



EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Social protection and inclusion policy responses to the COVID-19 crisis

Lithuania

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European Social Policy Network (ESPN)

**ESPN Thematic Report:
Social protection and inclusion
policy responses to the
COVID-19 crisis**

Lithuania

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SUMMARY

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Lithuania, it was 8,864. The total number of deaths per 100,000 people was 151 for the EU-27, versus 141 in Lithuania.

On 16 March 2020, a nationwide quarantine related to the COVID-19 pandemic was announced in Lithuania together with a fiscal package of €2.5 billion (5% of 2019 GDP) for its relief, which included income-support measures such as: wage subsidies; support for the self-employed; and additional payments for caring for the sick and disabled, including for parents of schoolchildren who needed to stay at home due to quarantine restrictions. The measures also included additional funds for the healthcare system and emergency management as well as other measures for businesses such as loans and rent compensation.

On 7 May 2020, additional post-quarantine measures of nearly €1 billion (2% of 2019 GDP) were launched to support economic recovery during the second half of 2020. The package included: wage subsidies for people after furlough or unemployment; job-seeker's allowances; additional funds for the self-employed and for vocational training; lump-sum payments to pensioners; and increases in other social benefits and forms of compensation. Furthermore, changes in personal income tax and a lump-sum payment for families with children were introduced on 1 July 2020.

Employment and income-support measures have been revised since the beginning of 2021. Wage subsidies for furloughed employees, benefits for the self-employed, a revised job-seeker's allowance, and sickness benefit for caring for non-sick child(ren) staying at home due to quarantine restrictions, were still available in January and February 2021.

The COVID-19 mitigation package was dominated by temporary, or even one-off, measures in 2020. On the other hand, traditional pre-pandemic social security schemes were adjusted only to a limited extent. The schemes that were adjusted included: sickness benefit for working parents who have to care for their young children at home after the closure of childcare facilities as part of quarantine regime; changes to the social assistance benefit; and changes to the child benefit, which was made more accessible to vulnerable families.

Despite the subsidies granted to employers to retain jobs and protect incomes, the pandemic and the quarantine had a strong negative impact on employment and on people's incomes. The main gap that remains in the Lithuanian social protection system is insufficient coverage of unemployment insurance. Moreover, the social assistance benefit was reformed in 2020, but the changes were insufficient to increase its coverage and adequacy. The long-standing problem of poverty among retirees also remains unresolved.

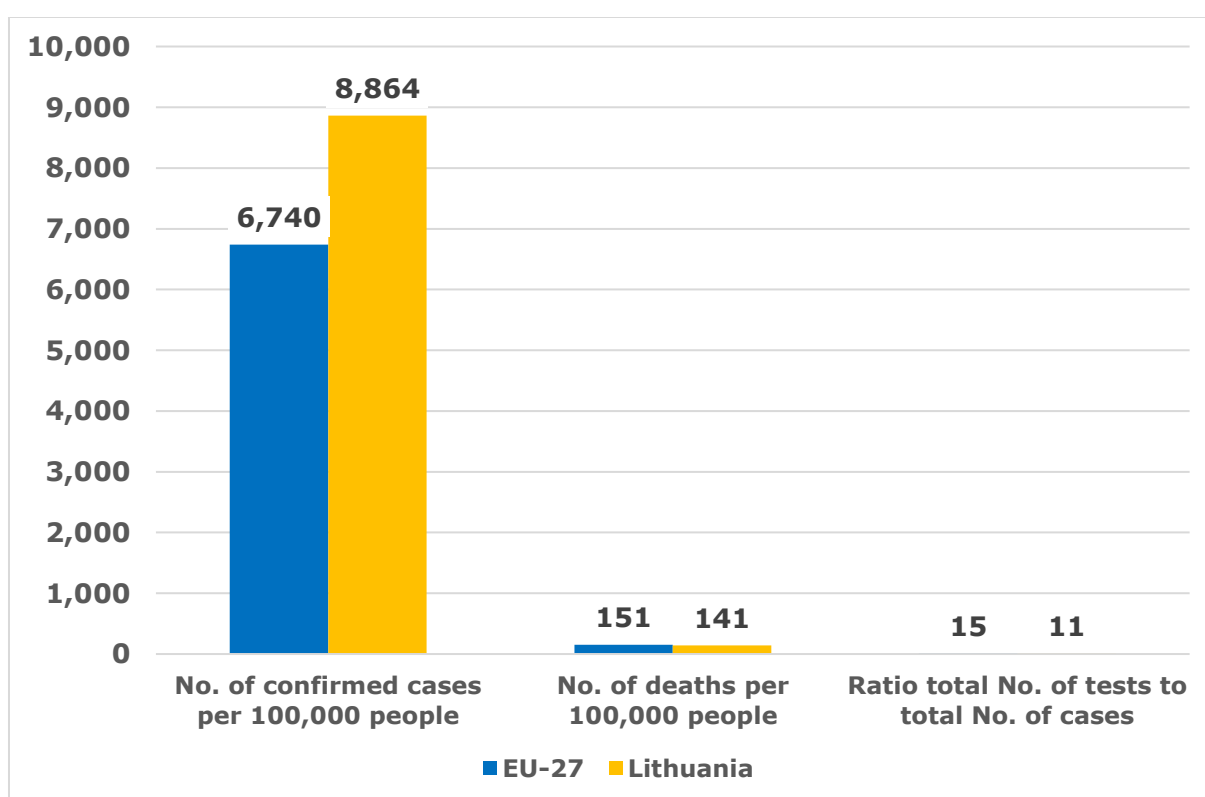
The key lesson of the pandemic is the need to improve the existing social security schemes to ensure adequate income protection for all groups of the population at all times. Given there are no major gaps in the existing system of social protection, attention and resources could be focused more effectively on those who face new or temporary challenges in times of crisis.

1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT¹

1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Lithuania, it was 8,864. The total number of deaths per 100,000 people was 151 for the EU-27 versus 141 in Lithuania. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 11.0 for Lithuania.

Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Lithuania)

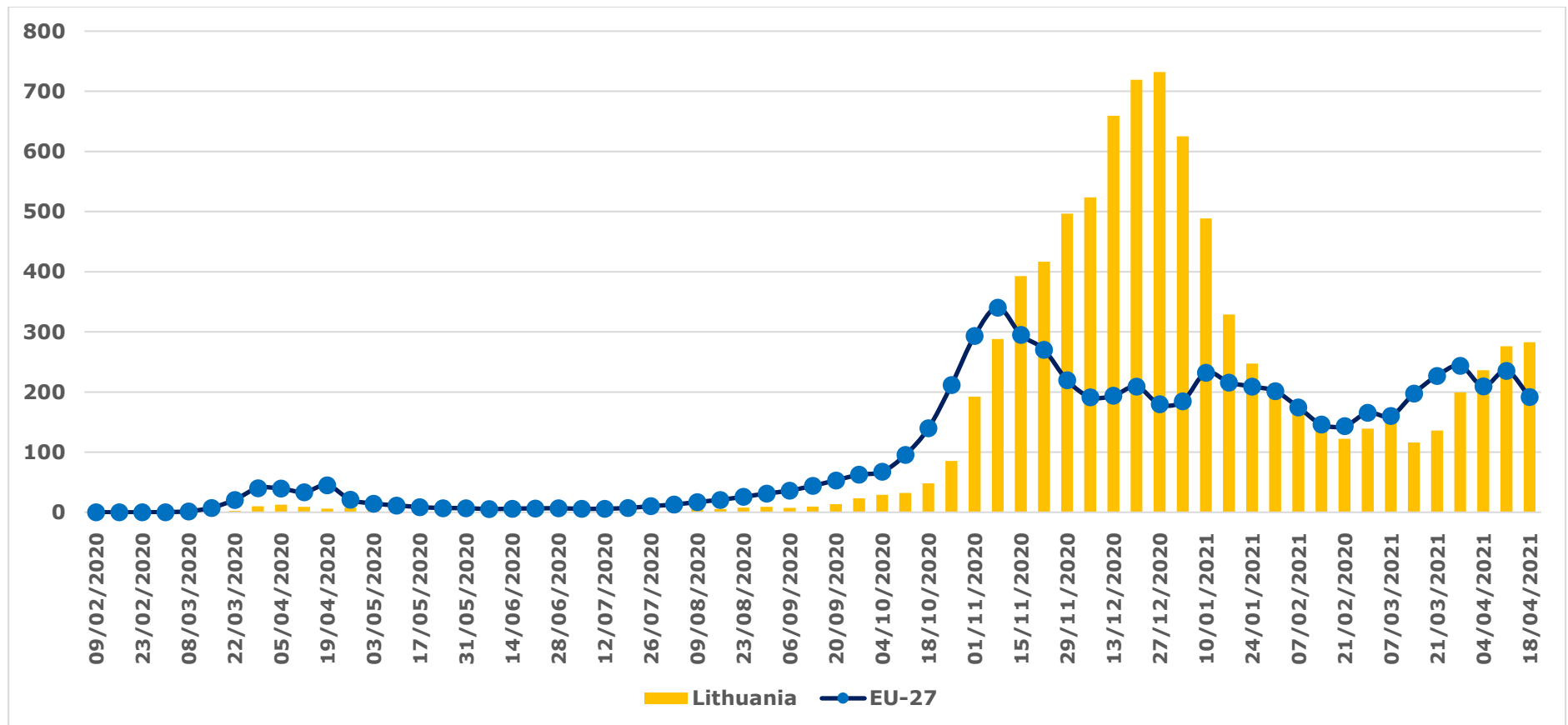


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

¹ Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Lithuania, it was 282.6.

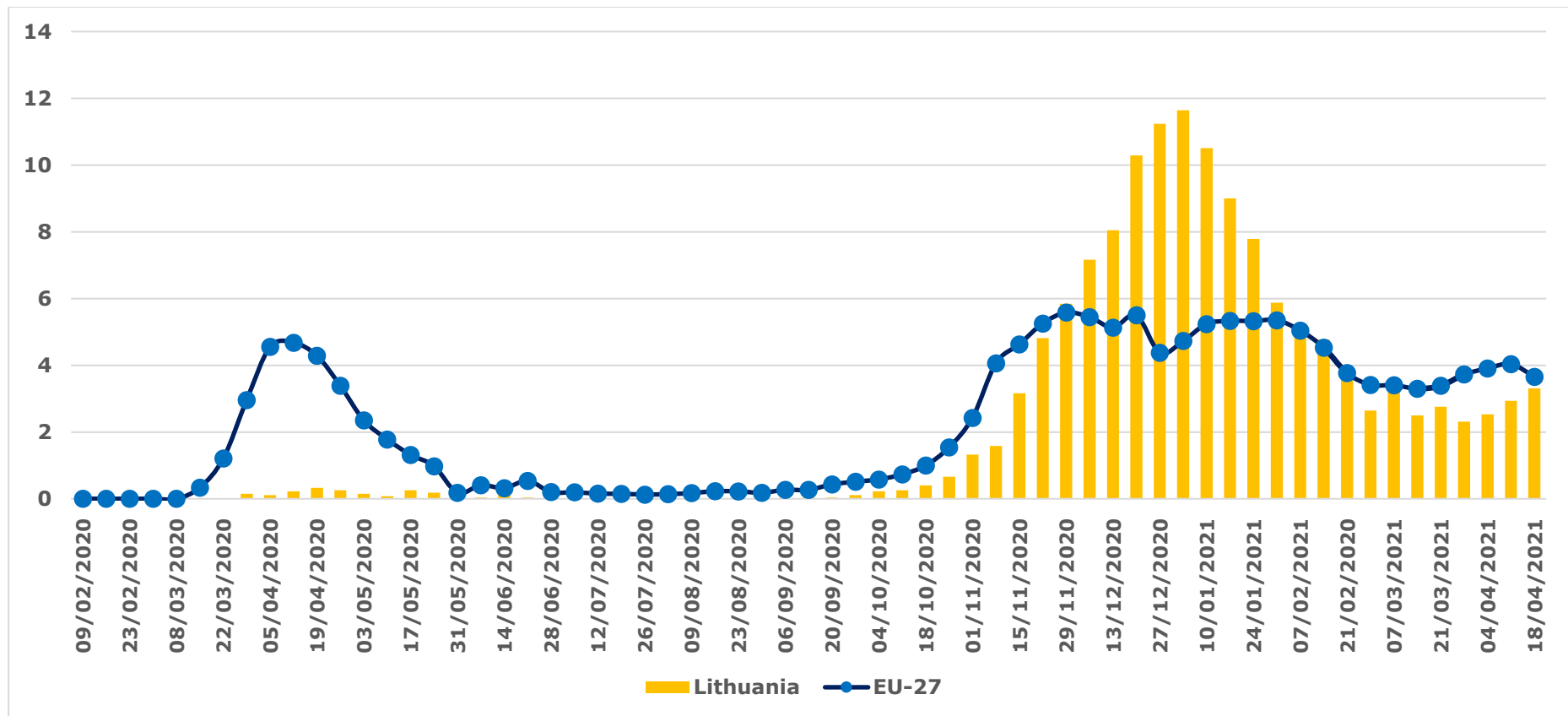
Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Lithuania)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Lithuania, it was 3.31.

