

National Poverty Watch Report

Lithuania

1. Introduction

The association European Anti-Poverty Network Lithuania (EAPN Lithuania) was founded in 2006. Its purpose is to strengthen the institutional capacities of Lithuanian non-governmental organizations and encourage their cooperation with national and local governmental institutions to reduce poverty and social exclusion in Lithuania. Its purpose is also to participate in the development and implementation of Lithuanian Government and European Union programs intended to reduce poverty and social exclusion. The network's primary activity is advocacy.

The association comprises 42 anti-poverty organizations working to reduce social exclusion throughout Lithuania. Various members work with the following priority groups: at-risk families, persons with disabilities, substance abusers, convicts and ex-convicts, victims of human trafficking and prostitution, the mentally ill, as well as other groups at risk of poverty or social exclusion.

EAPN Lithuania is also a member of EAPN Europe. The European Anti-Poverty Network (EAPN) is the largest European network of national, regional and local networks, involving anti-poverty NGOs and grassroots groups as well as European Organizations, active in the fight against poverty and social exclusion. It was established in 1990.

At present, EAPN is a network of 31 national networks of voluntary organizations and grassroots groups and 13 European organizations.

The membership of EAPN is involved in a variety of activities aimed at combating poverty and social exclusion including, education and training activities, service provision and activities aimed at the participation and empowerment of people experiencing poverty and social exclusion.

Together the membership of EAPN aims to put the fight against poverty high on the agenda of the EU and to ensure cooperation at EU level aimed at the eradication of poverty and social exclusion.

2. What do we mean by poverty?

People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which

they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalized from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted (European Commission, Joint Report on Social Inclusion 2004).

Absolute or extreme poverty is when people lack the basic necessities for survival. For instance, they may be starving, lack clean water, proper housing, sufficient clothing or medicines and be struggling to stay alive. The United Nations tends to focus its efforts on eliminating absolute or extreme poverty. The first goal of the United Nations Millennium Development Goals was to eradicate extreme poverty and hunger.

The European Union's Social Inclusion Process uses a relative definition of poverty. According to this definition, poverty is where some people's way of life and income is so much worse than the general standard of living in the country or region in which they live that they struggle to live a normal life and to participate in ordinary economic, social and cultural activities.

Until 2010, relative poverty was the main focus when monitoring poverty at the EU level. In 2010, the EU adopted the Europe 2020 Strategy, aimed at guiding the EU towards a smart sustainable and inclusive economy. Among the five headline targets of this strategy, a poverty target was adopted for the first time, to reduce by 20 million the number of people 'At Risk of Poverty or Social Exclusion' (AROPE).

The AROPE indicator is defined as the share of population in at least one of the following three conditions:

- At risk of poverty (AROP), meaning below the relative monetary poverty threshold (60% of median equalized household income);
- In a situation of severe material deprivation (SMD);
- Living in a household with very low work intensity.

The AROPE composite indicator captures just part of the picture and does not fully describe the complexity of poverty. It is important that its three components keep being monitored separately. It is also important to measure other elements that capture the multidimensional nature of poverty: official indicators should be complemented by quantitative and qualitative information gathered by NGOs working on the ground.

To understand "official" definitions better, it is vital to ask people who are themselves experiencing poverty what the day-to-day struggle of living in poverty means and to involve them directly in identifying and delivering the solutions. Their answers can be more relevant than a mere collection of figures:

- *My children can see that they don't have what the others have."*
- *"I have lost friends as I cannot participate in their activities; even to participate in self-help groups needs money and time; I'm short of money and time to participate in discussions."*
- *"I have slept in cardboard boxes. I had the choice to die on the street or to take back my life in my own hands. I went to social services to get help to find a house. I was confronted with an enormous bureaucracy. I had to tell my story several times, each time again and it took years before I got a house."*
- *"The way people look at you is humiliating. You are not considered a human being."*
- *"I work illegally. This is not because I think it is good - I am fully aware of the consequences, but this is the only way for me to get a job."*
- *"The problem is not that we run out of money occasionally. The real problem is that we live our entire lives this way and our children grow up in this too."*

(Voices of people participating in the European Meetings of People Experiencing Poverty)

3. What is happening to poverty? Who are the groups most affected?

Despite continuing though modest economic growth, poverty is an urgent issue in Lithuania. The latest figures show a substantial increase in the poverty risk by 3.1 p.p. up to 22.2% in 2015 (Eurostat 2016). According to the same measure, the level of relative income poverty in our country has been above the average for the last decade as compared to either the EU average or the average among the new EU member states. In terms of material deprivation and low work intensity, even a higher proportion - around a third - of the Lithuanian population was affected on average in 2005-2015 (Eurostat 2016).

