



# **Peer Review on “Ensuring adequate assistance for those most in need (Minimum Income)”**

**Host Country Discussion Paper – Lithuania**

**“Less is more” – Reform of cash social  
assistance in Lithuania**

**Lithuania, 7-8 February 2019**

**DG Employment, Social Affairs and Inclusion**



**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion

Unit C.1

Contact: Alberto Cortellese

E-mail: [EMPL-SPSI-PEER-REVIEWS@ec.europa.eu](mailto:EMPL-SPSI-PEER-REVIEWS@ec.europa.eu)

Web site: <http://ec.europa.eu/social/mlp>

European Commission

B-1049 Brussels

# **Peer Review on “Ensuring adequate assistance for those most in need (Minimum Income)”**

DG Employment, Social Affairs and Inclusion

Directorate-General for Employment, Social Affairs and Inclusion

Peer Review on “Minimum income benefits – ensuring adequate assistance for those most in need”

Lithuania, 7 – 8 February 2019

**Europe Direct is a service to help you find answers  
to your questions about the European Union.**

**Free phone number (\*):**

**00 800 6 7 8 9 10 11**

(\*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

#### **LEGAL NOTICE**

The information contained in this publication does not necessarily reflect the official position of the European Commission

This document has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult:  
<http://ec.europa.eu/social/easi>

© European Union, **2018**

Reproduction is authorised provided the source is acknowledged.

## Table of Contents

Executive Summary .....	1
1 Situation in the host country .....	2
1.1 Main social and economic indicators of the Lithuanian economy and labour market .....	2
1.2 Types of cash social assistance .....	2
1.3 Principles of providing cash social assistance .....	3
1.4 Implementation and funding of cash social assistance .....	4
2 Policy measures .....	4
2.1 Transfer of the independent responsibility of allocating of cash social assistance to the municipalities .....	5
2.2 Measures promoting labour market (re)integration among working-age CSA recipients .....	6
2.3 Improvement of measures for ensuring adequate levels of minimum income .....	7
2.4 Other changes towards better effectiveness of CSA .....	8
3 Results .....	9
3.1 Changes in the funding of CSA .....	9
3.2 Outputs and outcomes of the changes in CSA regulation .....	9
3.3 Evaluation of the policy .....	11
4 Difficulties and constraints .....	11
5 Success factors and transferability .....	13
6 Key findings and conclusions .....	15
7 List of references .....	17
Annexes .....	18
Summary table – Lithuania .....	23

## Executive Summary

During the period between 2010 and 2018, Lithuania witnessed ongoing economic growth (with more than 3% annual average growth rate in real GDP), decreases in unemployment and increases of the total number of employed people, as well as progressing wages and productivity, albeit at varying paces. However, since Lithuania's independence in 1990, the positive economic indicators of the country's development have not always triggered social development and the improvement of living standards among economically vulnerable social groups, contributing only marginally to the reduction in levels of inequality, poverty and social exclusion. Therefore, in order to ameliorate social protection policies in the country and improve targeted and effective cash social assistance (CSA), as well as to ensure better use of public funds, a reform of the CSA system was envisaged in 2011 and launched in 2012; the primary aim was to enhance motivation among working-age population to integrate into the labour market and reduce long-term welfare dependency, the risk of falling into benefit traps and CSA abuse by providing assistance to those who need it most. The reform covered the period from 2012 to 2015. Its main elements: the transfer of independent responsibility for CSA provision to the municipalities and the introduction of measures promoting labour market (re)integration among working-age CSA recipients.

In 2012, the principles of the CSA reform were first implemented in five municipalities and, after assessment of the results, extended to all municipalities in 2015. Statistical indicators and the material provided by the municipalities suggest that the implementation of the CSA reform led to a considerable reduction in the number of CSA recipients, an increase in the level of CSA benefits, better targeting of CSA, growing possibilities to provide more and varied social services at local level, and more active inter-agency collaboration. Particular attention should be drawn to gradually increasing (financial) incentives for CSA recipients to (re)enter the labour market through employment or temporary/occasional economic activities and thus to abstain from the shadow labour market.

During 2012 and 2017, the number of social benefit recipients decreased from 221 900 to 74 500; thus, expenditure for social benefits decreased accordingly. The number of the recipients of compensations for heating, hot and drinking water expenses decreased from 198 800 in 2012 to 97 300 in 2017, showing an almost 68 % decrease in expenses. Changes in the CSA system and, in particular, greater discretion of municipalities in allocating CSA, and inclusion of local communities into the process resulted in better adequacy of CSA in relation to the needs of the individual recipient. Some municipalities were able to dedicate more attention and financial resources to specific needs of families (e.g. provision of transportation services or ensuring availability of day-centre activities) and aided to persons who would typically not have received assistance. The reduction in the number of CSA recipients allowed municipalities to use unspent funds at their own discretion, usually for providing social services and additional social assistance.

As to the negative aspects of the CSA reform, the following became apparent: higher risks of using available funds for purposes other than social policies, higher geographical disparity of CSA, as well as insufficient involvement of non-governmental organisations (NGOs) and local communities into the process of providing CSA. Presumably a problem of non-take-up of social benefits is relevant to Lithuania, however, without a specific evaluation of the issue it would be difficult to estimate the extent thereof. It can be assumed that the number of claimants in Lithuania is decreasing, but it is necessary to pay more attention to this phenomenon in the future. However, for the time being, the results of the implemented CSA reform are viewed positively on all levels.

## 1 Situation in the host country

### 1.1 Main social and economic indicators of the Lithuanian economy and labour market

The economic crisis in Lithuania started in 2008 and its peak effects occurred in 2009 when the real GDP growth rate dropped by almost 15%. After that, the country's economy started gradually recovering (Annex 1). Similar changes were seen in employment and unemployment indicators, only that they reached the critical threshold a year later - in 2010 (Annexes 2-3).

The relative poverty rate has been growing in Lithuania in recent years (Lithuanian Statistics, EU-SILC), despite the number of social benefit recipients decreasing almost threefold during the period of 2012-2017 (Annex 8). The main cause of the increase of the relative poverty rate is related to the fact that the income of the richest population (fifth quintile) has been growing much faster<sup>1</sup> than the income of the poorest population (first quintile)<sup>2</sup>. In other words, the income of the population was growing while the poverty threshold was also growing, and more people found themselves in poverty as compared to previous years. A slightly different picture emerges, when analysing the absolute poverty rate: it is very likely that the absolute poverty rate and the number of social benefits recipients would follow a parallel trend (both would decrease). Unfortunately, Lithuanian Statistics started to calculate the absolute poverty rate in 2016-2017 only and there is no statistics available for earlier years.

Minimum income and cash social assistance in Lithuania should be analysed and assessed in view of a generally low standards of living in Lithuania in comparison to EU average: in 2017, the average gross monthly wage in Lithuania was at EUR 840.40, the average net monthly wage was EUR 660.20, the minimum monthly wage was EUR 380, the average state social insurance pension was EUR 277.20, and average unemployment social insurance benefit was EUR 223 (Annexes 4-5).

### 1.2 Types of cash social assistance

Following *Lietuvos Respublikos pinigines socialines paramos nepasiturintiems gyventojams įstatymas Nr. IX-1675*<sup>3</sup> (Law on Cash Social Assistance for Poor Residents) (Law on CSA), poor residents in Lithuania shall be paid social benefit and compensations for heating, hot and drinking water expenses. CSA is provided taking into consideration not only the received income, but also owned property. Social benefits and compensations are allocated to poor residents, if the value of their property does not exceed the average property value set for their residential area.

**Social benefit.** In general, the monthly social benefit level is 100% of the difference between the State Supported Income (SSI, equal to EUR 122 since 1 January 2018) per person, per month and the actual income of a single person or of the family for the first family member, including the cases where social benefit is granted only to a child (children), 80% for the second member and 70% for the third and any additional family member. It should be noted that, according the financial conditions of the state budget, the CSA provided does not fully guarantee the social and cultural subsistence level for everyone who is in need. The amount of the benefits is small and focusses only on the minimum needs.

In order to motivate working-age population to seek permanent employment, they can be paid additional social benefits or be affected by a proportionate reduction of social benefit – for more details see Chapter 2.2.