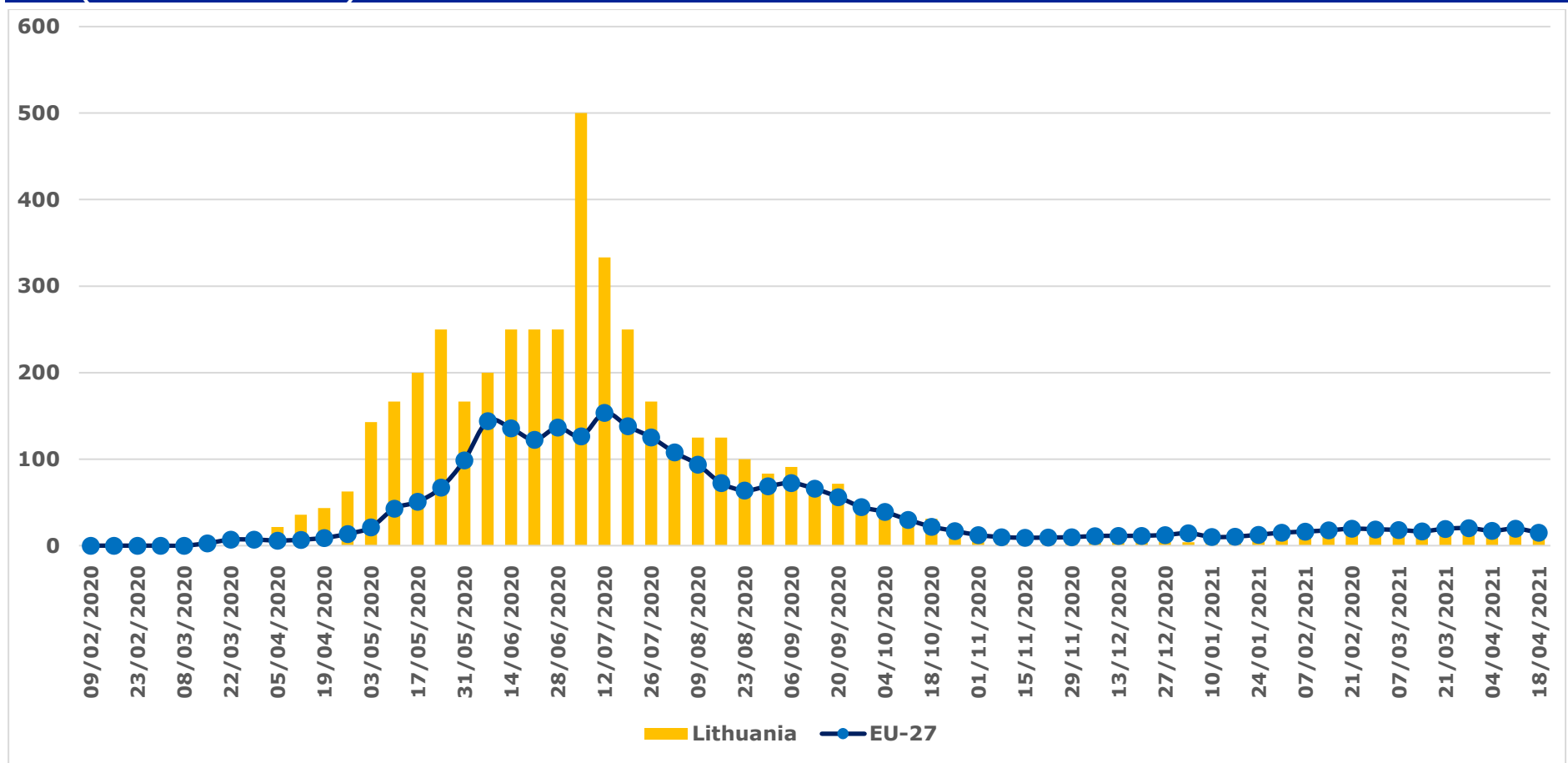
Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Lithuania)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Lithuania, it was 16.1.

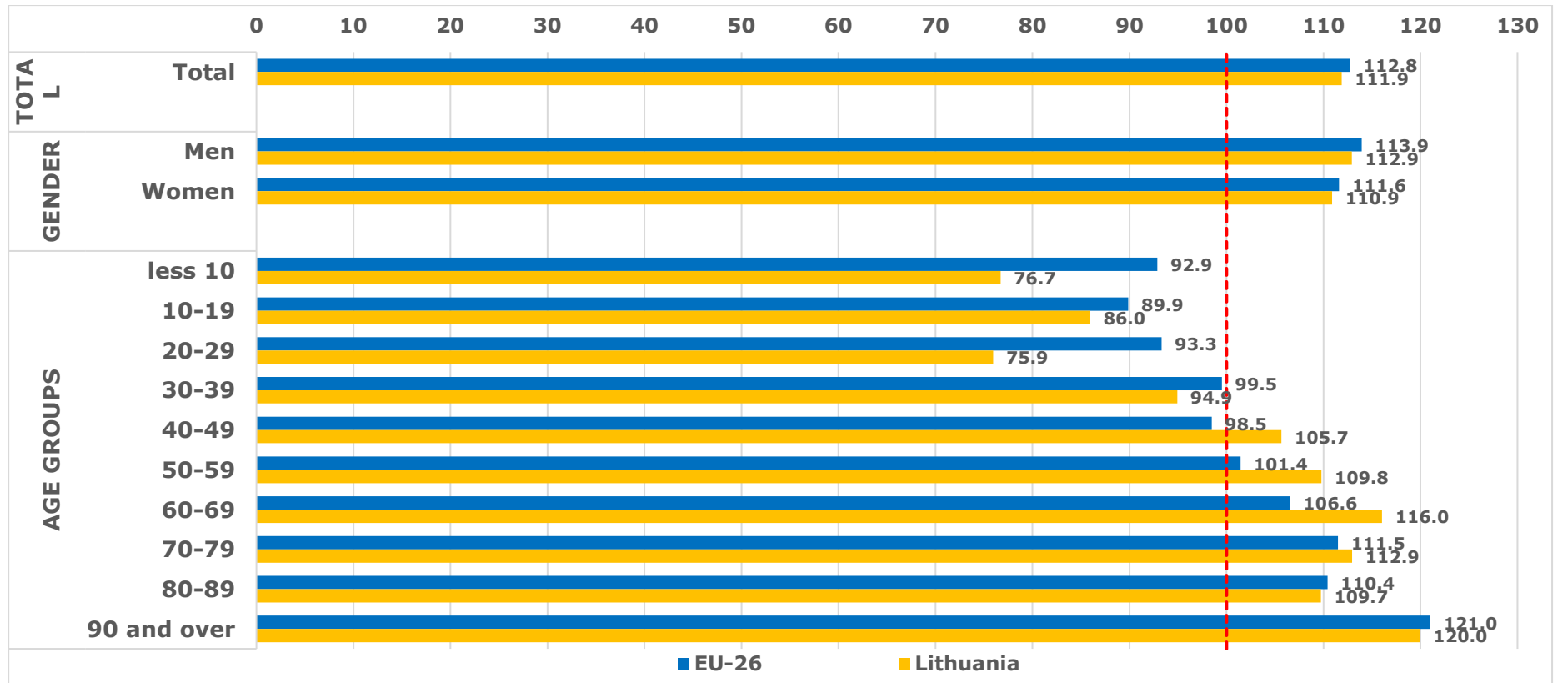
Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Lithuania)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 111.9% in Lithuania. For the EU-26, it is 113.9% for men and 111.6% for women. In Lithuania, these gendered ratios are 112.9% and 110.9% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 120.0% for Lithuania.

Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Lithuania))

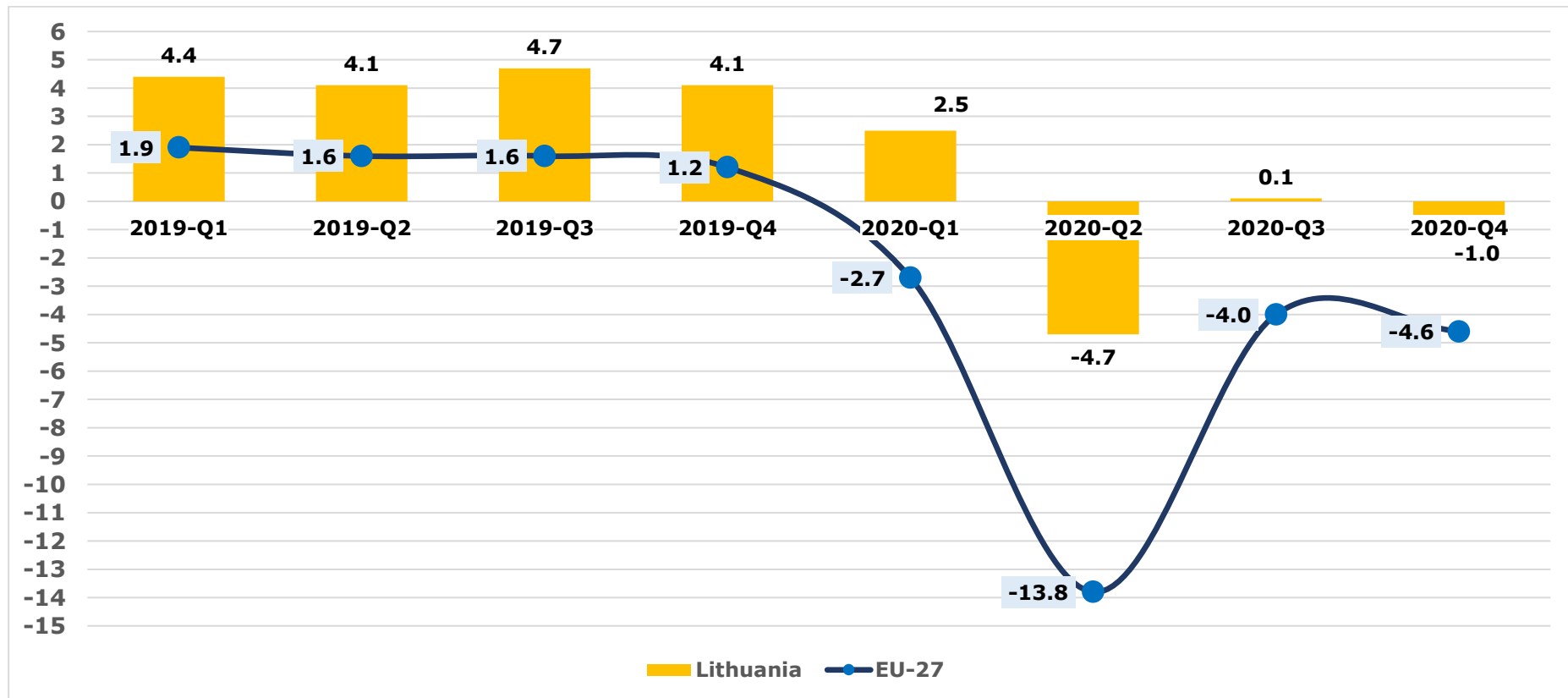


Source: Eurostat - indicator [DEMO_R_MWK_10__custom_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Lithuania, the decrease was 1.0% for the same period.