There is no strategy nor concrete measures for dealing with the growing poverty and social exclusion. There is neither long-term nor short-term strategy to improve these indicators. EAPN Lithuania also believes that there is a lack of more complex approach related to poverty reduction. For example, there is a huge problem of indebtedness among people experiencing poverty in Lithuania. According to the Ministry of Justice, one out of ten people in Lithuania has debts. Since the arrears are being deducted from minimum wages, pensions and other regular income, the current practice of enforced debt recoveries affects the poor, creates "poverty trap" and associates with other problems that cause poverty rise. So, a wider approach, as well as a comprehensive strategy, are urgently needed.

4. What are the key challenges and priorities? What do people in poverty think?

Despite growing poverty measures, EAPN Lithuania expresses its concern that the number of social assistance recipients has decreased rapidly over the last several years. A major reform of decentralizing social assistance benefits was implemented in 2012 – it was aimed at cost reduction, improving work incentives of the recipients and giving more power to local municipalities. There is some evidence that the reform has resulted in gaps of social assistance

coverage, increased non-take-up and stigmatized assistance recipients (Lazutka 2014, Lazutka et al. 2013b, 2015). Nevertheless, the social assistance system was further decentralized in Lithuania in 2014. Despite calls to consider the issues of stigma and non-take-up of social assistance on behalf of the European Commission and the OECD, very little is known about these and other drawbacks of social assistance in Lithuania, especially from the perspective of the people experiencing poverty.

Therefore, EAPN Lithuania has carried out a pilot study on evaluation of the social assistance reform in Lithuania. Interim findings showed that the reform may have negative effects because of strict conditionality which may lead to increasing non-take-up rates. Furthermore, municipalities interest at saving money is carried out at beneficiaries' expense is a negative aspect of the reform. Thus, study revealed that social assistance system in Lithuania may not reach its main goal and do not reduce poverty effectively. Our current government indicates poverty reduction is one of its underlying goals, but the number of poor in Lithuania is still high (around 30% until receiving assistance).

Not only beneficiaries are in necessity in Lithuania, but also low-income people earning the minimum wage (380 EUR). In 2014 Caritas Lithuania has carried out a comprehensive study on poverty issue. The respondents were asked, among other, to indicate the reasons for household poverty and 50% of those working indicated low wage as one of the reasons. Therefore, it is necessary to focus not only of the beneficiaries, but equally on those experiencing poverty while working. It is important to find additional measures to strengthen those who work for low wages not sufficient to cover family needs (at the moment the government is planning to increase the tax-free income to the size of a minimum monthly wage; to increase the Child Benefit; the increase of funding for afterschool education is being considered; the term of payments of unemployment benefits will be increased.)

During this semester, EAPN Lithuania is focusing on active inclusion and services for long-term unemployed. Currently, the amendment of the Employment law is taking place in Lithuania. Meanwhile, EAPN Lithuania is conducting a study which aim is to compare the services provided to long-term unemployed by NGOs and by the state. It is expected that this study will contribute to the development of cooperation between NGOs and public authorities, will help to make recommendations and to contribute to the successful implementation of the employment reform.

Lithuania also seeks to combat with the problem of indebtedness. The current system in certain cases allows deducting up to 50% of a person's minimum wage, which is a strong disincentive for indebted people experiencing poverty to seek legal employment. Therefore, in the framework of EMIN2 project, the attempts will be made to change the practice of deduction for indebtedness from the minimum wage and from an income of a certain amount, if it is the individual's only income.

Lastly, it is important to mention extreme income inequality in Lithuania, which is one of the highest in the EU. Income growth is the fastest among the most earning people, while the low

earners do not feel the difference due to the tax burden. Latest research showed that fifteen percent of the poorest population gained 4-5 percent of the total national income growth in 2005-2015, while fifteen percent of the richest people gained 30-40 percent.

5. What is the role of EU and national governments?

In terms of EU funds, it is important to mention that a huge part of financing was supposedly used to reduce poverty and to promote social inclusion. However, poverty and social exclusion rates didn't improve. The funding is mainly used for the development of state-run programs and for the financing of the governmental institutions. There is a clear imbalance between state institutions and NGOs funding.

Development of national policy review based on the National Reform Program:

- **Negative aspects:**

It is emphasized that financial situation of households is improving. That is associated with the growth of consumption expenditure, but there is not enough emphasis on the increase of prices of goods and services. It is also highlighted that average monthly wage has notably increased, but there is no mention of extreme income inequality in Lithuania, which is one of the highest in the EU.