---

<sup>1</sup> According to author's calculations based on Lithuanian Statistics, EU-SILC – increased by 41% during 2013-2017

<sup>2</sup> According to author's calculations based on Lithuanian Statistics, EU-SILC – increased by 17% during 2013-2017

<sup>3</sup> Žin., 2011, Nr. 155-7353 (2011-12-20)

**Compensations for the expenses of house heating, hot and drinking water** are paid in the following cases:

If a family (persons living together) or a single resident shall pay more than 10 % of the difference between the received income and the SSI provided to a family (persons living together) or a single person for the heating of the accommodation;

- the expenses of drinking water exceed 2% the income gained by a family (persons living together) or a single resident;
- the expenses of hot water exceed 5% of the income gained by a family (persons living together) or a single resident.

In addition to the above-mentioned benefits and compensations, poor families may receive other, non-means-tested benefits<sup>4</sup>. In addition, families raising 1 or 2 children may receive additionally paid social benefit, if their income per family member is less than 1.5 times the SSI (if a family has 3 or more children additionally paid social benefit is given without evaluation of family income). Moreover, according to *Lietuvos Respublikos socialinės paramos mokiniams įstatymas Nr. X-686*<sup>5</sup> (Law on Social Assistance for Pupils), having evaluated the income of cohabitants or a single resident, should the monthly income per family member not exceed 1.5 times the amount of SSI (1.5 x 122 = EUR 183), pupils shall be entitled to free meals and assistance for the acquisition of school supplies at the beginning of a school year.

### **1.3 Principles of providing cash social assistance**

CSA is allocated in accordance with the following principles:

- 1) *Co-operation and participation*. Allocation is based on the cooperation and mutual assistance of persons who apply for CSA, the community, NGOs, municipal and state institutions;
- 2) *Accessibility*. CSA is allocated in such a way that poor residents would be guaranteed the accessibility of CSA as close as possible to their place of residence;
- 3) *Social justice and efficiency*. CSA is allocated seeking to create conditions to receive assistance when it is needed most, increase motivation to integrate into the labour market and escape the benefit trap while using the available resources in the most effective way;
- 4) *Comprehensiveness*. CSA is allocated combined with social services, protection of children's rights, employment, health care, education and training;
- 5) *Equal opportunities*. CSA is allocated ensuring the equality of poor residents without regard to gender, race, nationality, language, origin, social status, belief, convictions or views, age, sexual orientation, disability, ethnic origin or religion.

Social benefits may be provided: (1) in cash; (2) in non-monetary form (foodstuffs, clothing and other necessary goods, social cards<sup>6</sup>, food vouchers, children's meals at schools or day centres, costs for treatment of addictive disorders for adults and other costs established by the municipal council); (3) combining the social benefit in cash

---

<sup>4</sup> According to *Lietuvos Respublikos išmokų vaikams įstatymas Nr. I-621* (Žin. 1994, Nr. 89-1706) (Law on Benefits for Children), the following benefits are allocated to persons raising children and/or guardians of children: a lump-sum child benefit (for a new-born child or for an adopted child), a child benefit, a lump-sum benefit for a pregnant woman, a benefit for a child of a serviceman in mandatory initial military service, a guardianship (foster care) benefit, a targeted guardianship (foster care) benefit supplement, a lump-sum settlement benefit, benefit for multiple births, child care benefit for persons in training or education (since 1 January 2017), child adoption benefit (since 1 January 2018).

<sup>5</sup> Žin. 2006, Nr. 73-2755

<sup>6</sup> Social card – a document giving a right to poor residents to buy food and other necessary commodities except alcohol, tobacco, lottery tickets.

and/or in non-monetary form with social services, such as information, counselling, development and maintenance of social skills.

Compensations may be provided: (1) in cash; (2) transferring the calculated amount of compensations to the bank accounts of corporate or non-corporate providers of energy, fuel, drinking and hot water in accordance with the procedure established by the municipal council.

#### **1.4 Implementation and funding of cash social assistance**

From 2015, all municipalities independently provide cash social assistance for poor residents, which is financed from the municipal budgets<sup>7</sup>. In accordance with the Law on CSA, the amount of funds allocated for CSA is equal to the average annual amount factually used for the calculation and payment of CSA in the period prior to the reform of CSA.

The municipal council shall approve the procedure for providing CSA establishing the following: the procedure for allocating and paying CSA; cases, when CSA may be increased or reduced, suspended, discontinued or renewed; the procedure for engaging NGOs and/or community members and other interested parties in making decisions on allocating CSA and their rights and duties.

The municipalities have no obligation to return unused CSA funds to the state. However, according to the Law on CSA, as of 2018, municipal budget funds, which were not used for calculation and payment of CSA must be used in the following social security areas: implementation of social rehabilitation and integration measures for individuals (families) at social risk; family- and community-based support for children, persons with disabilities and elderly people and their families; financial assistance aimed at reducing poverty and social exclusion; prevention of violence, suicides, addictions and human trafficking; social integration of the persons with disabilities; development of community and non-governmental organisations, and social programmes implemented by them; implementation of employment enhancement programmes; development, reconstruction and repairs of municipal and social housing stock; funding of social service measures and the modernisation and development of their infrastructure; improvement of working conditions and wage increases for employees in the area of social services; wage increases for social benefit professionals in the municipal councils.

## **2 Policy measures**

To improve effectiveness and targeting of CSA, as well as to use public funds more efficiently, a reform of the CSA system was launched in Lithuania in 2012, which primarily aimed at enhancing motivation among working-age population to integrate into the labour market and reducing long-term welfare dependency, risks of benefit traps and CSA abuse. The main elements of the reform implemented between 2012 and 2015 included the transfer of the independent responsibility for allocating CSA to municipalities and the introduction of measures promoting labour market (re)integration among working-age CSA recipients. Further reforms of the CSA system in 2018 focused on measures ensuring adequate levels of minimum income, in particular, the increase of the SSI, the introduction of disregard income, and the identification of minimum consumption needs.

---

<sup>7</sup> The state transfers the respective amount of the national budget to the municipalities, taking into account the collection of personal income tax in that municipality.

## 2.1 Transfer of the independent responsibility of allocating of cash social assistance to the municipalities

The coming into force of the *Lietuvos Respublikos pinigines socialines paramos nepasiturintiems gyventojams įstatymas*<sup>8</sup> (Law on Cash Social Assistance for Poor Residents) on 1 January 2012 created legal conditions for implementing two models of the allocating of CSA to poor residents, i.e. municipalities distribute CSA on behalf of the State or municipalities are independently responsible for allocating and implementing CSA, as the case in the five pilot municipalities in the districts of Akmenė, Panevėžys, Radviliškis, Raseiniai, and Šilalė.

On 1 January 2014, Ministry of Social Security and Labour (MSSL), having assessed the first results (decrease in the total number of CSA beneficiaries; possibility to use resources, not used for CSA, for additional, more targeted assistance; increased involvement of local communities into the process of CSA allocation) (Lazutka, 2013<sup>9</sup>) of the CSA reform in the pilot municipalities, the independent provision of social benefits by municipalities was extended to the remaining 55 municipalities in Lithuania, providing them with relatively broad discretion in making decisions on social benefit provision terms.

After the experience of 2014 was assessed, a single system of the provision of CSA for poor residents was introduced throughout the country in effect as of 1 January 2015. Starting from 2015, all municipalities now provide CSA (both social benefits and compensations) independently through funds of the municipal budget. CSA for poor residents is provided based on uniform conditions. Municipalities have discretion only in cases not covered by the law (lump-sum benefits, payment of housing debts, etc.). It is also set out that unused funds for the calculation and payment of CSA from municipal budgets shall be primarily used to finance other social assistance, subject to need and following a procedure established by the municipal council. From 2018 onwards, social security areas listed in the Law on CSA (see above) are to be funded.

Looking at the implemented changes from an inter-temporal viewpoint, municipalities seem to have considerably improved inter-agency collaboration in the process of the reform. For example, councils created from representatives of NGOs and local communities started functioning, or public authorities at local level started to exchange information while implementing new principles set out in the Law, etc. These changes ensured better targeting of CSA. Integration of CSA recipients into the labour market was sought through the development of information technologies to ensure cooperation between public employment services (PES) and municipalities. In order to reduce CSA abuse, municipalities activated their cooperation with institutions responsible for the control and prevention of undeclared work (UDW), i.e. State Labour Inspectorate, State Tax Inspectorate, Financial Crime Investigation Service, and others.

The transfer of the independent responsibility for the provision of CSA to municipalities gave them more decision-making freedoms and contributed to the active involvement of local community members into the process, who were providing the social assistance units of municipalities with information about the need for assistance for people facing financial difficulties and cases of possible CSA abuse. Municipalities set up efficiently functioning Social Assistance Commissions (Councils) in which social workers, heads of local administrations, elders, representatives of communities, NGOs and other active society representatives are members.