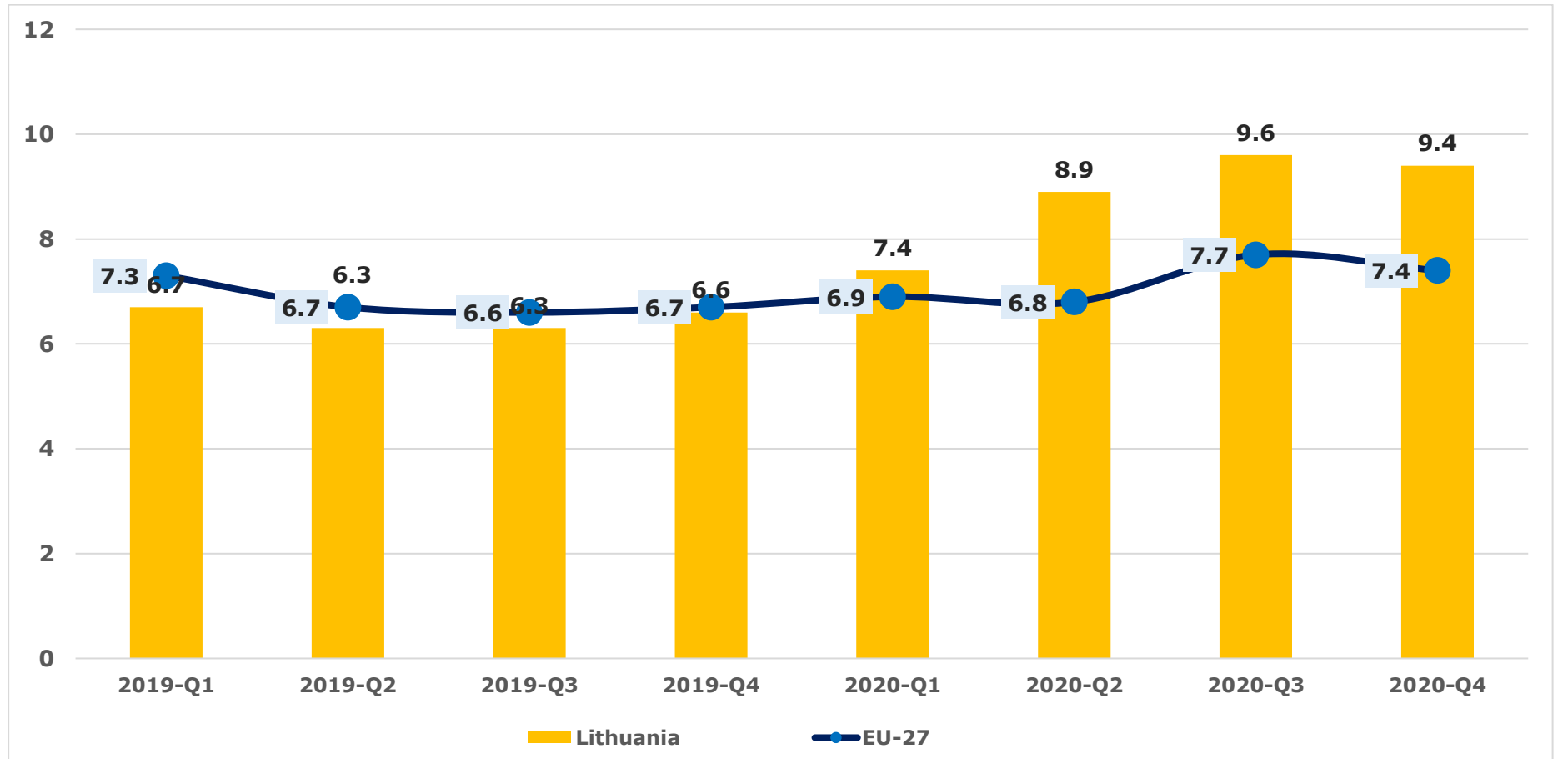
Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Lithuania, %)



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ_10_GDP__custom_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Lithuania, it is 9.4%.

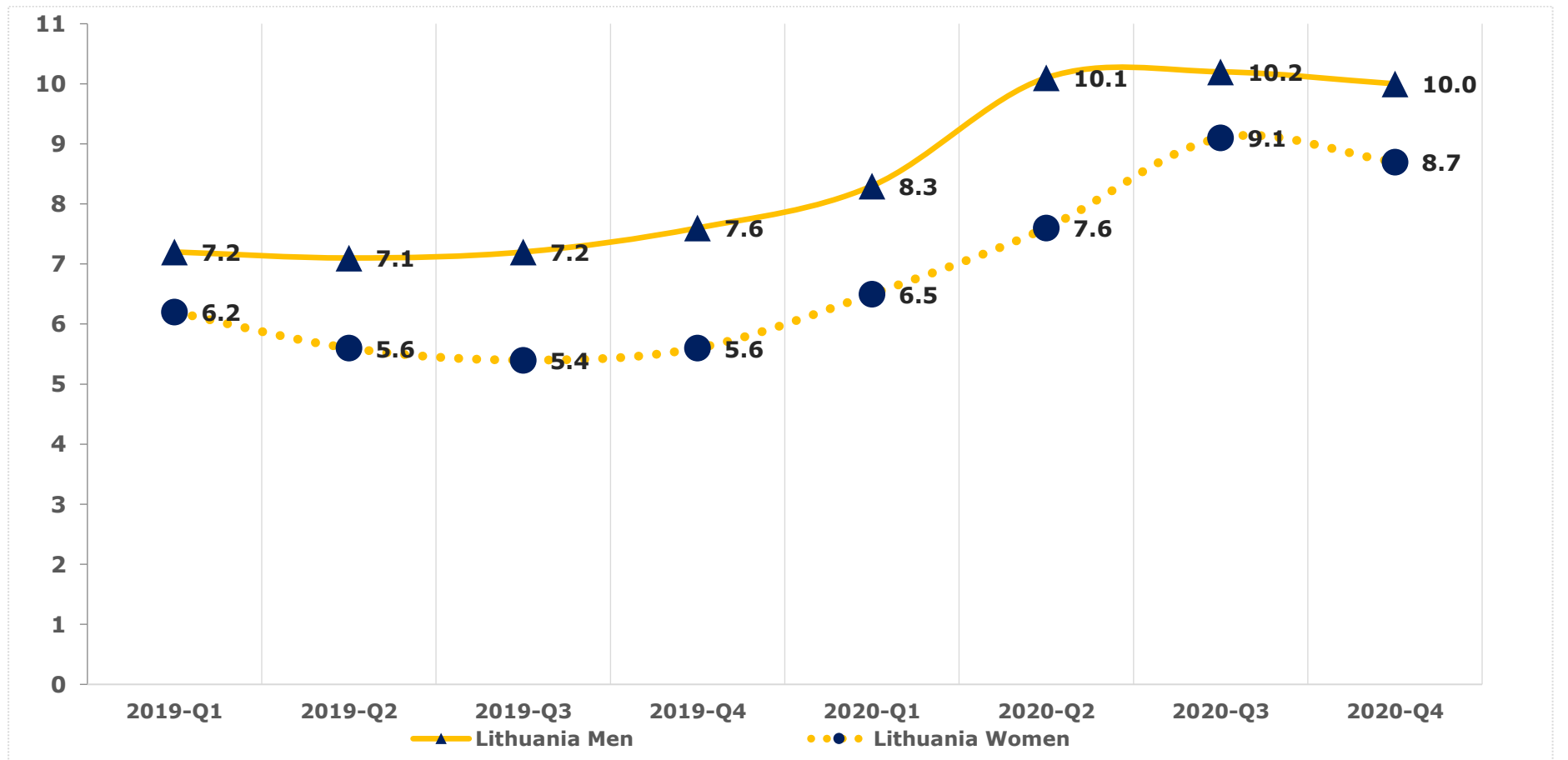
Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Lithuania, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Lithuania, these figures are 10.0% and 8.7% respectively.

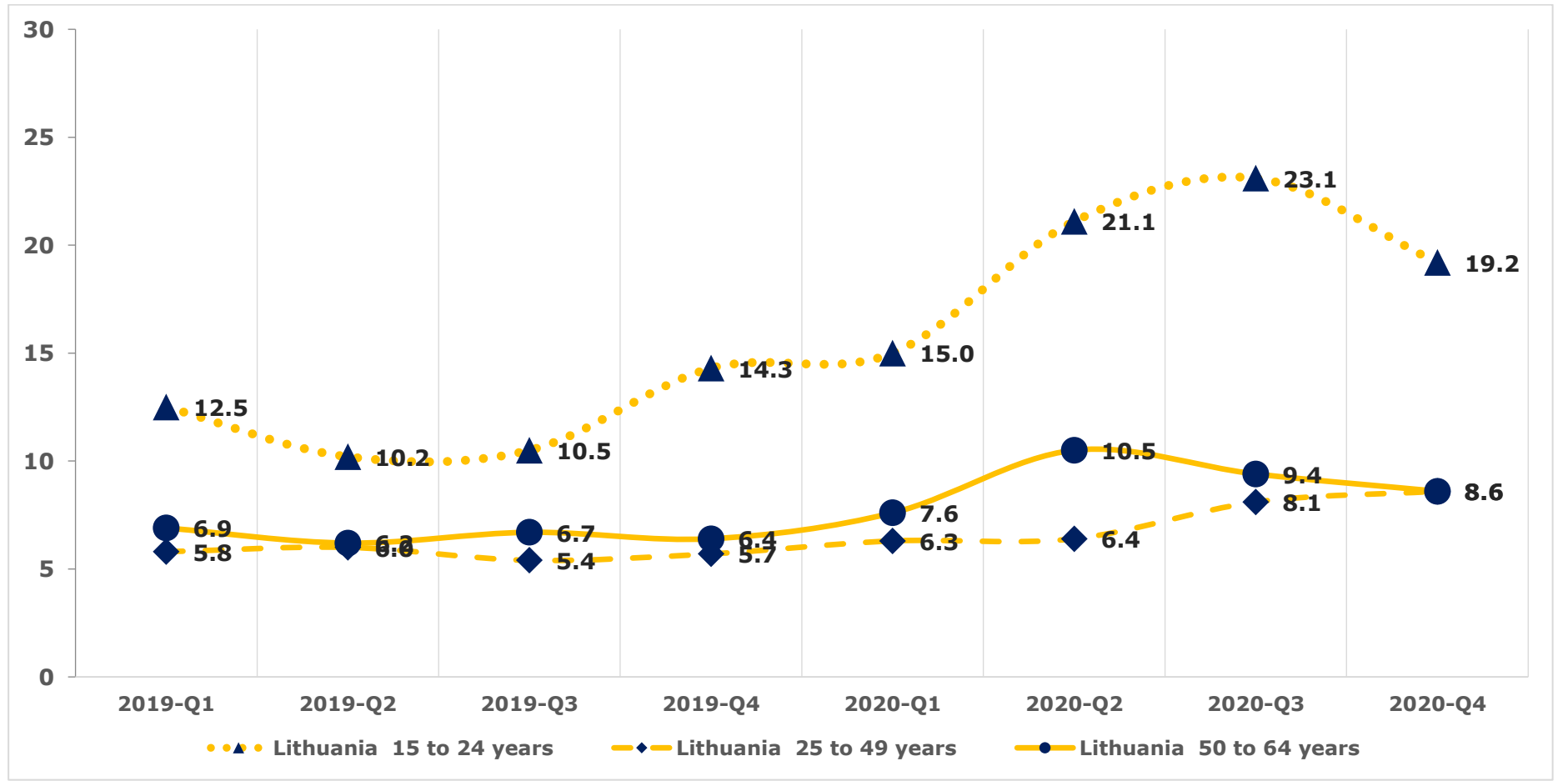
Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Lithuania, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Lithuania, it is 19.2%.