Speaking of unemployment problem in Lithuania and the new employment programmes, there is a big concern about how the new law will be implemented, since municipalities have no clear vision yet on how to do it. Therefore, these changes are causing confusion. Sadly, the NRP does not mention the involvement of the non-governmental sector and its potential to provide services that respond to the needs of their receivers. Furthermore, involvement of NGOs' in the implementation of the new employment programmes would stimulate closer cooperation between NGOs and self-government in other areas also.

It is important to note that a long-term plan to reduce the dependence of social and employment services on EU structural funds should be foreseen and national resources should be envisaged, bearing in mind that Structural funding is going to an end.

Most importantly, there is no mention of the strategy for reducing income inequality, which is one of the largest in the EU.

- **Positive aspects:**

This year's NRP report highlights the new social model. The amendment to the Employment Law, as a composite part of the social model, is presented. The amendment is very important and can be considered as moving in the right direction since active labour market policy instruments that have been used to date are ineffective and need to be changed. It is expected

that the new employment programs will rearrange the current public works system which is one of the most popular active labour market measures that does not ensure a permanent and qualified job for unemployed people. The Ministry of Social protection and Labour released recommendations to municipalities on how public works should be replaced or be supplemented by other measures.

Improved adequacy and cover of unemployment benefits is also a positive thing. It is very important to strengthen the social protection of the unemployed, particularly because of liberalization of the new Labour Code that entered into force on 1 July.

The amendment to the Law on State Social Insurance Pensions is also important. Pension system is now moving towards automatic indexation of pensions. It will also help to decrease manipulations on social protection system by the government, which happens often in the pre-election period. Therefore, indexation of other benefits should be considered.

Growing focus on families raising children. It is especially important for Lithuania because of the very high rates of children poverty. The coverage of child benefits is expanding. However, there is still a lack of development of preventive services, positive parenthood, non-formal education.

All in all, EAPN Lithuania notices a growing attention towards social services and working models that NGOs has developed. We notice that the dialog between NGOs and government as well as public institutions is developing.

6. What is EAPN doing?

EAPN Lithuania attempts to cooperate with the Lithuanian Parliament, Government and other state institutions, ministries, departments and agencies in the areas of the network's competence. We seek to participate in the development, implementation and monitoring of national plans and programs to alleviate and reduce poverty and social exclusion. We try to influence the legislative process on issues pertaining to the reduction of poverty, social exclusion and discrimination. EAPN Lithuania initiates and coordinate representational programs among organizations.

Therefore, EAPN Lithuania carries out the following activities and projects:

Spreads the minimum income idea on the social media. EAPN Lithuania seeks to educate society about the importance of minimum income guarantee by telling real stories about social benefit recipients, as well as other groups experiencing poverty or social inclusion.

We are also going to launch a social campaign called "Their own fault?" The campaign has three main messages:

- Poverty may be a result of systemic mistakes, such as bailiffs and rigorous deduction of income which start the circle of poverty.

- The protection minimum income is extremely low in Lithuania- many investments are used, but poverty and social exclusion in Lithuania are not diminishing. The system is rigid and does not completely encourage people to work, and since decentralisation of social support municipalities are interested in saving at the expense of beneficiaries and they do, as our study showed.
- People need basic social services that help people to cope with personal problems, gain self-confidence, help them to gain self-esteem, gain social skills, and then help them find a job that actually fits.

We will distribute these messages during the social campaign, called "Their own fault?"

The action would start from well-known people's stories and messages in social media, sharing of sensitive stories. It would end with a hashtag or just a question - Is it their own fault?

Then some articles should be published in the online press, which again would question whether this is their own fault. On the other hand, despite whose fault is it, we should look for solutions to help them. Ensuring minimum income in the broad sense should be the answer.

The other part of this campaign should also include the badges or other symbols that we will call the representatives of the Parliament and the ambassadors to wear. We invite to wear the badges on October 17th. - the international fight against poverty the day.

We have also launched a photography competition with the same name. We will invite young people in Lithuania to question the causes of poverty in Lithuania.

EAPN Lithuania also organizes press conferences, meetings with government and local organizations, brings together different interest groups to discuss national and regional issues.

At the time EAPN Lithuania focuses on the indebtedness problem in Lithuania, as EAPN Lithuania has carried out a study on this issue, and based on the results of the study, we participate in the legislation process and we believe that amendments will be made this autumn.