---

<sup>8</sup> Žin., 2011, Nr. 155-7353 (2011-12-20)

<sup>9</sup>[https://socmin.lrv.lt/uploads/socmin/documents/files/pdf/6068\\_sav\\_savarankiskas\\_soc\\_param\\_teikim\\_tyrimas2013.pdf](https://socmin.lrv.lt/uploads/socmin/documents/files/pdf/6068_sav_savarankiskas_soc_param_teikim_tyrimas2013.pdf)

Changes in benefit recipients and their numbers (Annexes 8-12) show that assistance has become more effective and the CSA system has become compliant with its fundamental purpose to offer support when it is most needed.

## **2.2 Measures promoting labour market (re)integration among working-age CSA recipients**

With a view to promoting motivation of working-age CSA recipients capable of work to integrate into the labour market and reducing the risk of UDW, long-term welfare dependency of poor residents as well as CSA abuse, the following measures were implemented as part of the reform of the CSA system:

- 1) Introduction of a model of allocating CSA based on the principle of the economy of scales (when CSA allocated is linked to the number and composition of the household/family);
- 2) Continuation of allocating an additional share of social benefit to long-term social benefit recipients after they start working;
- 3) Giving municipalities the right to allocate social benefits in the cases when person's (family's) incomes exceed the amount of the SSI;
- 4) Establishing proportionate reduction of social benefits to long-term unemployed social benefit recipients at working age (except when they are not in employment for objective reasons);
- 5) Extension of municipalities' discretion to offer support where and when it is needed most.

**Additionally paid social benefit.** If a social benefit recipient was registered with a PES before employment and no less than 6 months and did not work during this period or worked less than set out in the Law on CSA, or worked in jobs foreseen in the employment programme (similar to public works), after employment he/she shall be additionally allocated the social benefit. The amount of additionally allocated social benefit is equal to 50% of the average amount of the social benefit paid during the last 6 months prior to employment. This provision is applied only if remuneration for work is not less than the minimum wage, but not more than two minimum wages. The additionally allocated social benefit is paid for a maximum of 6 months (since 1 January 2019 for no longer than 12 months) after employment.

**Proportionate reduction of social benefits** is applied only with regard to unemployed (and not self-employed) persons of working age, who are capable of work. The social benefit is reduced by:

- 20% – when social benefit is paid from 12 to 24 months;
- 30% – when social benefit is paid from 24 to 36 months;
- 40% – when social benefit is paid from 36 to 48 months;
- 50% – when social benefit is paid from 48 to 60 months;

In cases when a social benefit is paid for more than 60 months, the social benefit, is reduced by 50% and shall be paid in a non-monetary form. This provision will be applied until the social benefit recipient is no longer of working age or has participated in socially useful activities (e.g. activities in NGOs, assistance in providing social services, activities in social education, health and cultural agencies and establishments, assistance in the organisation of various events) for at least 12 months during the last 24 months.

The abovementioned reductions do not apply in cases when a social benefit is paid to children, including adult children studying according to the general education curriculum, persons with disabilities as well as in cases when - during the period of payment of the social benefit - the local PES office did not offer a job or proposed to participate in active labour market policy measures.

## **2.3 Improvement of measures for ensuring adequate levels of minimum income**

Even though the CSA system applicable in Lithuania has many advantages and is subject to continuous improvement, it could be nonetheless said that its main disadvantage is a generally low SSI, to which the level the assistance received is linked. Although the increase of the CSA level is a serious challenge for a country with limited budgetary leeway, the CSA reform was also aimed at tackling the problem of low SSI, both by enhancing the SSI and introducing new indicators and terms for the provision of CSA.

### **Increasing State-supported income**

Social benefits, compensations for heating, drinking and hot water expenses, social support for pupils and other rates depend on the amount of the SSI – State Supported Income. The State Supported Income had not undergone any significant changes since 2008. Only from 2018 the amount of the State Supported Income has been increased from by almost 20% from EUR 102 to 122.

### **Introduction of disregard income**

In order to extend the eligibility for and the adequacy of CSA with a view to ensuring better financial assistance to families with children and motivating working-age benefit recipients capable of work to integrate into the labour market, at the beginning of 2018 a disregard level of income in relation to CSA delivery was introduced. The introduction of a disregard level of income allowed to exclude a certain level of income gained through labour in the calculation of eligibility of a person/family for CSA. When granting CSA, the following portion of income shall be disregarded in the calculation of the average monthly income of a person/family:

Exclusion of a certain level of income gained through labour:

- 15% – for persons living together without children or single persons;
- 20% – for persons living together with one or two children;
- 25% – for persons living together with three or more children;
- 30% – for single parents with one or two children;
- 35% – for single parents with three or more children.

### **Identification of the minimum consumption needs**

In order to improve the adequacy of the social safety net, Lithuania has established a methodology which calculates the amount of a person's (family's) minimum consumption needs (MCN). The methodology is based on the calculation of baskets of food and non-food commodities necessary for the person/family to satisfy their minimum needs. From 2019 all basic social indicators will be linked to the annually calculated amount of MCN, what will also affect changes in the adequacy of social benefits.

The methodology for the calculation of the amount of MCN was approved by the order of the Minister for Social Security and Labour in May 2017. According to this methodology, the amount is calculated annually taking into account changes in prices of food and non-food commodities. In 2018, the calculated amount was EUR 245, whereas in 2019 it will be EUR 251.

It was decided that from 2019, basic social indicators in Lithuania will be linked to the amount of MCN; the particular percentage for each indicator was set according to the former level of social indicators, e.g. it has been determined that the SSI can't be less than 50% of the amount of MCN. It is expected that the linking of social indicators to the MNC will provoke changes in the adequacy of social benefits because, e.g. the amounts of the support would grow in line with rising prices of food and commodities.

## 2.4 Other changes towards better effectiveness of CSA

During the implementation of the CSA reform in 2012 to 2015 and later, legislation governing the allocation of CSA was subject to continuous improvements to increase effectiveness of the system of CSA delivery, encourage labour market integration among CSA recipients and create more flexible conditions for CSA to be offered to those who really need it.

Changes aimed at improving access to CSA included:

- Elimination of the requirement for poor residents to be registered with the PES for 6 months to become eligible to CSA;
- Introduction of the right to compensations for heating, drinking water and hot water costs for poor residents in rented dwellings.

Changes aimed at encouraging CSA recipients to get employed and stay in the labour market included:

- Application of proportionate reduction of the amount of social benefit only to working-age persons who are capable of but do not work;
- More favourable conditions for receiving additional social benefits after employment (the required period of registration with PES prior to employment reduced from 12 to 6 months.);
- Introduction of a disregard income;
- Extension of the term of additional post-employment social benefit from 6 to 12 months.

Changes aimed at ensuring satisfaction of the minimum needs for persons incapable of supporting themselves included:

- Introduction of the provisions prohibiting proportionate reduction of social benefits for working-age unemployed recipients capable of work, if, during the period of being paid social benefit, the PES did not offer them a job or participation in Active Labour Market Policy Measures (ALMPM) or if they engage in socially useful activities organised by municipalities;
- Replacement of the provision discontinuing social benefit for persons receiving it for more than 60 months by the provision reading that the social benefit, which is reduced by 50%, shall be paid to such persons in-kind;
- Introduction of the provision that, to calculate and allocate CSA, the following shall not be included in the person's/family's income: child benefits; income from labour received by persons under 18; grants to unemployed persons participating in vocational training for the unemployed;
- Extension of the list of the types of additional CSA by setting forth legal grounds for municipalities to allocate not only lump-sum benefits, but also targeted, periodical and conditional benefits.

It might be mentioned that according to the Law on Administrative Proceedings, decisions of refusal or suspension of CSA can be appealed to the Commission of Administrative Disputes of the municipality or the county. Furthermore, individuals are entitled to contest validity of acts or actions of the administration before the county court. In addition, the Law on Local Self-Government stipulates that civil servants' decisions (including refusal or suspension of CSA) can be appealed to the director of the municipal administration and submitted to the Ombudsman of the Parliament of Republic of Lithuania. During the 2012-2017 period, over 2000 complaints were submitted to the municipal administration, however only 300 complaints were submitted to the Commission of administrative disputes or to the Court (approximately 10-20% of the complaints/appeals were satisfied).