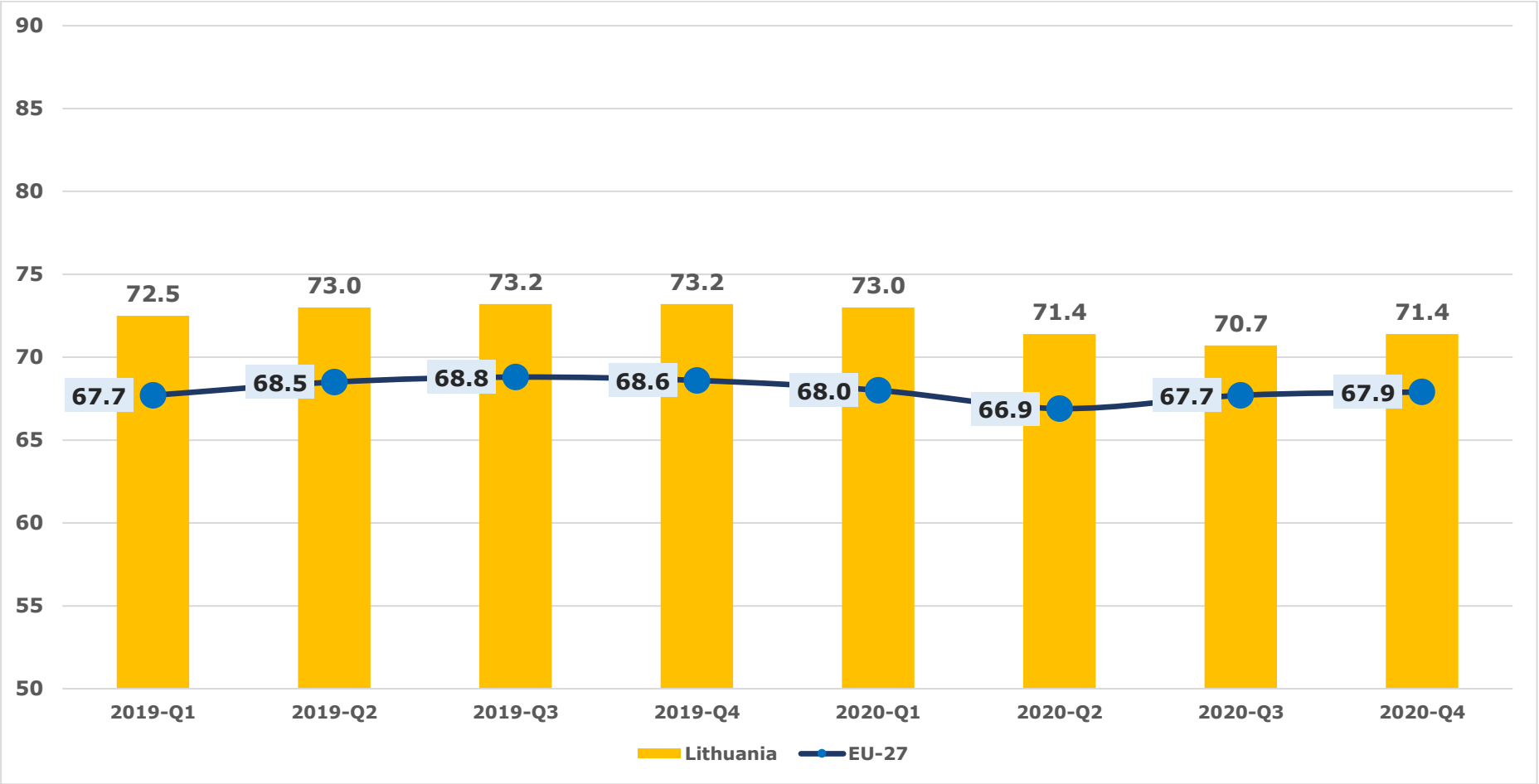
Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Lithuania, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Lithuania, it is 71.4%.

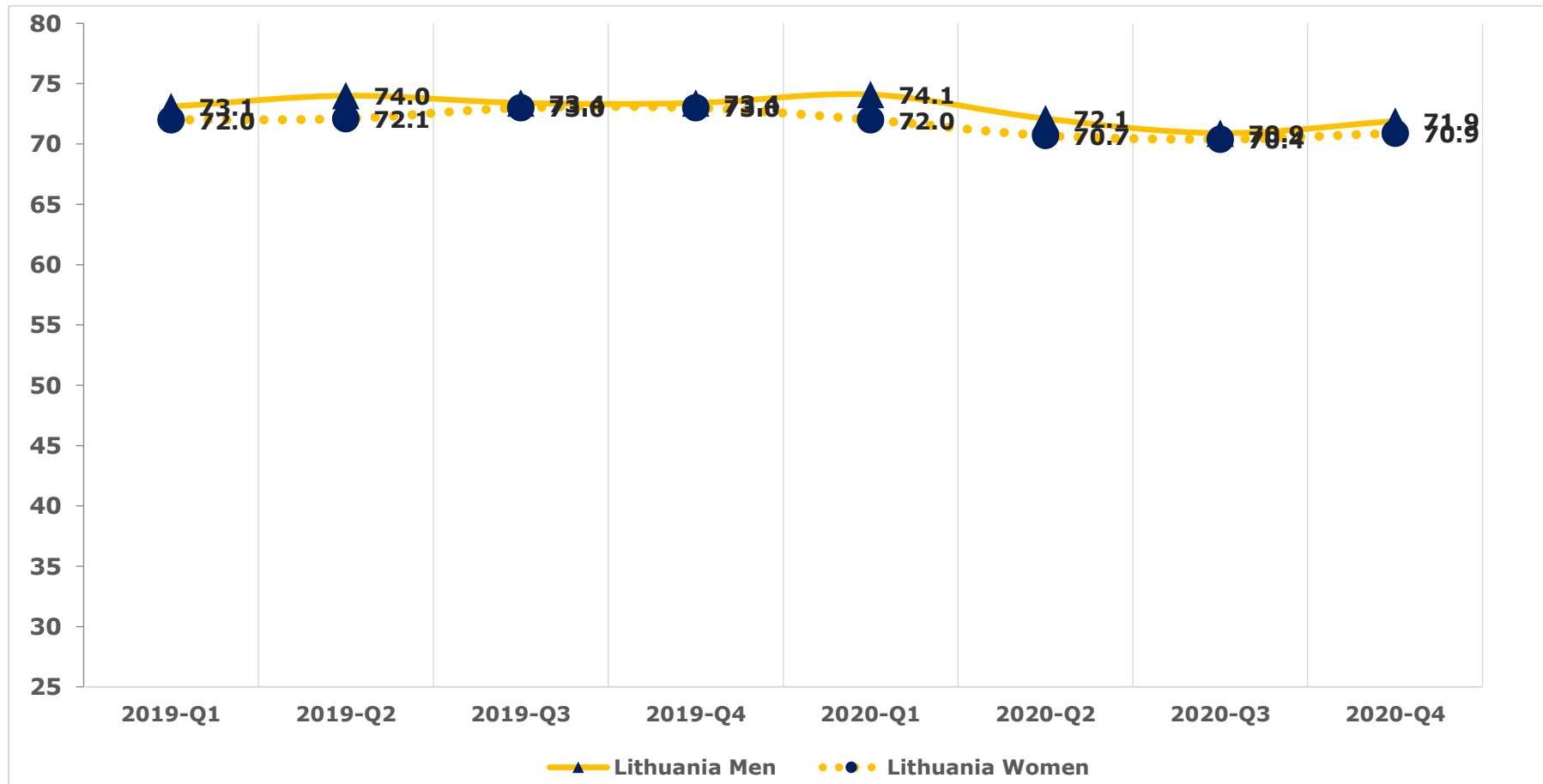
Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Lithuania, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Lithuania, these figures are 71.9% and 70.9% respectively.

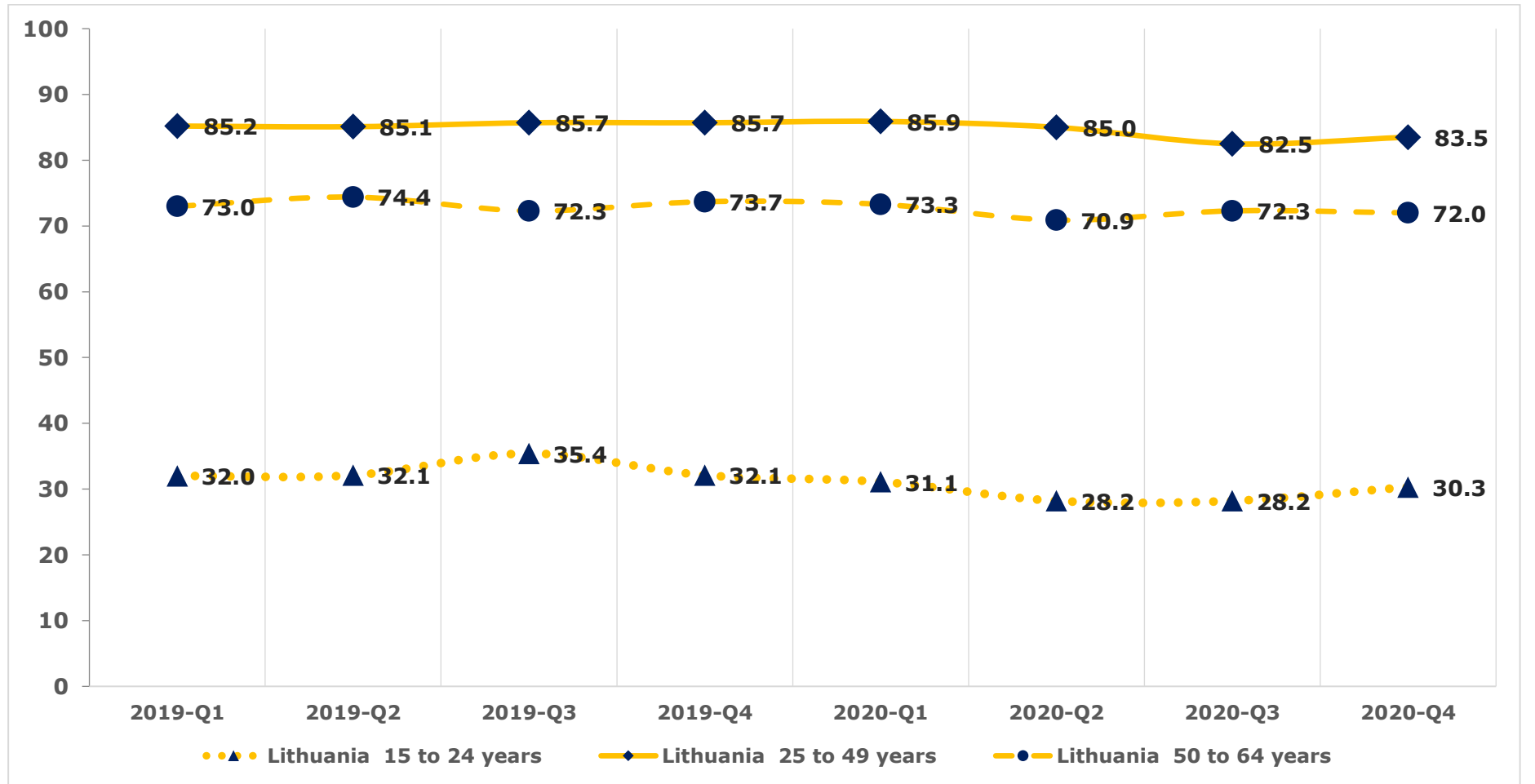
Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Lithuania, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Lithuania, it is 30.3%.

Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Lithuania, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

1.3 Poverty, inequality and social exclusion situation

Table 1: Poverty and inequality indicators in 2011-2019, and 2020-2021 forecasts (Lithuania)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gini %	33.0	32.0	34.6	35.0	37.9	37.0	37.6	36.9	35.4	35.3*	33.1*
S80/S20	5.8	5.3	6.1	6.1	7.5	7.1	7.1	7.1	6.4	6.2*	5.9*
At-risk-of-poverty rate %	19.2	18.6	20.6	19.1	22.2	21.9	22.9	22.9	20.6	22.1*	19.9*

Reading note: According to the forecasts made by the Ministry of Social Security and Labour (MoSSL), the Gini coefficient, the interquintile ratio and the at-risk-of-poverty (AROP) rate are 33.1%, 5.9 and 19.9% in 2021. The forecasts are made using the Lithuanian component of the EUROMOD tax-benefit microsimulation model. The estimates take into account the effects of the changes in employment, labour market incomes, and direct taxes and social benefits. These figures (especially those related to the Gini and the AROP rate) are significantly lower than those estimated for 2020. The probable drop in the AROP rate is due to the expected stagnation, or even slight fall, in the median household equivalised disposable income (and thus in the AROP threshold which, in line with the EU definition, is set at 60% of this median). It is also due to the expected effect of COVID-19-related measures and other changes to direct taxes and social benefits.

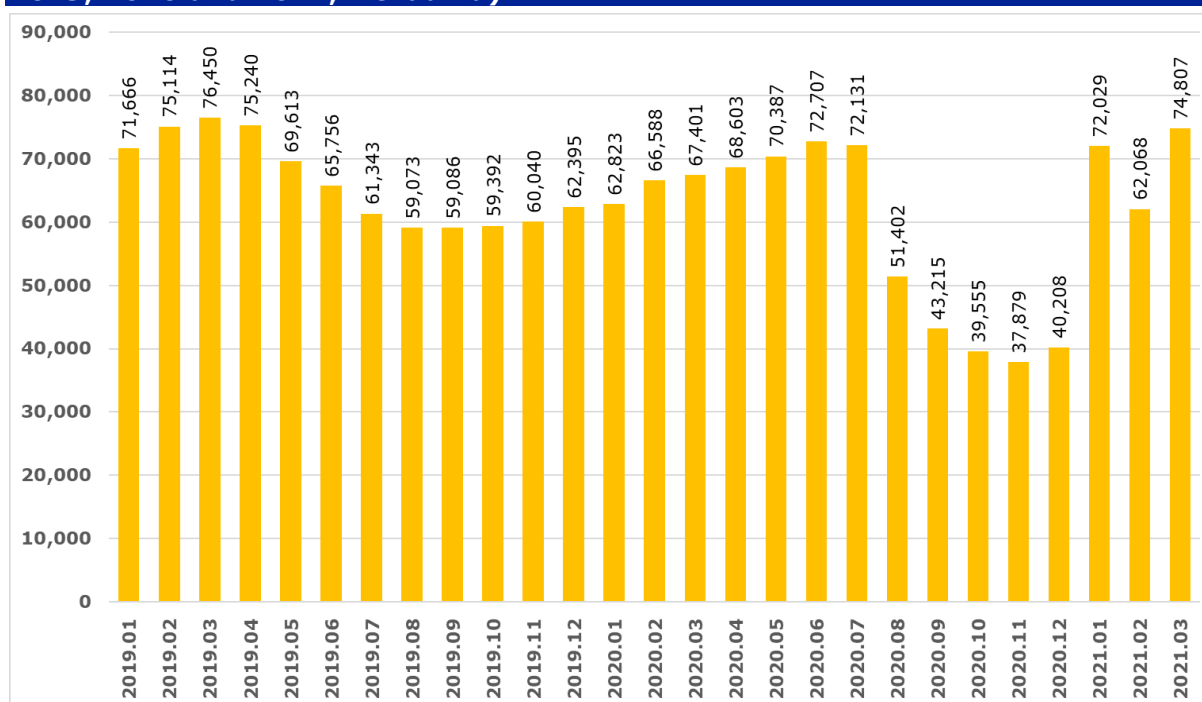
Note: The year refers to the data collection year (i.e. the income reference year is N-1).

Source: Statistics Lithuania: <https://osp.stat.gov.lt/statistiniu-rodikliu-analize?theme=all>.

*Forecasted data by the MoSSL. Source: SADM (2020d). URL:

https://socmin.lrv.lt/uploads/socmin/documents/files/Trumprastis_Skurdas_nelygybe2020covid_spalis_F.pdf [accessed 12 January 2021].

Figure 9: Beneficiaries of the social assistance benefit (monthly number in 2019, 2020 and 2021, Lithuania)



Reading note: In March 2021, there were 74,807 beneficiaries of the social assistance benefit.

Note: The number of beneficiaries of the social assistance benefit in 2020 should be treated with caution. The fall in the number of beneficiaries was due to the introduction of the job-seeker's allowance. Although there is no published evidence, a large fraction of beneficiaries applied for the job-seeker's allowance instead of social assistance benefit due to its higher amount and less strict conditionality (see Section 2.1.1 for details). The number of social assistance recipients has increased again since January 2021 as eligibility rules for receiving job-seeker's allowance have been tightened. The total number of beneficiaries of the social assistance benefit was 116,466 in 2019 and 110,131 in 2020. The average number of beneficiaries was 66,264 in 2019, 57,742 in 2020 and 69,635 in the first quarter of 2021.

Source: SPIS. URL: <http://vitrinos.spis.lt:8080/index.html> [accessed on 17 February 2020].

2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC²

A state of emergency related to COVID-19 was first announced in Lithuania on 26 February 2020. A nationwide quarantine was introduced for a period of three months from 16 March to 16 June 2020. A second nationwide quarantine was introduced on 7 November 2020 and was still in place in May 2021. Between the two quarantines, local quarantines were announced by some municipalities.

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
 - amount and duration (for flat measures); and
 - range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is indicated by "Not applicable".

- e) Targeted population: What is/are the target(s) measure? – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
- g) Novelty: Was the measure new or an already existing one that was adjusted?

2.1 Measures related to unemployment benefits

2.1.1 *Darbo paieškos išmoka* (Job-seeker's allowance)

- a) Short description of the measure: A new job-seeker's allowance was introduced, mainly aimed at covering unemployed people registered with the Employment Service who are not entitled to contributory unemployment benefits – around 60% of them at the onset of the COVID-19 pandemic. This includes unemployed people who do not have the required contribution record, or who have exceeded the maximum duration of the unemployment benefit, as well as self-employed people who are not eligible for social insurance unemployment benefits. Moreover, the job-seeker's allowance was also paid as a top-up for unemployed people who were in receipt of contributory unemployment benefits, until the end of 2020. In other words, the allowance was paid to all registered unemployed people, irrespective of their previous employment status or social insurance record, in 2020. Since January 2021, the allowance has no longer been available as a supplement to those eligible for contributory unemployment benefits. Additional eligibility conditions in 2021 are as follows:

² Statistics on the number of recipients of COVID-19-related measures are provided based on social indicators published by the MoSSL (URL: <https://socmin.lrv.lt/lt/veiklos-sritys/socialine-statistika/covid-19-pasekmiu-valdymas-socialiniai-rodikliai>, accessed on 10 February 2021), unless indicated otherwise. The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

1. the person has been granted unemployment status;
 2. the unemployed person is not participating in active labour market policy measures at the time of applying for the benefit;
 3. the person's employment contract (or legal relationship deemed to be equal to employment) has expired not more than three months before the date of the government-introduced state of emergency or quarantine; and
 4. the person is not entitled to contributory unemployment benefits, or the benefit payment period has expired (Eurofound 2020b).
- b) Category: Flat benefit.
- c) Timing: From 12 June 2020 for six months until the end of the year; in 2021, for the period of the emergency situation or quarantine plus one month.
- d) Amount and duration: The amount of the job-seeker's allowance was €200 per month in 2020. Moreover, a €42 temporary job-seeker's allowance was paid as a top-up for the unemployed receiving contributory unemployment benefits. The allowance was available for a maximum period of six months in 2020, but not beyond 31 December 2020. Since January 2021, the amount of the allowance has been €211.86 per month, and it is no longer available as a supplement to those eligible for contributory unemployment benefits. Other eligibility conditions have applied since January 2021. The duration of payment is equal to the duration of the quarantine or emergency situation plus one extra month.
- e) Targeted population: Registered unemployed people, especially those not eligible for contributory unemployment benefits. On average, 195,000 people per month.
- f) Beneficiaries: A total of 335,563 recipients (94% of 358,317 applicants) from 12 June 2020 to 24 January 2021; 221,932 recipients (86% of 258,530 registered people unemployed) on average per month in the second half of 2020. The number of recipients eligible for the allowance dropped to around 45,000 (17% of 260,000 registered unemployed people) in April 2021 as more restrictive eligibility conditions applied.
- g) Novelty: This is a new measure not implemented before.

2.2 Measures of job protection provided through support for employers, employees and the self-employed

2.2.1 *Subsidijos per prastovas* (Wage subsidies for furloughed employees)

- a) Short description of the measure: Aimed at maintaining jobs. Employers were eligible for wage subsidies for furloughed employees after the state of emergency and quarantine was declared by the government. The furlough can be full-time or part-time, with compensation proportional to the time employees are on furlough (Employment Service, 2020a).
- b) Category: Conditional benefit.
- c) Timing: During quarantine periods (16 March to 16 June 2020, and 7 November 2020 onwards) as well as during local quarantines. In 2021, the payment will continue until one month after the end of the quarantine.
- d) Range, duration and conditionality: In 2020, there were two optional levels of subsidy: either 90% of employees' gross wages (capped at the monthly minimum wage [MMW]: i.e. €607 gross), or 70% of employees' gross wages (capped at 1.5*MMW). The more favourable option can be chosen depending on the wages of the furloughed employees. Compensation for employees aged 60 and over could reach 100% of gross wages, but no more than the MMW. Employers who had benefited from the subsidies were required to retain at least 50% of staff for at least three months after the end of the payment. The maximum duration of the subsidy was equal to the duration of the quarantine.