EAPN Lithuania has also carried out a study on social assistance reform which helped to take steps towards cooperation between EAPN Lithuania and The Ministry of Social Affairs and Labour since we invited the Ministry to submit questions for the respondents and the Ministry gladly agreed to do it. We believe that the Ministry will also agree to discuss the results of the study and to hear out our recommendations as we have already planned a presentation of the results of the study in the Parliament.

Since we focus on social services to long-term unemployed people this semester and we are carrying out another research which aim is to compare services provided by NGOs and the state, we also plan to arrange a focus group discussion involving long-term unemployed people, so we could find out what services they need most and to assess the provided services. It is expected that this study will contribute to the development of cooperation between NGOs

and public authorities, will help to make recommendations and to contribute to the successful implementation of the employment reform.

7. Key Recommendations

National and Regions:

Short and long-term measures for reducing poverty, social exclusion and income inequality in Lithuania should be designed and implemented. It should contain an integrated strategy, compiled of further improvements: tax regulation that would be more favorable to lower-paid employees; improvements of adequacy and coverage of the social assistance, further strengthening of positive work incentives; development of complex social services that would more involve the case management, provision of preventive and inclusive services, collaboration with NGOs; regulation of related legislations (e.g. indebtedness of poor people).

More attention should be paid to the creation of quality jobs. Also, cooperation with NGOs should be promoted as they are a reliable partner providing personalized employment services. The role of unqualified public works and unpaid socially useful activities should be reduced as they do not lead to well-paid long-term employment, distort labour markets and cause stigmatization of poor people.

References and Bibliography

Navickė J. 2017. Pajamų nelygybės dinamika ir veiksniai Baltijos šalyse. Presentation at the Ministry of Social Security and Labour.

Data sources

1. Eu level

- *EUROSTAT* → <http://ec.europa.eu/eurostat/data/database>
Statistical Office of the European Union. Main database to work with an immense variety of variables. Particularly relevant in the EUROSTAT web system are:
 - *Statistics explained* → http://ec.europa.eu/eurostat/statistics-explained/index.php/Main_Page
Eurostat website presenting statistical topics in an easily understandable way, with very useful graphs, charts and tables ready to be used
 - *European Union Statistics on Income and Living Conditions (EU-SILC)* → <http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database>
and

- http://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions
Instrument aiming at collecting timely/ comparable cross-sectional and longitudinal multidimensional microdata on income, poverty (AROPE indicators), social exclusion and living conditions.
- Key EU-SILC datasets – with national breakdown.

6.1.1 People at risk of poverty or social exclusion (Europe 2020 strategy)

[Europe 2020 target on poverty and social exclusion](#)

[Intersections between sub-populations of Europe 2020 indicators on poverty and social exclusion](#)

6.1.2 Income distribution and monetary poverty

[Monetary poverty](#)

[Monetary poverty of elderly people](#)

[In-work poverty](#)

[Distribution of income](#)

6.1.3 Living conditions

[Private households](#)

[Population structure](#)

[Health and labour conditions](#)

[Housing conditions](#)

[Childcare arrangements](#)

6.1.4 Material deprivation

[Material deprivation by dimension](#)

[Economic strain](#)

[Economic strain linked to dwelling](#)

[Durables](#)

[Housing deprivation](#)

[Environment of the dwelling](#)

6.1.5 EU-SILC ad-hoc modules

[2011 - Intergenerational transmission of disadvantages](#)

[2012 - Housing conditions](#)

[2013 - Personal well-being indicators](#)

- *Tables on EU Policies* → <http://ec.europa.eu/eurostat/data/database>
Datasets providing quantitative support to the development, implementation, and monitoring of European policies, such as: Europe 2020 Indicators, Sustainable Development Indicators, Employment and Social Policy Indicators & European Pillar of Social Rights Indicators.

▪ *Some relevant eu publications/sources*

- *Social Scoreboard for the European Pillar of Social Rights* → <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017SC0200&from=EN>
Established in order to monitor the implementation of the Pillar by tracking trends and performances across EU countries in 12 areas and to be fed into the European Semester process
- *Employment and Social Developments in Europe* → <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7952&visible=0&>
Annual review of Employment and Social Developments in Europe. It considers the latest available data and provides analysis of key employment and social developments and challenges in the EU and its Member States
- *Social Protection Performance Monitor & Social Protection Committee (SPC) Annual Report* → <http://ec.europa.eu/social/main.jsp?catId=758>
The SPC monitors through its publications social conditions in the EU and the development of social protection policies in member countries. It reports on social inclusion, health care, long-term care and pensions under the social open method of coordination
- *Joint Employment Report (JER)* → <http://data.consilium.europa.eu/doc/document/ST-6887-2017-INIT/en/pdf>
JER provides an annual overview of key employment and social developments in Europe as well as Member States' reform actions
- *European Social Policy Network*: Network of independent experts reporting on social inclusion and protection policy. National thematic and EU synthesis reports in key areas. Recent national reports include access to social protection, minimum income, social investment, recent social policy developments.
<http://ec.europa.eu/social/main.jsp?catId=1135&intPagId=3589>