### 3 Results

#### 3.1 Changes in the funding of CSA

The key change which was the cornerstone of the CSA reform implemented in 2012 to 2015 was the change in the function of allocating CSA: prior to the reform, all municipalities allocated and paid CSA as a State-delegated function, whereas starting from 2012, CSA is allocated and paid by municipalities as part of their devolved municipal functions. Those changes affected the CSA funding model: Prior to the reform, municipalities received allocations for CSA in accordance with the requested need and subject to the economic indicators of the country, and the funds unspent for CSA had to be repaid to the state budget. After the reform, municipalities are allocated a constant amount of funds for CSA, equal to the average annual amount actually used for CSA in the municipalities in the pre-reform period. Unspent allocations for CSA now remain at the disposition of the municipalities and can be used for other types of social support or other needs of the municipality (from 2018 onwards, only for the areas of social security set out in the Law on CSA).

According to the information provided by the municipalities, post-reform funding allocated to the municipalities for CSA purposes has more than halved (Annex 6) and the unspent CSA funds have been used for other social support and other needs of the municipalities (Annex 7).

The information above suggests that the changes in the funding of CSA encouraged municipalities to considerably tighten CSA allocating procedures and this was the main driver of positive changes resulting in better targeting and flexibility of CSA (for more details see below).

#### 3.2 Outputs and outcomes of the changes in CSA regulation

Even though no research has been so far carried out in Lithuania that would allow objective evaluation of the effectiveness of the implemented CSA reform and further improvements, available statistical and administrative information suggests that the implementation of the CSA reform and later changes in CSA regulation resulted in:

- A considerable decline in the number of CSA recipients;
- A growing level of CSA benefits;
- Better CSA targeting;
- More opportunities for municipalities to deliver more social services and expand their diversity.

In addition, there is a gradual increase in (financial) incentives for CSA recipients to get employed or engage in temporary/occasional economic activities and thus abstain from the shadow labour market.

**Declining number of CSA recipients.** The main reasons for the decrease in the number of CSA recipients are:

- Employment (labour demand, wages have increased significantly since 2013 and working conditions have improved);
- Emigration;
- Internal mobility and better targeting of CSA (i.e. more detailed analysis of individual cases);
- Increased role and responsibility of municipalities;
- Inter-institutional cooperation between municipalities and institutions performing control and prevention of illegal employment and tax fraud;
- Engagement of representatives of local community in CSA allocation process.

Annexes 6 and 7 illustrate a considerable decline in the number of CSA recipients since the implementation of the CSA reform: from 2012 to 2017, the number of social benefit recipients decreased by three times from 221 900 to 74 500 or by more than

66%; expenditure on social benefits decreased accordingly. The number of recipients of compensations for heating, hot and drinking water expenses decreased by more than 50% - from 198 800 thousand in 2012 to 97 300 in 2017; accordingly, expenditure for compensations for heating, hot and drinking water expenses decreased by almost 68%.

Positively, the number of CSA recipients was declining during the economic recovery of the country and decreasing unemployment levels (according to MSSL, the main reason for the declining number of CSA recipients during the reform implementation period was employment of CSA recipients – the number of employed working age persons during the 2012-2017 period increased by more than 60 thousand). However, it is noteworthy to mention that the Lithuanian GDP started growing and unemployment rates already decreased from 2010 to 2011, whereas a considerable decrease in CSA recipients and expenditure has been observed only since 2012 to 2014 when the CSA reform was well on track. This means that the decrease in the number of CSA recipients was significantly affected not only by the rise of employment, internal and external migration, but also by the increased targeting of CSA allocation (i.e. payment of CSA only for the poorest residents).

**Increasing level of CSA benefits.** As mentioned, the implemented CSA reform and following improvements of the system created conditions for a more flexible allocating and payment of CSA for poor residents. This is reflected in the changes in the level of CSA benefits which manifested especially notably in 2017 to 2018 (see Annex 8). This increase was mainly due to legislative amendments adopted in 2016 to 2017, providing for: the application of the proportionate reduction of the amount of social benefit only to working-age persons who are capable of work; the increase in the SSI from EUR 102 to EUR 122 per month; the extension of the list of types of additional social support by setting forth legal grounds for municipalities to allocate not only lump-sum benefits, but also targeted, periodical and conditional benefits.

**Better CSA targeting.** Changes in the CSA system, particularly a broader margin of discretion for municipalities to allocate or deny CSA and the involvement of local communities in the process, also determined better targeting of CSA: on the one hand, greater discretion of the municipalities to deny CSA when recipients do not meet certain statutory requirements and, on the other hand, broader opportunities for municipalities to deliver CSA, inter alia, to persons who would have typically not received such assistance. As shown in Annexes 9 and 10, Lithuanian municipalities extensively used their right to allocate CSA on decision of the municipal council (in emergencies or in the cases not stipulated in the Law on CSA) over the period under consideration. According to the information provided by the municipalities during the meetings and discussions with the Ministry, involving of the local communities in the CSA allocation process has greatly increased the awareness of the local population about the CSA and its access (Interviews, 2018).

**Greater opportunities to deliver more social services.** In addition to post-reform greater discretion of municipalities to allocate or deny CSA, it became possible for the municipalities to use unspent CSA funds for other needs. According to the data provided by the municipalities, over the period under consideration, most of the available funds were used to provide other social support: delivery and funding of social services; maintenance of children's homes, social service centres, social care centres, and day-care centres; ensuring transport compensations.

It can be assumed, even though we do not have a statistical proof, that the reform in 2012 to 2015 and later changes in the regulation and administration of CSA (more flexible conditions for delivering CSA, better inter-agency collaboration, inclusion of local communities into the CSA allocating process, introduction of disregard income, extended period of additionally paid social benefit, and introduction of the proportionate reduction of the social benefit), inter alia, **facilitate (financial) incentives for CSA recipients to get employed or engage in**

### **temporary/occasional economic activities and thus abstain from the shadow labour market.**

When evaluating the ongoing reform of the CSA system in the context of social policies pursued in the country, the afore-described novelties in the CSA system are viewed as being in line with the overall social policy direction towards population income support in order to ensure adequate and dignified living conditions to everyone (with a particular emphasis on child well-being) and, at the same time, to promote labour market activity among CSA recipients to a maximum extent. Therefore, CSA measures are most in line with family and child social protection and labour market policies pursued in the country.

### **3.3 Evaluation of the policy**

Unfortunately, as mentioned above, there has been no research carried out in Lithuania to evaluate the CSA reform implemented in 2012 to 2015 and later improvements of the regulation and administration of the CSA. The only research conducted in 2013, titled 'Perspectives of allocating CSA for poor residents in performance of the independent function of municipalities', assessed the pilot model of CSA allocating in performance of the independent function of municipalities, as implemented in five Lithuanian municipalities in 2012.

The authors of the research have identified a number of positive and negative characteristics of the new system. As already mentioned in this report, **positive** changes after the transition of the independent responsibility for allocating CSA to the municipalities are the following:

- Reduced scope of CSA for long-term CSA recipients, encouraging them to ultimately seek employment;
- Improved inter-agency collaboration and involvement of NGOs and local communities into the process of CSA allocating;
- Motivation of municipalities, as a result of the changed principle of funding, to use funds for CSA more efficiently;
- Application of a more individualised approach in delivering CSA for poor residents (broader application of inspections of the living conditions of CSA applicants, household inspection reports, etc.).

The authors of the research have identified the following **negative** features of the CSA reform:

- As a result of the changed model of CSA funding, municipalities give priority to the saving of funds rather than to the satisfaction of the minimum needs of poor residents;
- Insufficient experience, competence and involvement of both NGOs and local communities into the process of CSA allocating.

## **4 Difficulties and constraints**

One of the key issues when implementing the CSA reform in Lithuania was the lack of political will. Already over a decade ago, experts had expressed the need to enhance municipal competences, considering possibilities of independent provision of different social protection policies (Šileika, 2011). However, due to the lack of political will, it took time to enter those ideas into the programming documents of the Government. Therefore, it can be maintained that one of the principal difficulties, especially in the pre-reform stage, is proper awareness of politicians and policymakers as well as appropriate assessment of potential outcomes of the reform.

Another issue is insufficient professional competence and preparedness of municipal employees for performing certain functions independently. Since the accession to the EU (2004), increasing attempts to decentralise the implementation of social protection

policies in Lithuania were made. However, smaller municipalities with predominating infrastructures of rural population may not always have the sufficient number of professionals to ensure carrying out their new tasks on a high-quality level. Some of the workers in the social sector had no special education or training and experience in organising or providing new types of services in the area. To remedy this, Lithuania undertook two steps. On the one hand, qualification requirements for the employees working in the area of social protection were increased in the regulatory documents. Thus, the requirements for an appropriate compulsory higher education were established. This greatly promoted the emergence of social work study programmes in Lithuanian colleges and universities. On the other hand, the MSSL has started organising various regular national and regional workshops, trainings, and conferences in order to inform municipal workers about performance indicators, the reforms envisaged, good practices of other EU countries as well as studies and research performed by Lithuanian researchers. This facilitated the development of the competences of policymakers, rapidly increased knowledge and skills of municipal leadership and professionals and improved the implementation of social protection policies.