Since 2021, the full wages (100%) of employees put on furlough have been reimbursed. The maximum amount of the subsidy has been increased to 150% of the average monthly wage (i.e. 1.5*€963 gross). However, the amount of the subsidy cannot exceed the amount of the wage indicated in the contract before the second quarantine. The maximum duration of the subsidy is equal to the duration of the quarantine plus one month thereafter.

The average length of furlough was 28 days, according to data available at 24 January 2021 (SADM 2020c).

- e) Targeted population: Employees of the firms affected by quarantine restrictions, except for public sector employees. The subsidies apply to any type of employment contract. On average, 112,000 people per month.
- f) Beneficiaries: A total of 257,643 employees (99% of 261,208 applicants), and 26,148 employers (99% of 26,347 applying), based on data available at 24 January 2021; an average of 138,276 employees per month during the first quarantine and 104,983 employees per month during the second quarantine (out of an average of 1.26 million insured workers: i.e. 11% and 8% respectively). 93,697 furloughed employees received wage subsidies in March 2021.
- g) Novelty: This is a new measure not implemented before.

2.2.2 *Subsidijos darbdaviams (Wage subsidies)*

- a) Short description of the measure: Employers were eligible for wage subsidies after quarantine if they: (i) furloughed, but did not dismiss, employees during the quarantine; (ii) employed previously unemployed people referred by the Employment Service; and (iii) were included in the list of companies affected by COVID-19, as drawn up by the State Tax Inspectorate (Employment Service, 2020b).
- b) Category: Conditional benefit.
- c) Timing: From 16 June 2020 until 31 December 2020.
- d) Range, duration and conditionality: The amount of subsidy was up to 100% of the MMW in the first two months after the first quarantine in 2020, gradually reducing in the subsequent months (50% of the MMW for the third-fourth months, and 30% for the fifth-sixth months). Furthermore, employers were entitled to larger subsidies (up to twice the MMW per employee) if they were on the list of activities approved by the MSSL and the Ministry for the Economy and Innovation³ (i.e. focusing on the production of advanced technologies, knowledge-intensive business services, the pursuit of green deal goals and social dialogue). The maximum subsidy payment period was six months after the quarantine (four months for temporary or seasonal contracts). Subsidies were paid for a maximum of 10 employees if the company employed up to 20 people, or for a maximum of 50% of employees if the company employed more than 20 people. Employers who had benefited from the subsidies were required to retain at least 50% of staff for at least three months after the end of the payment.
- e) Targeted population: Employees of the firms affected by quarantine restrictions (except for public sector employees) and unemployed people. The subsidies applied to any type of employment contract. On average, 210,000 people per month.
- f) Beneficiaries: A total of 267,862 employees (99% of 269,567 applicants), and 27,850 employers (92% of 30,131 applying), based on data available at 24 January 2021; the average number of the recipients per month is not available. There were on average 1.27 million insured workers in the second half of 2020.

³ Based on the following legislation: Order approving the list of activities focused on the production of advanced technologies, knowledge-intensive services, the pursuit of the European Union's green deal goals and social dialogue. 3 June 2020. No A1-495/4-401.

- g) Novelty: New measure developed, based on wage subsidies for furloughed employees.

2.2.3 *Išmoka savarankiškai dirbantiems asmenims (Benefit for self-employed people)*

- a) Short description of the measure: The benefit for the self-employed was paid irrespective of whether or not self-employment activities were restricted due to quarantine and irrespective of any change in income from self-employment. It was not paid if a self-employed person also received employment-related income exceeding the MMW. The benefit could be received together with unemployment benefits. The benefit was available through the Employment Service and paid from the guarantee fund during the quarantine period (Sodra, 2020a).
- b) Category: Flat benefit.
- c) Timing: Paid for the period from 16 March 2020 until the end of emergency situation or quarantine plus one month (two extra months after the first quarantine).
- d) Amount and duration: A flat-rate payment of €257 per month before the end of 2020, and €260 since January 2021. The benefit is payable during the period of quarantine. After the first quarantine was lifted, the benefit was paid for two extra months thereafter. It was also available during local quarantines declared by some municipalities between the first and the second national quarantines. From 2021, the payment will continue until one month after the end of the emergency situation or quarantine.
- e) Targeted population: Self-employed people, except those whose employment-related income exceed the MMW. 85,000 people.
- f) Beneficiaries: During the first quarantine, 100,279 self-employed people applied between March and August 2020, with an average of 87,380 recipients per month (87% of applicants). During the second quarantine there were 83,919 applications in November-December 2020, with an average of 71,353 recipients per month (85% of applicants) (based on the information available on 25 January 2021). 70,427 self-employed received the benefit in April 2021.
- g) Novelty: This is a new measure not implemented before.

2.2.4 *Mokestinės priemonės (Tax-related measures)*

- a) Short description of the measure: Measures related to direct taxes included an increase in the personal income tax (PIT) allowance as of 1 July 2020. Other tax-related measures include: deferral of tax arrears payments for affected taxpayers; exemption from fines and default interest payments related to failure to comply with tax obligations on time; and postponement of the submission PIT returns (and associated payments). The measures are described in more detail below.

On 17 March 2020, Law No XIII-2812 amending Article 88 of Law No IX-2112 on Tax Administration of the Republic of Lithuania was adopted to increase the ability of taxpayers with temporary financial difficulties to stabilise their financial situation through deferral or rearrangement of tax arrears payments.

The State Tax Inspectorate has announced those economic activities in respect of which taxpayers may have suffered a direct negative impact, and has published a list of specific taxpayers to whom the following assistance measures will automatically apply: non-recovery of declared taxes (other than customs duties); exemption from the payment of default interest; and waiver of interest on concluded tax loan agreements. These taxpayers are subject to analogous measures in respect of state social insurance contributions. The measures apply to taxes that are due between 16 March 2020 (the beginning of quarantine) and the end of the state of emergency. Since 26 March 2020 new recovery actions for tax arrears will not be initiated in respect of taxpayers affected by the spread of the COVID-19 until two months after the end of the state of

emergency. These provisions also apply to self-employed residents. The latter can also apply for deferral of the social insurance contributions for the period of up to five years.

- b) Category: Flat benefit.
- c) Timing: Increase in the PIT allowance since July 2020; tax deferrals since 17 March 2020. Other measures apply to taxes due between 16 March 2020 and the end of the state emergency and, in some cases, two months thereafter.
- d) Amount and duration: The PIT allowance was increased by €50 per month, from €350 to €400.
- e) Targeted population: All taxpayers eligible for the PIT allowance; taxpayers who have been adversely affected by COVID-19, including the self-employed.
- f) Beneficiaries: Estimates by measure are not available.
- g) Novelty: The increase in the PIT allowance had already been planned for January 2021, and was brought forward by half a year to 1 July 2020. Other measures described above were newly introduced.

2.3 Measures related to sickness benefits and sick pay

2.3.1 *Ligos išmoka* (Sickness benefit)

- a) Short description of the measure: According to Law No XIII-2824 of the Republic of Lithuania amending Article 11 of Law No IX-110 on Sickness and Maternity Social Insurance (17/03/2020), sickness social insurance benefits have been increased for employees who become infected with COVID-19 in the performance of their duties (i.e. doctors, officials or other employees such as pharmacists, cashiers and social workers). In case of infection at the workplace, the circumstances are determined in each case individually after the documents showing the causal relationship between the performance of professional activities and the disease are submitted by the employer to the territorial (local) unit of the Board of the State Social Insurance Fund (Sodra). Moreover, people with chronic diseases can apply for sickness benefits during the state of emergency and quarantine (even if not infected with COVID-19), provided they are not on furlough and have no possibility of working remotely. The latter arrangement is aimed at preventing COVID-19 in this vulnerable group.
- b) Category: Conditional benefit.
- c) Timing: The amendment to the law was approved on 17 March 2020. However, this measure also applied to those infected before the amendment came into force.
- d) Range, duration and conditionality: If healthcare professionals, officials or other employees are infected with COVID-19, they are offered a maximum sickness benefit of 100% of their net average wage (77.58% of gross wages instead of 62.06%). People with chronic diseases are entitled to sickness benefit at 62.06% of their gross wages during the state of emergency and quarantine. It is paid for up to 60 days and can be extended for the full period of the emergency and quarantine. The period of payment may not extend beyond the end of quarantine or the state of emergency. All those under work contracts as well as the self-employed are included in the scheme.
- e) Targeted population: Employees who are vulnerable to, or infected with, COVID-19.
- f) Beneficiaries: According to information provided by Sodra,⁴ the number of certificates for sickness payments increased in 2020 by around 9.5% compared with 2019 (from 2,571,400 to 2,815,000). At the peak of the quarantine in April 2020 there were 185,100 recipients of sickness benefit compared with fewer than 100,000 recipients in

⁴ URL: <https://epts.sodra.lt/stat>.

any other month in 2020, except for December 2020 (102,000).⁵ 68,200 sickness benefits were paid in March 2021.

- g) Novelty: The rules of the existing sickness social insurance benefits were amended.

2.4 Measures related to health insurance

2.4.1 Deferral of health insurance contributions for the self-employed

- a) Short description of the measure: The self-employed may defer the payment of compulsory health insurance contributions during the periods of quarantine. The deferred contributions should be paid within a period of two years after the end of the emergency situation. If the contributions are not paid within the set timeframe, but self-employed people received healthcare services during the period at issue (except for emergency services), they will have to reimburse the expenses of the compulsory health insurance fund.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: For contributions due from the start of the state of emergency on 26 February 2020 until its end.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Self-employed people.
- f) Beneficiaries: Information not available.
- g) Novelty: This is a new measure not implemented before.

2.5 Measures related to minimum-income schemes and other forms of social assistance

2.5.1 *Socialinė pašalpa* (Changes to social assistance benefit)

- a) Short description of the measure: An increase in cash social assistance is a permanent measure introduced since June 2020 within the COVID-19 relief package. It is aimed at expanding the coverage of social assistance, increasing the amount of the benefit, providing more support for single people and extra work incentives, and reimbursing a larger share of housing heating costs (see Section 2.6.1). Moreover, the asset test is temporarily not applied when establishing eligibility for social assistance.
- b) Category: Conditional benefit.
- c) Timing: Since 1 June 2020. The asset test is not applied during the state of emergency and quarantine and for six months thereafter.
- d) Range, duration and conditionality: First, the threshold to receive cash social assistance has been increased from €125 to €137.50 per person per month. Second, the payment of the social assistance benefit has been extended to 12 months for those recipients of social assistance who move into employment. For the above-mentioned period the amount of the benefit is increased to 100% of the previously received social assistance amount for the first three months, 80% for the following three months, and 50% for the final six months. Third, the earned-income disregard has been increased by 5% (i.e. 5% more of earned income is disregarded when applying the income test for social assistance). Moreover, the property of families and individuals is not to be tested as part of establishing entitlement to social assistance between the start of the state of emergency in February 2020 and six months after the cancellation of the state of emergency and quarantine (SADM, 2020a).

⁵ URL: <https://atvira.sodra.lt/lt-eur>.

