanitarian crisis or violation of human rights in the country of origin), while 67 persons received temporary residence permits for other humanitarian reasons (necessary medical treatment, provision of guardianship or care, etc.).

<sup>lxi</sup> At the end of 2001 a public opinion and market research company „SIC rinkos tyrimai,“ together with the NGO Information and Support Centre, conducted a survey on NGOs and poverty reduction policies.

<http://www.nisc.lt/tyrimai.php#tyrimas3>

<sup>lxii</sup> Social transfers do not include retirement-related pensions.

<sup>lxiii</sup> Lietuvos statistikos metraštis 2002.- Vilnius, 2002, p.284.