The insufficient level of development of NGOs and local communities, and their often low level of activity and/or competence is also an issue. In order to avoid abusive practices in the allocation of CSA, and, especially, when assisting CSA recipients in finding employment, active involvement of NGOs and the representatives of local communities must be ensured. Before the accession to the EU, the NGO sector and the network of local communities in Lithuania were not very advanced.

As a result of the reform, one of the serious issues was the different terms for allocation of CSA in different municipalities, as they were free to establish such terms independently. For this reason, since 2015, this municipal freedom has been restricted and the terms for allocating CSA have been harmonised. Municipalities were left free to provide additional social assistance and/or social services, considering the specific needs of families/individuals.

There are also many controversies in Lithuania regarding a proposal for CSA recipients to engage in socially useful activities. Some CSA recipients are of the opinion that they are required to work to make up for the CSA, which is contrary to the recommendations of the European Commission. Others appreciate this kind of economic activity because they can see an opportunity to escape from the routine home and family environment, expand their network of social contacts and not lose relations with the local labour market. There is no consensus among the public and municipal workers on these issues. Perhaps somewhat more dominating is the position (especially between the elderly and the rural population) that CSA recipients should, if only their health condition allows, be required to participate in socially useful activities<sup>10</sup>. Another problem in this sphere is the nature and kind of activities CSA recipients take part in. At the beginning of the reform, certain municipal abuses were recorded, when CSA recipients were to perform the tasks within the permanent responsibility of the municipalities (e.g. environmental maintenance or repair works), which did not comply with the principles of socially useful activities.

At the beginning of the reform, there was also the issue of using the unspent funds allocated for CSA for their intended social purpose. There were cases where municipalities had used the funds to cover credit reimbursements, to finance repairs of schools, road construction and maintenance works and similar expenditures. This issue was solved by amending the provisions in the relevant legislation, enhancing the control over the use of unspent CSA funds, as well as by organising trainings and workshops to disseminate of good practice among the municipalities.

---

<sup>10</sup> Such an opinion was expressed by CSA social workers during trainings and seminars in the MSSL.

A very serious challenge in developing the CSA is striking a balance between the increasing social benefit (and other social benefits) and incentives to work. We have already mentioned that the main drawback of the CSA system is the overall low level of the SSI, on which the amount of the received assistance depends. On the other hand, the low average wage and, especially, the low minimum wage are characteristic for Lithuania. With CSA increasing, its attractiveness increases correspondingly and may result in recipients entering into the benefit trap as the CSA may be higher for recipients who raise three or more children, compared to a low paid job which may incur extra costs (e.g. payment for travelling to and from work). With the minimum monthly wage (MMW) and average monthly wage (AMW) increasing, the interest of CSA recipients in employment increases automatically because the difference between earnings from work and income from social assistance is remarkable. Therefore, the national changes in MMW and AMW must be always be taken into consideration when increasing CSA, so that the increasing CSA would not hinder economic incentives for employment.

Cooperation between representatives of different institutions in order to effectively assist CSA recipients in finding jobs and providing their families with quality social integration services should be mentioned as a separate issue. This issue is particularly relevant for families receiving CSA with school-age children or where CSA recipients must take care of other family members. To avoid the spread of the "poverty culture"<sup>11</sup> and the increase of social exclusion, a complete set of complementary social services is required to ensure employment of CSA recipients and full-fledged development of children. To solve this issue, various trainings and workshops are organised in Lithuania. Research (Zabarauskaite, 2015; Morel, 2012; OECD, 2018b) shows that poorer families pay less attention to education of their children; therefore, various educational services are necessary to compensate this shortage. However, it must be acknowledged that work with children growing up in families receiving CSA is still insufficient, which often limits their chances of success in their future careers (OECD, 2018a; OECD, 2018b). Insufficient educational and human capital levels are the main barriers of social integration and successful careers, therefore, cooperation between authorities in providing additional social services for long-term CSA recipients and for the children raised in such families (especially educational and leisure) should be further developed and improved in the future.

## **5 Success factors and transferability**

As mentioned above, despite various difficulties, the Lithuanian CSA reform has generated a few positive results; it is positively viewed on national, municipal and local levels. The results of the Lithuanian CSA reform include:

- a) Decentralised delivery of CSA by providing more freedom and responsibilities to municipalities in this area;
- b) Better targeting of CSA and possibilities to take the specific needs of individual CSA recipients and their families into better account;
- c) Improvement of the legal regulation of CSA providing objective grounds for defining the amount of social benefits (the amount of person's (family) minimum consumption needs objectively define the amount, which is needed to meet the minimum needs);
- d) Introduction of measures encouraging CSA recipients to seek employment;
- e) Improved collaboration between local communities, NGOs, local, national and municipal authorities (e.g. between PES, State Tax Authority, etc.), and employees of municipal institutions in tackling issues related to the reduction of poverty and social exclusion.

---

<sup>11</sup> Leacock, E. B. 1971. *The Culture of Poverty: A Critique*. New York: Simon and Schuster; Lewis, O. 1968. *A Study of Slum Culture: Backgrounds for La Vida*. New York: Random House.

The key success factors of the reform are the high competence of policymakers and their targeted efforts towards improving the effectiveness of CSA. Accession to the EU significantly helped the staff of the MSSL to improve their professional qualifications and accelerated progress of various reforms in Lithuania. Therefore, in view of planning similar reforms in other countries, it is necessary to start with appropriate investment into policymakers' competences. Considering that the lack of political support puts the brakes on many various reforms, it is necessary to ensure active collaboration between policymakers, Members of Parliament and representatives from various parties. Researchers also play an important role in this process as their research studies, articles and public presentations reveal the benefits of the relevant reforms for society and provide an independent assessment of the changes. While implementing reforms (not only related to the CSA) it is necessary to perform permanent methodologically grounded monitoring of processes in order to objectively evaluate ongoing changes as well as their reasons and results (Sanderson, 2002; Solesbury, 2001). Involvement of researchers in the planning and implementation of various social reforms is a prerequisite for effectiveness and compliance of the reforms with policy objectives. During the implementation of the CSA reform, policy makers were permanently consulted by researchers though involvement of the latter could be more solid.

Another success factor is the degree of preparation and activity among employees at the municipal level (especially, heads of municipalities) in improving the effectiveness of CSA. As we have mentioned, the degree of professional competences of municipal employees involved in the implementation of social protection measures has improved since 2004, with an increasing number completing higher education. Therefore, the decentralisation of CSA or the implementation of other social protection policies requires the assessment of the degree of professional preparedness and competences of lower-level employees and the adequacy of human resources to perform new functions.

Lithuania's experience shows that a well-designed and regularly improved legal framework plays an important role in improving CSA. The CSA reform was initially intended to provide more freedom to municipalities in making decisions on the allocating of CSA and the use of funds unspent for CSA. However, in later stages, the conditions for allocating CSA and the use of remaining funds were strictly regulated, leaving the municipalities the discretion to take into account specific needs of CSA recipients and develop social services.

A very important success factor of the implemented CSA reform was the transfer of financial resources to a lower (municipal) level so that municipalities would be able to decide independently on the use of unused CSA funds. The economic interest of service providers represents one of the most universal measures for improving social protection policies (reactions of the social workers from different municipalities during the seminars in the MSSL; Wiley, 1997). On the other hand, Lithuania's experience has shown that this area requires a combination of freedoms and strict control and regulation. Therefore, it is necessary to exchange regularly about the reform's results (training, seminars) on national level (e.g., at the ministry) and to monitor the implementation of the reform in order to mitigate negative outcomes as soon as possible and to develop and support good practices. This principle seems to be universal and thus applicable throughout Europe.

The involvement of the NGO sector and local communities also had an important influence on the CSA reform in Lithuania. Their involvement in CSA allocation and municipal decision-making on the use of remaining funds increased the effectiveness of CSA, significantly enhanced its targeting, and increased the social validity and transparency of use of funds. In the course of the reform, the MSSL staff often

consulted with NGOs' representatives<sup>12</sup> and discussed with them various measures and progress of the reform. This practice could be adapted for other countries / regions across Europe as well.