2. *National level*

▪ *National Statistical Institutes (NSIs) & other national authorities*

Institutions responsible in each Member State for the development, production and dissemination of European and national statistics. Member States collect data and compile statistics for national and EU purposes. The European Statistical System (ESS) is a European authority that functions as a network. Eurostat's role in the ESS is to lead the way in the harmonization of statistics. ESS has an updated list of NSIs & other national statistical authorities →

http://ec.europa.eu/eurostat/documents/747709/753176/20170529_List_ONAs_HR/982a6005-7225-45f5-be42-5803e526410e

- *Local level statistical authorities*

EXAMPLE: Italy, as several other European countries has its own statistical system (Sistema Statistico Nazionale), which comprises Italian NSI (Istituto Nazionale di Statistica) and a network of other public statistical authorities, but also statistical offices of each local authority (from the regional to the municipal level), which provides access to a large variety of data, mostly on macroeconomic and labour indicators. With respect to Poverty, Italy adopts both a relative and an absolute indicator (see ISTAT Report on 'Poverty in Italy' (2015) → [https://www.istat.it/en/files/2016/07/Poverty in Italy 2015.pdf?title=Poverty+in+Italy+-+14+Jul+2016+-+Poverty in Italy 2015.pdf](https://www.istat.it/en/files/2016/07/Poverty%20in%20Italy%202015.pdf?title=Poverty+in+Italy+-+14+Jul+2016+-+Poverty%20in%20Italy%202015.pdf))

3. *Other international sources*

- *Organization For Economic Co-Operation & Development (OECD) statistics* → <http://www.oecd-ilibrary.org/statistics>
Indicators for the 35 Member States of OECD (mostly high-income economies) include: Income Inequality, Poverty Rate, Poverty Gap, but also indicators referred to access to services or to the labour market. Database is very rich.
- *World Bank (WB) data* → <http://data.worldbank.org/indicator>
Global database that comprises a set of various categories of indicators such as: Poverty, Health, Education, Economy and Growth, Social Protection & Labour. Even though the International financial institution has the global aim to reduce poverty, data are not always updated for all countries.
- *Sustainable Development Goals (SDG) indicators* → <https://unstats.un.org/sdgs/indicators/database/>
Dataset compiled through the UN System in preparation for the Secretary-General's annual report on "Progress towards the Sustainable Development Goals". The first SDG Goal comprises mostly absolute poverty indicators like the proportion of people below the international or the national poverty line.

4. *Civil society/academic level*

- *NGOs surveys and publications*

- *EAPN Explainer 'Poverty and Inequality in the EU'* → <http://www.eapn.eu/new-update-of-the-explainer-on-poverty-and-social-exclusion/>
Explainer focused primarily on current perspectives on the nature and extent of poverty, its causes and its links to inequality: it analyses how poverty is understood and measured currently in the EU, and highlights some of the shortcomings of these approaches

See also other EAPN Publications → <http://www.eapn.eu/news-and-publications/publications/>

○ *Other interesting NGOs Publications EU level:*

- Caritas Europa, 'End Poverty in Europe', 2016 → http://www.caritas.eu/sites/default/files/caritas_europa_cares_report2016_-_end_poverty_in_europe.pdf
- FEANTSA, 'Second Overview of Housing Exclusion in Europe', 2017 → <http://www.feantsa.org/en/report/2017/03/21/the-second-overview-of-housing-exclusion-in-europe-2017?bcParent=27>
- FEBA: Information on foodbanks across Europe. <https://www.eurofoodbank.org/>

○ *NGO surveys/data at national level*

- EG UK – Trussell Trust provides data twice yearly on use of food banks in UK. <https://www.trusselltrust.org/news-and-blog/latest-stats/>

▪ **Academic publications**

○ *Some prominent portals*

- *European Social Observatory – research institute* → <http://www.ose.be/EN/publications.htm>
- *Combating Poverty in Europe (COPE) – European network of researchers and stakeholders* → <http://cope-research.eu/>

- *Horizon 2020 research program results on poverty/social inclusion* (<http://ec.europa.eu/programmes/horizon2020/sites/horizon2020/files/External%20advice%20and%20societal%20engagement-SC6-2016-2017.pdf>)