- e) Targeted population: Social assistance recipients, low-income population.
- f) Beneficiaries: There are no estimates of the number of those who have benefited from the amendments made to social assistance in 2020. The number of recipients was around 70,000 in March-June 2020, and fell to around 50,000 in July 2020 and 35,000 in August-December 2020. However, the number of beneficiaries of social assistance benefit in 2020 should be treated with caution. The fall in the number of beneficiaries was due to the introduction of the job-seeker's allowance. Although there is no published evidence, a large fraction of beneficiaries applied for the job-seeker's allowance instead of social assistance benefit due to its higher amount and less strict conditionality (see Section 2.1.1 for details). The number of social assistance recipients has increased again since January 2021 as eligibility rules for receiving job-seeker's allowance have been tightened (see Figure 9).
- g) Novelty: The rules of the existing social assistance benefit were modified.

2.5.2 *Vaiko išmoka* (Changes to child benefit)

- a) Short description of the measure: Income conditions for eligibility for the child benefit supplement were temporarily simplified. Moreover, a one-off child allowance was paid.
- b) Category: Flat benefit.
- c) Timing: Since June 2020 until six months after the end of emergency situation and quarantine. A one-off child allowance was paid in July 2020 or with the first payment of the child benefit for new recipients in 2020.
- d) Amount and duration: More people could apply for child benefit due to simplified eligibility conditions (in cases where the income test is applied, average income is tested for a shorter period of three months, instead of one year). A one-off child allowance of €120 per child (€200 per child for poor or large families or families raising a child with disabilities) was introduced on 6 June 2020.
- e) Targeted population: Children and their families. 503,000 children were eligible for the one-off child allowance. 33,000 additional children (6.6% of those eligible) were estimated to have received child benefits due to simplified eligibility rules.
- f) Beneficiaries: 503,100 children. The benefit was paid automatically with no application required. The actual number of recipients was slightly higher than expected due to return migration of families with children to Lithuania. Information on additional payments due to simplified eligibility rules is not available.
- g) Novelty: The rules of the existing benefit were modified and a one-off payment was introduced.

2.6 Measures related to housing support

2.6.1 *Būsto šildymo kompensacija* (Compensation for housing heating costs)

- a) Short description of the measure: A larger share of housing heating costs is to be reimbursed for single people. The measure is permanent, with no end date set.
- b) Category: Conditional benefit.
- c) Timing: Since 1 June 2020.
- d) Range, duration and conditionality: A larger share of housing heating costs is to be reimbursed for single people. Reimbursement covers heating expenses that exceed 10% of the difference between income and a set threshold. The latter threshold has been increased for single people from 100% to 150% of the state-supported income (SSI: €125 per month in 2020; €137.50 in 2021).

- e) Targeted population: Social assistance recipients, low-income people as defined in the Law on Social Assistance for Low-Income Residents of the Republic of Lithuania (No IX-1675).
- f) Beneficiaries: Information not available.
- g) Novelty: The rules of the existing compensation arrangements have been modified.

2.6.2 *Mokėjimų už elektrą ir dujas atidėjimas (Deferral of payments for electricity and gas)*

- a) Short description of the measure: Option to defer payment of electricity and gas bills to the public provider, or arranging such payments in instalments. The payments can be deferred for a period of up to one year on a case-by-case basis.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: From 16 March 2020 until the end of quarantine plus one month.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: People who have difficulties in covering payments for electricity and gas.
- f) Beneficiaries: Information not available.
- g) Novelty: Existing rules have been modified.

2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

2.7.1 *Ligos išmoka (Sickness benefit)*

- a) Short description of the measure: Parents (including foster parents and grandparents) of children up to age 12 who were not able to work due to school or childcare facility closures during quarantine, as well as other workers who provided care for disabled or older family members, were entitled to paid leave in 2020. This measure was adjusted in September 2020 (by order No V-2032/A1-833) to cover the period of compulsory self-isolation of up to 14 days for children of up to the fourth school grade or children with a disability up to age 21, as well as during the period of school or childcare facility closures as part of COVID-19 restrictions (Sodra, 2020c). In 2021 the latter measure was further extended to cover childcare periods (for children of up to the fourth school grade) during the quarantine even if childcare facilities are not closed. The measure applies to both private and public sector workers. It applies to both employees and the self-employed (with some exceptions).
- b) Category: Conditional benefit.
- c) Timing: Payments for childcare due to school and childcare facility closures were available for parents from the beginning of quarantine on 16 March 2020 until 16 June 2020. The measure was extended in September 2020 and has continued in 2021 (during the state of emergency and quarantine).
- d) Range, duration and conditionality: Parents with children who are not able to work due to school or childcare facility closures during the quarantine, as well as other workers who provide care for disabled or older people, are entitled to leave of up to 60 days paid at 65.9% of gross wages until the end of the state of emergency. This measure has been extended to cover the period of compulsory self-isolation of up to 14 days for children of up to the fourth school grade or children with a disability up to age 21, as well as during the period of school or childcare facility closures due to COVID-19. From 2021, the sickness benefit can cover 14 additional days for looking after a non-sick child even if childcare facilities are not closed.

- e) Targeted population: Insured people who provide care for dependent children and disabled or older members of the family. Around 36,000 people.
- f) Beneficiaries: The highest numbers of sickness certificates issued for childcare during childcare facility closure were 42,200 during the first week of quarantine in March 2020 and 36,800 at the end of April 2020. There were 16,916 recipients in the first week of January 2021 and only 2,199 in mid-April 2021.
- g) Novelty: The rules of the existing sickness social insurance benefits have been amended.

2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall within any of the categories listed in the previous sections

2.8.1 *Vienkartinė išmoka pensininkams* (Lump-sum allowance for pensioners)

- a) Short description of the measure: A lump-sum allowance was paid to all people receiving contributory and non-contributory (social) pensions.
- b) Category: Flat benefit.
- c) Timing: In August 2020 and thereafter in 2020 for new pensioners.
- d) Amount and duration: A lump-sum allowance of €200 was paid to all people receiving contributory and non-contributory (social) pensions.
- e) Targeted population: People receiving contributory and non-contributory (social) pensions. 910,000 people.
- f) Beneficiaries: 862,000 people. The benefit was paid automatically with no application required. There were only occasional reports of people opting out of the payment. The number of recipients was lower than expected, most probably due to double-counting of pensioners in administrative statistics.
- g) Novelty: This was a new measure not implemented before.

2.8.2 Other measures

Other measures included cash and near-cash payments for the employees of the national health system and other population groups. Please refer to the annex for details.

3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations.

3.1 Expected cost of social protection and inclusion measures

On 16 March 2020 a nationwide quarantine related to the COVID-19 pandemic was announced together with a fiscal package of €2.5 billion (5% of 2019 GDP) for its relief, which included such income-support measures as: additional payments for caring for the sick and disabled, including parents of schoolchildren who had to stay at home due to quarantine restrictions; support for the self-employed; and wage subsidies. The measures also included additional funds for the healthcare system and emergency management as well as other measures for businesses (such as loans and rent compensation). For instance, around €130 million (0.3% of 2019 GDP) from the reserve of the compulsory health insurance fund is estimated to have been allocated to wage supplements for employees belonging to the Lithuanian national health system (physicians, nurses, cleaners, etc.), including resident doctors working in particularly dangerous conditions. The total salary fund for medical staff was projected to increase by 18%. Bonuses to employees of social service institutions who provided social services to different groups of people during quarantine are estimated to have cost about €4 million (0.01% of 2019 GDP).

Table 2. Main COVID-19-related compensation, benefits and one-off payments (2020, Lithuania)

COVID-19-related benefits	Forecasts:		The most recent available statistics:	
	Number of recipients (thousands)	Amounts (€m, % GDP)	Number of recipients (thousands)	Amounts (€m, % GDP)
Wage compensation for workers on furlough	112 (A)	250 (0.5%)	257.6 (T24/01/21)	198.9 (0.4%) (24/01/21)
Wage subsidy for workers after furlough by the state	210 (A)	381 (0.8%)	267.9 (T24/01/21)	586.9 (1.2%) (24/01/21)
Temporary benefit for the self-employed	85 (T)	109 (0.2%)	87.4 (A03-08/20) 71.4 (A11-12/20)	142.0 (0.3%) (24/01/21)
Temporary job-seeker's allowance	195 (A)	265 (0.6%)	335.6 (T24/01/21)	152.1 (0.3%) (24/01/21)
Sickness benefit for those looking after children	36 (T)	88 (0.2%)	26 (A18/06/2020)	88 (0.2%) (18/06/20)
One-off pension bonus	910 (T)	182 (0.4%)	862 (T08-10/20)	173 (0.4%) (08-10/20)
One-off child benefit	503 (T)	72 (0.2%)	503.1 (T)	71 (0.2%) (09/2020)

Source: <https://socmin.lrv.lt/lt/veiklos-srityys/socialine-statistika/COVID-19-pasekmiu-valdymas-socialiniai-rodikliai>; <https://www.lrt.lt/naujienos/verslas/4/1231683/pinigu-maiselyje-liko-daugiau-nei-500-mln-euru-kokias-COVID-19-ismokas-dar-galima-gauti-siais-metais>.

Note: The number of recipients is indicated either as an average per month (A) or in total (T). GDP as of 2019.

On 7 May 2020 additional post-quarantine measures of nearly €1 billion (2% of 2019 GDP) were launched to support economic recovery during the second half of 2020. The package included: extended wage subsidies for people after furlough or unemployment; job-seeker's allowances; additional funds for the self-employed and for vocational training; lump-sum payments to pensioners; and increases in other social benefits. Furthermore, changes to PIT and a lump-sum payment for families with children were approved after

being proposed by the Lithuanian President, and came into force on 1 July 2020, designed to cover the second half of 2020. For further information on expected/actual costs and number of recipients of COVID-19-related payments, see Table 2. The total actual costs of measures indicated in Table 2 for 2020 amounted to €1.41 billion (around 2.9% of 2019 GDP). The approved budget plan for 2021 includes €573 million (around 1.2% of 2019 GDP) for COVID-19-related social transfers, including wage subsidies, sickness benefits, benefits for the self-employed and job-seeker's allowance.⁶

3.2 Impact on the social protection system and on social inclusion policies

COVID-19 measures in Lithuania are dominated by temporary or even one-off measures. On the other hand, traditional social security schemes that were in place before the pandemic were adjusted only to a limited extent. All measures can be classified into three groups according to their novelty.

1. Newly established short-term payments: wage subsidies; payments for the self-employed; job-seeker's allowance.
2. Newly established one-off payments: for pensioners, for families with children, subsidies for vacations of medical and teaching staff.
3. Revised existing payments: sickness benefit paid for childcare during the closure of childcare facilities; social assistance benefit; modified conditions for receiving child benefit for low-income families.

Wage subsidies were aimed at managing unemployment and reducing employees' income losses. Nevertheless, unemployment in the third quarter of 2020 reached 9.6% (3.3 percentage points more than the same period in 2019). This was the fastest unemployment growth in the EU (Eurostat, 2020). A survey conducted in July 2020 showed that around 9% of respondents in Lithuania reported having lost their job due to COVID-19 – similar to the EU average of 8% (Eurofound, 2020a). Another survey carried out in November 2020 showed that around 10-25% of employees had been affected by the pandemic in one way or another (Guogis & Lazutka, 2020). In most cases this had to do with reductions in salaries or bonuses, or the number of hours worked. In some cases employees were offered unpaid leave, to work for the minimum wage or to work part time (ibid.). Hence, despite the wage subsidies and other job-protection measures, the pandemic and quarantine had substantial negative effects on employment and work-related income.