Good (professional) contacts between national level policymakers and individual municipal employees should be noted as a separate success factor. Such contacts are established over a long period of cooperation, in particular by involving municipal employees in the policy-making process, taking into account their remarks, informing in advance of envisaged changes and providing advice and assistance during the reform process. In the context of the CSA reform, the staff of the MSSL's Division for Cash Assistance and Housing served as the point of contact with municipal staff.

Finally, another success factor is the process of implementing the CSA reform. Initially, five municipalities were given financial and administrative opportunities to pilot the implementation of the reform in their municipalities. The MSSL staff monitored changes in the pilot municipalities, commissioned and conducted a research evaluation of the pilot period of the reform. Representatives of five pilot municipalities (often mayors) participated in various trainings, seminars and conferences presenting their new experiences and the results of the CSA reform. The implementation of various pilot projects to test the impact of the proposed solutions in a limited environment is an effective and widely used approach to improve social protection policy measures. Such a model for improving social policies would be particularly useful in socially sensitive areas (e.g., working with immigrants, national minorities or other socially vulnerable groups).

## **6 Key findings and conclusions**

The effective provision of CSA, the improving economic situation in Lithuania, and positive labour market developments contributed to the decrease in the number of CSA recipients and the expenditure for such assistance. Changes in the number of CSA recipients have shown that assistance is effective and that the system of cash social assistance serves its fundamental purpose of helping people when they need support most. The implemented CSA reform increased the motivation of the CSA recipients to integrate into the labour market and reduced long-term welfare dependency.

Summarising the Lithuania's experience in providing CSA for poor residents, it can be stated that the efficiency of the use of financial resources allocated, the adequacy of the provided services and the accessibility of support have been steadily improving. This is evidenced not only by the decrease in the number of CSA recipients, but also by the reduction of administrative barriers to benefits and the expansion of mechanisms to stimulate economic activity in CSA schemes.

At the same time, it should be noted that the level of social benefits is comparatively low, therefore the issue of adequacy of CSA is relevant to Lithuania. It was acknowledged in 2018 that the amount of minimum consumption needs (MCN) will be reviewed annually with regard to prices of food and non-food products and services. For instance, in 2018 MCN was EUR 245 and in 2019 – EUR 251. In 2019 the social assistance pension base and the target compensation base has been increased by EUR 2 accordingly from EUR 130 to EUR 132 and from EUR 112 to EUR 114. To support families with children and to reduce child poverty, it is planned to regularly increase child benefit within the state budget possibilities. Also, there is a governmental proposal to provide free meals for all children in primary schools.

As has already been mentioned, there is no adequate information/research on the non-take-up of social benefits in Lithuania, which gives a room for improvement. Considering the practices of other EU countries (e. g. Belgium, Germany and France), non-take-up of social benefits might be relevant to Lithuania as well, therefore this

---

<sup>12</sup> Lithuanian National Anti-Poverty Network – [www.stopskurdas.lt/](http://www.stopskurdas.lt/)

phenomenon needs more attention on both – national and local – levels. In addition, Lithuania should start collecting more precise information on the people who left the CSA scheme (e.g. emigrated, were employed, etc.) and to improve dissemination of information (e.g. in public areas, schools and training institutions) on CSA availability.

Further developments of enabling measures for CSA recipients in Lithuania is needed. A pilot project scheduled for 2019 will test a model of joint services provided by PES and municipalities aimed at employment promotion and activation services of social benefits recipients. It will help to create a closer link between social benefit provision and active labour market policy measures. The scheme of the model is based on the one-stop-shop principle and case management approach and provision of integrated services of two institutions.

It should be noted that in the future improving the conditions for providing CSA requires higher integration of services and more active work with children and young people from families receiving CSA. It is appropriate to increase the integration of CSA and educational services, ensuring the organisation of leisure activities for children and youth, organised recreation and work opportunities during summer holidays and additional learning support services for less advanced groups of pupils. Increasing CSA benefits (gradually bringing them closer to the amount of minimum consumption needs) and decreasing the number of recipients are positive features of the CSA system, but this does not solve all problems of poverty and social exclusion, and most importantly, does not limit the spread of "culture of poverty" manifestations in the country.

There is a continuing need to strengthen cooperation between social assistance and general education and vocational training systems (Zabarauskaitė, 2015). Research shows that education is one of the most important prerequisites for social mobility (Morel, 2012; OECD, 2018a), especially in Lithuania less educated people are the most socially vulnerable (according to Eurostat at-risk-of-poverty-rate in low educated families in Lithuania in 2017 was 43%, whereas in the families with highest educational levels – less than 10%) and CSA recipients spend the least amounts of money to education of their children. Therefore, it is necessary to develop educational services to strengthen the motivation for work and the development of career development competencies. It is appropriate to develop measures to prevent social exclusion and advance various social interventions, especially for young people from long-term CSA-recipient families. In addition, and to improve work with long-term CSA recipients, additional social services should be provided to them, also to with a view of increasing their employability.

## 7 List of references

Interviews with representatives of Strategies, Prognosis and Communication Unit and Financial Assistance and Housing Unit of the Ministry of Social Security and Labour, conducted in December 2018.

Law Amending the Law on Cash Social Assistance for Poor Residents of the Republic of Lithuania No XI-1772 (1 December 2011), Vilnius.

Law on Benefits for Children of the Republic of Lithuania No I-621 (3 November 1994), Vilnius.

Law on Social Assistance for Pupils of the Republic of Lithuania No X-686 (13 June 2006), Vilnius.

Leacock, E. B., 1971. *The Culture of Poverty: A Critique*. New York: Simon and Schuster.

Lewis, O., 1968. *A Study of Slum Culture: Backgrounds for La Vida*. New York: Random House.

Lazutka, R. 2013. Perspectives of allocating CSA for poor residents in performance of the independent function of municipalities, Research Report. Vilnius: MSSL.

Morel, N., Palier, B., Palme, J. 2012. *Towards a Social Investment Welfare State: Ideas, Policies and Challenges*. Bristol: The Policy Press.

OECD, 2018a, *A Broken Social Elevator? How to Promote Social Mobility*. Paris: OECD Publishing.

OECD, 2018b, *Equity in Education: Breaking Down Barriers to Social Mobility*. Paris: PIS

Sanderson, I., 2002. Evaluation, policy learning and evidence-based policy making. *Public administration*, <https://doi.org/10.1111/1467-9299.00292>.

Solesbury, W., 2001. *Evidence Based Policy: Whence it Came and Where it's Going*. ESRC UK Centre for Evidence Based Policy and Practice: Working Paper 1. Queen Mary University of London.

Šileika, A., 2011. 20 years of social policy studies. *Social Development and policy. Current Issues of Social Policy*, No 9, 7-30 p.: Lithuanian Social Research Centre

Wiley, C. 1997. What motivates employees according to over 40 years of motivation surveys. *International Journal of Manpower*, Volume: 18 Issue: 3: Emerald Publishing.

Zabarauskaite, R., Gruzevskis, B. 2015. *Sisteminis skurdo problemos tyrimas Lietuvoje (A Systematic Study of Poverty in Lithuania)*. Kaunas: Lietuvos Caritas.

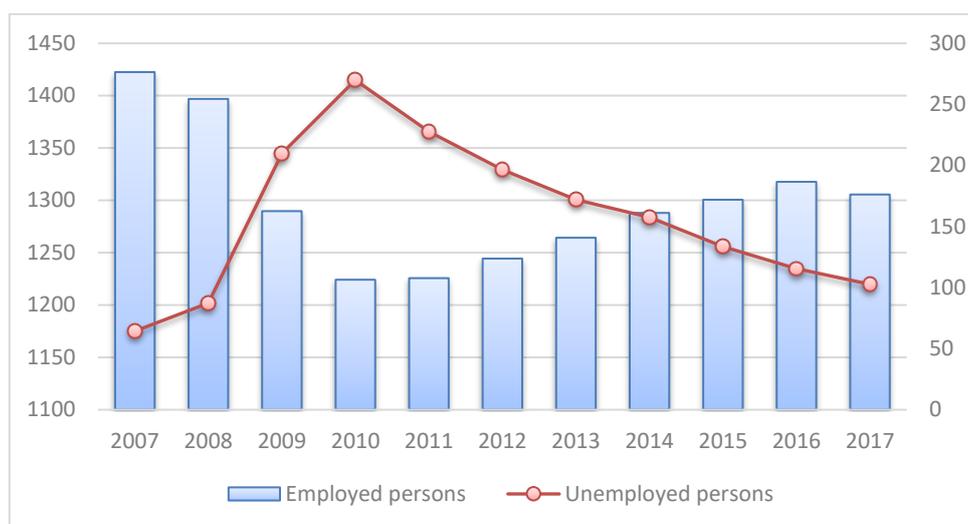
## Annexes

### Annex 1. Real GDP growth rate in Lithuania in 2007-2017 (percentage change on previous year)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
11.1	2.6	-14.8	1.6	6	3.8	3.5	3.5	2	2.4	4.1

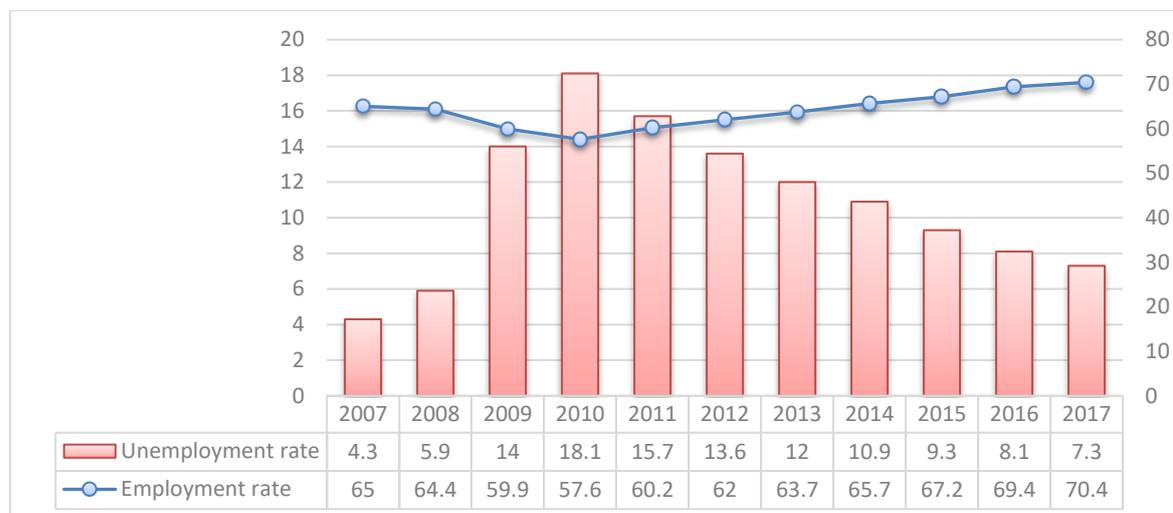
Source: Eurostat, [tec00115]

### Annex 2. Employed and unemployed persons in Lithuania in 2007-2017 (aged 15-64 years) (thousand)



Source: Eurostat, [lfsa\_egan], [lfsa\_ugan]

### Annex 3. Employment and unemployment rates in Lithuania in 2007-2017 (aged 15-64 years) (%)



Source: Eurostat, [lfsa\_ergan], [lfsa\_urgan]

### Annex 4. Average and minimum monthly wages in Lithuania in 2007-2017 (in euro)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Average gross monthly wage	522.0	623.2	595.5	575.8	592.5	615.1	646.3	677.4	714.1	774.0	840.4
Average net monthly wage	391.5	478.1	464.0	449.6	461.8	478.3	501.1	527.2	553.9	602.3	660.2
Minimum monthly wage	188.3	231.7	231.7	231.7	231.7	237.7	289.6	292.2	312.5	365.0	380

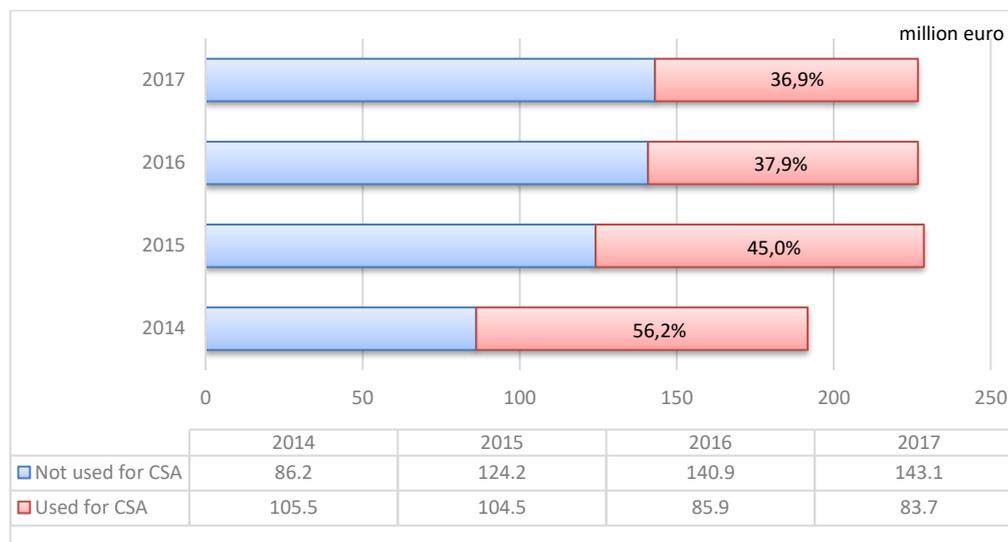
Source: Lithuanian Statistics Department

### Annex 5. Average State social insurance pension and average unemployment social insurance benefit in Lithuania in 2007-2017 (in euro)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Average state social insurance pension	172.4	222.9	234.9	216.1	216.8	236.2	238.1	240.3	244.5	255.3	277.2
Average unemployment social insurance benefit	134	171	200	161	158	163	160	157	179	185	223

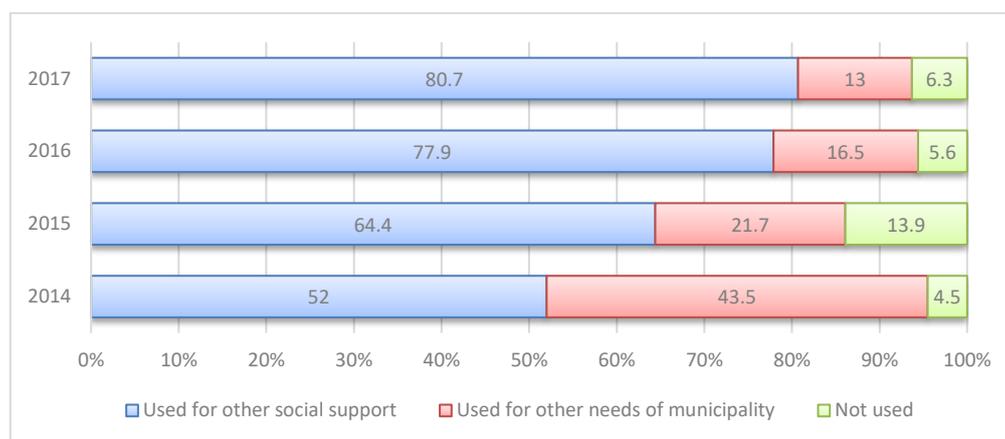
Source: Lithuanian Statistics Department

**Annex 6. Funds (million euro) allocated for CSA: used and not used for CSA in Lithuanian municipalities in 2014-2017**



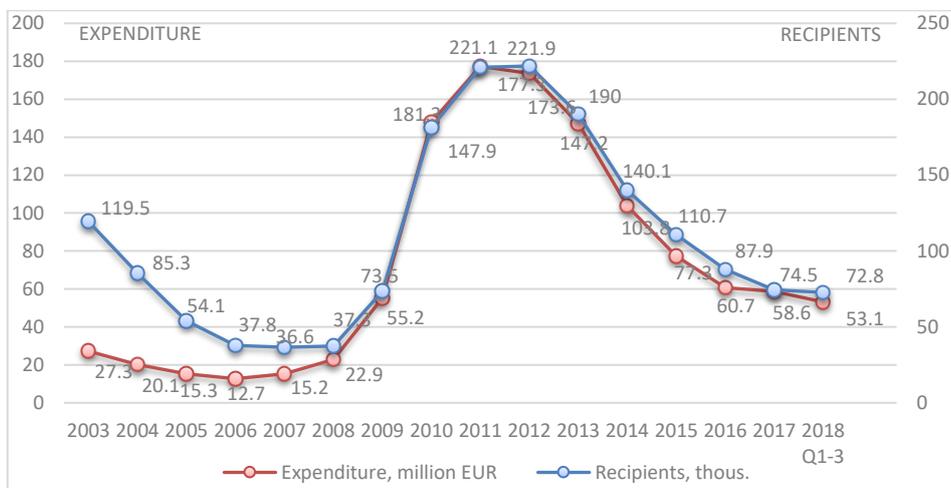
Source: Ministry of Social Security and Labour