Sickness allowance was adjusted to allow parents to receive payments for childcare during closures of childcare facilities. Conditions for receiving social assistance and child benefits were also relaxed and the amount of social assistance was increased. New income-protection measures included job-seeker's allowance and benefits for the self-employed. The former two elements were designed to fill the gaps in the existing schemes of social protection for the unemployed. They covered around 60% of the registered unemployed who did not have required contribution record or had exceeded the maximum duration of the unemployment benefit, as well as self-employed people who were not eligible for social insurance unemployment benefits. Around 86% of all the registered unemployed and 94% of all applicants received the job-seeker's allowance in 2020; the number of recipients eligible for the allowance dropped to around 17% of the registered unemployed in 2021 (for more details see Section 2.1.1). Around 85% of all who applied to receive the benefit for the self-employed received it in 2020; eligibility rules did not change in 2021 (for more details see Section 2.2.3).

Nevertheless, the above-mentioned measures did not fully compensate for income losses. Surveys by Eurofound (2020a) showed that around 40% of the Lithuanian population reported income losses in April-May 2020 (similar to the EU average). During the survey performed in November 2020 in Lithuania, around 30% of respondents reported that their

⁶ Ministry of Finance of the Republic of Lithuania, URL: <https://finmin.lrv.lt/lt/naujienos/seime-priimtas-2021-metu-biudzetas>.

financial situation had worsened compared with the start of 2020 (Černiauskas & Lazutka, 2020).

One-off payments were also targeted at specific population groups that did not suffer income loss during the pandemic (i.e. pensioners and all families with children). Those payments were justified by reference to the wide coverage of large population groups where the risk of poverty is more widespread compared with the population average. Another justification was based on the additional expenses on personal protective equipment, which are difficult to cover for those groups.

As shown by the research, more than 60% of the Lithuanian population indicated that they had received some sort of the assistance outlined above (Černiauskas & Lazutka, 2020). The measures increased household income by around 3.6% on average. Although some of the measures were one-off, their overall effect was evaluated on the basis of monthly averages within a half-year period in 2020. During this period, the average income of pensioners increased by 29.4% (i.e. by around €70 per month), and that of unemployed people by 6.7% (with the measures reaching three quarters of the latter) (ibid.).

According to research, 73% of households affected by the COVID-19 measures in 2020 were households with below-average household disposable income (Černiauskas & Lazutka, 2020). The measures are expected to have a positive effect on inequality and poverty risk, especially due to one-off payments to pensioners, temporary benefits for the self-employed, temporary job-seeker's allowances, and one-off payments for families with children (ibid.) – thus targeting long-standing factors of poverty risk in Lithuania, such as old age, having dependent children, or unemployment. The at-risk-of-poverty rate is also expected to go down due to a stagnation or even slight fall in the median household equivalised disposable income (SADM, 2020d).

3.3 Remaining gaps in the social protection system and social inclusion policies

The main gap that surfaced during the COVID-19 pandemic was in the sphere of social protection of the unemployed. In September 2020, only 31% of the unemployed registered with the Employment Service received contributory unemployment benefits (Employment Service, 2020c; Open Sodra, 2020). This fraction was around 40% at the onset of the COVID-19 pandemic. This was mainly caused by two characteristics of the social insurance system. First, only those with a contribution record of at least 12 months during the previous 30 months are eligible for social insurance benefits. Second, the maximum duration of the benefit is nine months. Hence, a fraction of unemployed do not have the statutory contribution record, and a fraction of them are not able to find a job within the nine months' period. However, no adjustments of the unemployment insurance system were made in 2020 to increase the coverage of the unemployed and reflect the difficult situation in the labour market. The newly introduced job-seeker's allowance did cover all the working-age unemployed people in 2020, but it was temporary and small in amount (€200 per month – 22% of the average wage – in 2020).

Unlike unemployment insurance, the social assistance scheme was modified. Before the pandemic, it did not effectively target the issue of poverty risk in Lithuania – the scheme covered only around 11-13% of those below the at-risk-of-poverty threshold during 2015-2019 (SPIS, 2020; Statistics Lithuania, 2020a). The average amount of social assistance benefit was €87 per month in 2019 (i.e. around 20% of the at-risk-of-poverty threshold for a single adult) (SADM, 2020a).

Modifications in the social assistance scheme represent the only permanent measure in the COVID-19 relief package. The threshold for receiving cash social assistance was increased from €125 to €137.50 per person per month. Furthermore, the payment of social assistance benefit was extended to 12 months for those who move into employment and the amount of the benefit that could be retained was increased. The earned-income disregard was also increased, and the property of families and individuals were temporarily not subject to asset-testing to receive social assistance. Nonetheless, these measures do not resolve the problem of the low adequacy of social assistance benefit relative to the at-

risk-of-poverty threshold. The coverage of the low-income population by social assistance benefits remained low. In fact, the number of recipients fell from around 70,000 in March 2020 to 35,000 in December 2020. This was influenced by other temporary measures, especially by the introduction of the job-seeker's allowance. The latter measure, however, is of a temporary nature, and the low threshold of the means test for social assistance benefit would nonetheless limit its coverage.

The one-off payment that covered pensioners highlights the vulnerability of this group, but is inadequate to resolve it. The at-risk-of-poverty level among pensioners was 39.4% in 2019 (Statistics Lithuania, 2020b). Despite pension indexation during the previous four years by 7-9% annually, there was no reduction in the at-risk-of-poverty level among pensioners before the COVID-19 pandemic, due to rapid growth in wages and other income, and hence in the at-risk-of-poverty threshold. The one-off benefit does not resolve this issue.

The one-off payment for families with children came in the context of a rapid expansion and increase in child benefits in Lithuania during the previous four years. Universal child benefit was reintroduced as of 1 January 2018 and it was increased annually, including in 2020 and 2021. A special supplement to the benefit is paid to families with disabled child(ren), families raising three and more children, and low-income families. Although child benefit is an important measure of assistance for families with children, the additional one-off payment makes little sense in the long-term context of developing family policy in Lithuania.

Finally, there also were some changes in the provision of personal social services (PSS). According to the Association of Social Workers, providing social services for some groups remotely was quite beneficial (e.g. young people and those with physical or mental disabilities are more satisfied with remote services). There is a potential for extending provision of PSS remotely for some groups. There is a need to train staff and service recipients to enable them to use modern information technologies, as well as for assistance in covering their costs. There are no regulations, recommendations or training for the online provision of some PSS. It would also be important to exchange good practice in the sphere of remote provision of PSS (Adomaitytė-Subačienė & Gajdosikienė, 2020).

3.4 Debates and recommendations

There was active involvement by stakeholders in the decision-making process during the COVID-19 crisis. For example, proposals for COVID-19-related measures were compiled by a large group of NGOs and supported by some members of academia (NVO, 2020). These proposals were approved and discussed at the highest level by the Lithuanian parliamentary committee, as well as at the ministerial level, resulting in some of the proposals being entrenched in laws in mid-May 2020. Moreover, a special group to discuss COVID-19-related measures and their progress was established, bringing together representatives of NGOs, academia, trade unions, employer organisations, etc.

COVID-19-related measures were subject to public discussion and critique. For example, wage subsidies were criticised for excessive eligibility requirements for employers and complicated bureaucratic procedures. Moreover, the maximum amounts of the wage subsidies for furloughed employees were relatively low during the first quarantine (i.e. capped at 150% of the minimum monthly wage in 2020). Hence the subsidies were increased to a maximum of 150% of the average monthly wage from January 2021 (for more details see Section 2.2.1).

The job-seeker's allowance provoked heated debates in Lithuania. As it was set as a semi-universal mechanism, the demand for this payment exceeded expectations and led to a continuous increase in the number of the registered unemployed. The job-seeker's allowance was available to students, small farmers and even inactive people during 2020. It is not unlikely that undeclared workers could also register as unemployed to receive the allowance. There is, however, no research on the extent of the latter phenomenon known to the authors of this report. Nevertheless, this shows flaws in the design of the allowance that should be fixed for the instrument to function properly. Nevertheless, a semi-universal

job-seeker's allowance may also become a stepping-stone helping hard-to-reach groups into the formal labour market, as it means they register with the Employment Service, need to actively look for a job and can be requested to participate in active labour market measures (ESPN 2020).

Finally, lump-sum allowances were criticised in Lithuania for being more of a pre-election measure than a COVID-19 measure, especially with regard to payments for pensioners. The same refers to the subsidies for vacations of medical and teaching staff, the latter of which was announced close to the elections.

An important lesson to be drawn from the pandemic is the importance of developing the existing social protection schemes to ensure adequate and permanent social protection for all population groups. A well functioning system would allow a specific focus on those facing new challenges during the crisis, such as higher risks of unemployment or lower employment opportunities in the most affected sectors of the economy. The analysis presented above allows for the following recommendations which would strengthen the existing social protection system and would increase its effectiveness, including in periods of crisis.

1. There is a need to reform the existing social insurance unemployment scheme in order to increase its accessibility in crisis periods: the statutory contribution record should be reduced, and the payment period should increase on a permanent basis or be based on labour market indicators.
2. The temporary job-seeker's allowance could be transformed into a permanent measure for those unemployed people whose social insurance payment has expired.
3. The social assistance benefit should be strengthened by increasing its accessibility, coverage and adequacy.
4. The long-term problem of poverty among pensioners could be addressed by a faster-paced indexation of social insurance pensions, as well as by increasing the adequacy of non-contributory pensions.
5. There is a need to train personal social service staff and recipients to enable them to use modern information technologies in providing/receiving online services.

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ANNEX: OTHER COVID-19 MEASURES

Other cash and near-cash measures related to COVID-19 include:

- 1. Wage supplements for employees of the Lithuanian national health system** (physicians, nurses, cleaners, etc.), including resident doctors working in particularly dangerous conditions. Wage supplements varied from 60% to 100%. Salaries of healthcare employees were recalculated and paid for the period from the date of entry into force of quarantine (i.e. from 16 March 2020).
- 2. Wage bonuses for employees of budgetary institutions.** Employees of budgetary institutions became entitled to bonuses for particularly important tasks in the amount of one fixed component of the official salary (€176 in 2020).
- 3. Wage bonuses for employees of social service institutions.** The MSSL issued a recommendation to mayors of municipalities to pay one-off bonuses to employees of social service institutions who, during quarantine, provide social services to older or disabled people, families at social risk, and children at residential institutions. Bonuses paid from municipal budgets were reimbursed from the general state budget.
- 4. One-off subsidy of €200 for vacations of medical staff in Lithuania.** The subsidy was to compensate providers of tourism services for services provided to medical staff. The state subsidies for vacations of medical staff were approved on 10 July 2020 and applied in September-November 2020.
- 5. One-off subsidy of €100 for vacations of teaching staff.** The measure was not implemented due to a start of the second quarantine.
- 6. Extended grace period from three to six months for repayments of mortgages.** In April 2020, the members of the Association of Lithuanian Banks, with the approval of the Bank of Lithuania, adopted a temporary moratorium on credit obligations for private persons. It provided that credit consumers have the right to defer mortgage payments for up to one year, not only in the event of loss of employment, but also in the event of a fall in income of at least a third. This moratorium was in force from 20 April 2020 until 30 September 2020. The moratorium does not apply currently, and deferral of housing or consumer loan payments can be requested in cases provided for by law.
- 7. Special measures offered by the Employment Service to the unemployed and self-employed.** For example, on 1 June 2020, amendments to the Law on Employment of the Republic of Lithuania No XII-2470 came into effect, extending the group of disabled people eligible for support for self-employment. The amendments to the law have expanded the scope of disabled people eligible for support for creating jobs for themselves; in particular, eligibility for support has been extended to disabled people with a capacity for work ranging from 45% to 55% (cf. 40% or less previously). The subsidy shall be granted for: the acquisition, installation and adaptation of means of work or technical aids for the disabled related to the performance of their job functions; and for the installation, repair or adaptation of owned premises as a workplace.

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