**Annex 7. Distribution (%) of funds allocated, but not used for CSA in Lithuanian municipalities in 2014-2017**



Source: Ministry of Social Security and Labour

**Annex 8. Number of recipients (thousand) and expenditure (million euro) for social benefits in Lithuania in 2003-2018**



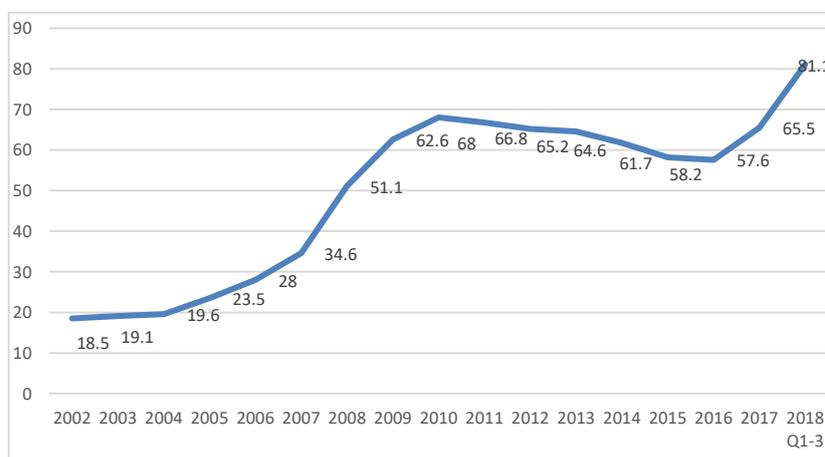
Source: Ministry of Social Security and Labour

**Annex 9. Number of recipients (thousand) and expenditure (million euro) for compensations for heating, hot and drinking water expenses in Lithuania in 2009-2018**



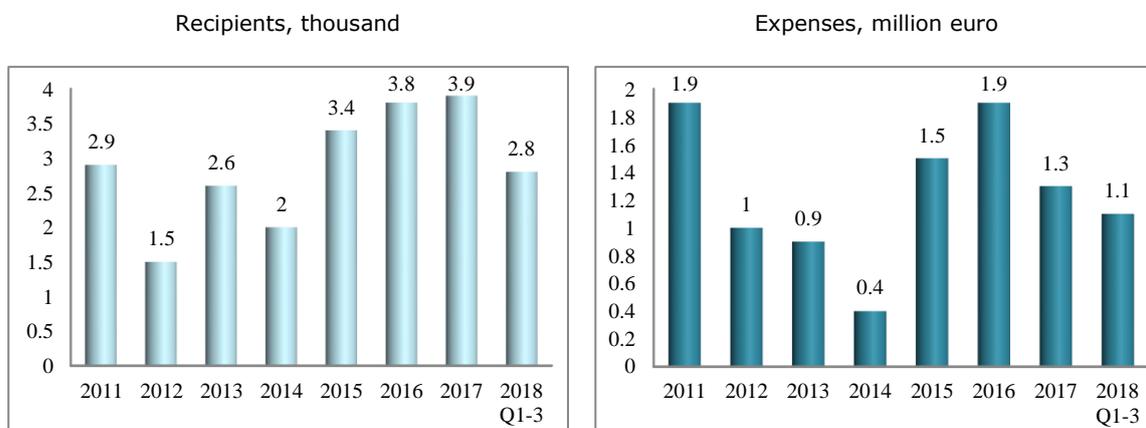
Source: Ministry of Social Security and Labour

**Annex 10. Average monthly social benefit (euro) per person in Lithuania in 2002-2018**



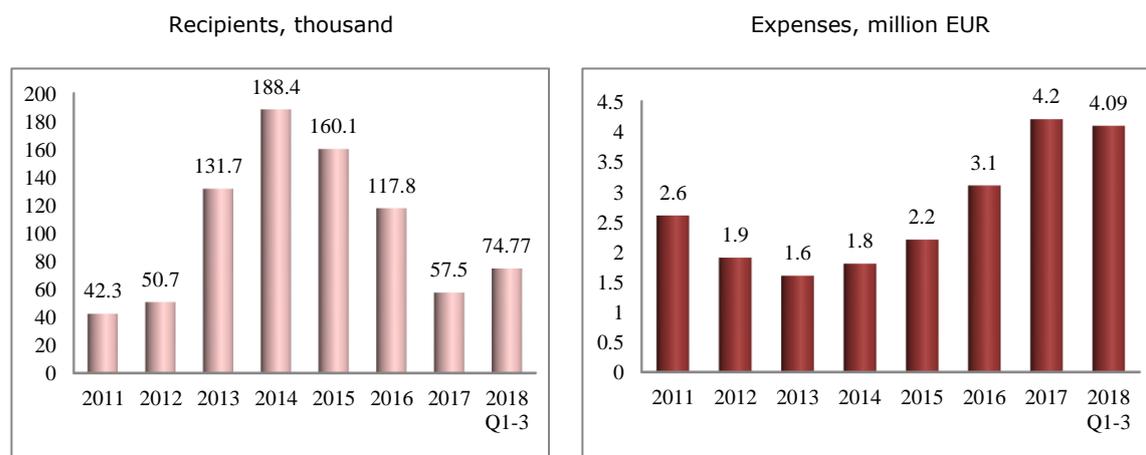
Source: Ministry of Social Security and Labour

**Annex 11. Recipients (thousand) of and expenses (million euro) for CSA, allocated by the decision of municipality in cases foreseen in the Law on CSA in Lithuania in 2011-2018**



Source: Ministry of Social Security and Labour

**Annex 12. Recipients (thousand) of and expenses (million euro) for CSA, allocated by the decision of municipality in cases not foreseen in the Law on CSA in Lithuania in 2011-2018**



Source: Ministry of Social Security and Labour

## Summary table – Lithuania

### National context

- Lithuanian economy was growing faster than majority of OECD countries (*in period of 2006-2017*);
- Inequality and poverty rates in Lithuania are higher than in average in EU or OECD countries;
- Lithuania has a high employment rate in different age groups, and since 2010 the unemployment rate has been constantly decreasing.
- General standard of living is low in Lithuania (average net monthly wage in 2017 was EUR 660).

### Assessment of policy measure

- Poor residents in Lithuania are entitled to: 1) social benefits (*the amount of the benefits is small enough and is focused only on the minimum needs*); 2) compensations for heating, hot and drinking water expenses; 3) other, means-tested and non-means-tested benefits.
- The level of social benefit is equal to 100% of the difference between the State Supported Income (EUR 122) per person per month and the actual income of the family for the first family member, 80% for the second member and 70% for the third and any additional family member.
- To reduce the number of CSA recipients, increase their employability and prevent the development of a culture of poverty, a CSA reform was launched in Lithuania in 2012.
- The main elements of the 2012-2015 CSA reform and further improvements included: a) devolution of the allocation of social cash assistance to the municipalities; b) measures promoting labour market (re)integration among working-age CSA recipients; c) improvement of measures for ensuring adequate levels of minimum income; d) other changes towards better effectiveness of CSA (*aimed at improving access to CSA, ensuring satisfaction of the minimum needs for persons unable to support themselves, etc.*).
- Implementation of the CSA reform and later changes in CSA regulation resulted in: 1) a considerable decline in the number of CSA recipients; 2) a growing level of CSA benefits; 3) better CSA targeting; 4) more opportunities for municipalities to deliver more social services and expand their diversity.

### Assessment of success factors and transferability

- Responsible policy decision-making on the national level.
- Active collaboration between policymakers, Members of Parliament and representatives from various parties.
- Involvement of researchers in the planning and implementation of reforms.
- Degree of preparation and activity of municipal employees (especially, heads of municipalities).
- Well-designed and regularly improved legal framework.
- Transfer of financial resources to a lower (municipal) level (combination of freedoms and strict control and regulation).
- Involvement of the NGO sector and local communities.
- Good professional contacts between national level policymakers and municipal employees.

- Application of the piloting approach during the implementation of the CSA reform.

### Questions

- How do other countries solve the problem of adequacy of the level of minimum income?
- What are the most efficient practices ensuring an adequate level of CSA and not reducing incentives to work?
- What are the best practices of cooperation between different institutions, aimed at integrating CSA recipients into the labour market in the EU countries?
- What are the most effective measures to prevent poverty and social exclusion?

