

# **POVERTY AND SOCIAL EXCLUSION IN LITHUANIA 2020**

**Lithuanian National Anti Poverty Network**

The review was carried out within the framework of the project “Development and strengthening of the Lithuanian National Anti Poverty Network” funded by the Ministry of Social Security and Labour of the Republic of Lithuania under the “Development of Non-Governmental Organizations and Communities” program.

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## INTRODUCTION

The last few years have not been easy around the world. The global COVID-19 pandemic has created an unprecedented health crisis and caused significant economic and social challenges. And Lithuania is no exception. While we are catching up fast on economic indicators, we are one of the poorest societies in the European Union, and that is why we also feel the socio-economic consequences. As in other crises, it is the poorest and most vulnerable who suffer the most.

The pandemic has only highlighted the problems that have been going on for years. Poverty, social exclusion and inequality, and especially unequal opportunities are long-standing problems increasingly being highlighted by international organisations. Poverty causes hardship and deprivation, has a negative impact on health and long-term psychological consequences, and limits opportunities for both adults and children. In addition, people living in deprivation are often stigmatised, blamed, shamed, and excluded from society. It is essential to realise that poverty damages society as a whole. It breaks down social solidarity and trust, creates anxiety and insecurity, wastes the potential of the poor, and inevitably shakes the foundations of democracy.

This review will look at the concepts of poverty and social exclusion, the trends for 2020, the challenges faced by people experiencing poverty and social exclusion, and the realities of life. It will look at the problems that have been emerging for years, as well as the most pressing issues that are becoming more acute in the context of the pandemic. The insights and recommendations presented in the Review have been developed in cooperation with members of the National Network of Organisations for Poverty Reduction and other non-governmental organisations, experts in the field of poverty and social exclusion, academics, and legal experts.

Unless otherwise stated, data are based on information from The Lithuanian Department of Statistics and Eurostat. The review also uses quotes from surveys, interviews and meetings of people living in poverty conducted by the National Network of Poverty Reduction Organisations.

## ABOUT US

The Lithuanian National Anti Poverty Network (LNAPN), established in 2006, unites and strengthens half a hundred non-governmental organizations who are fighting against poverty and social exclusion.

### **LNAPN objectives:**

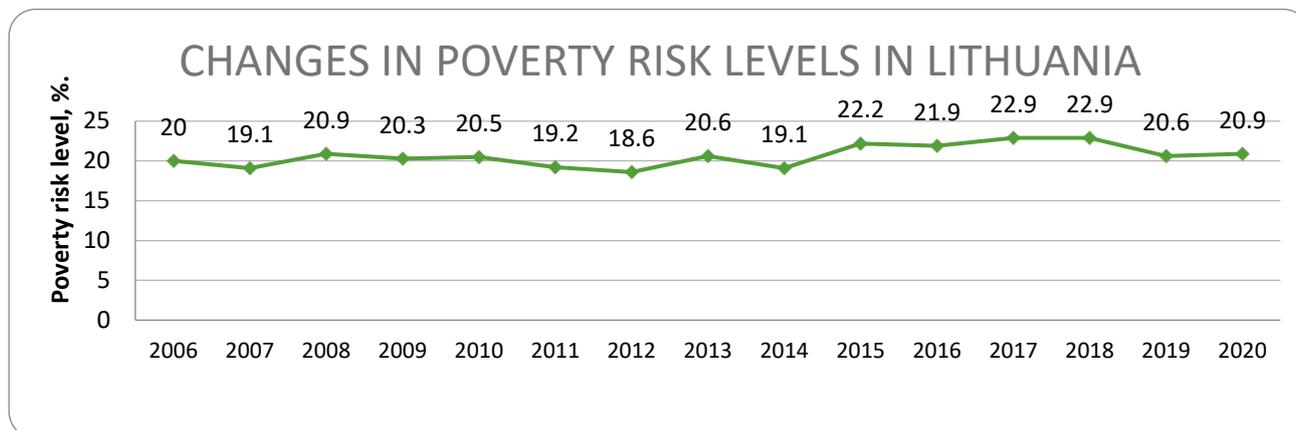
- uniting Lithuanian non-governmental organizations working in the fields of poverty and social exclusion reduction, and strengthening their institutional capacity and cooperation with national and local authorities in Lithuania;
- participating in the processes of forming and implementing social policy.

## CONTENTS

|  |    |
|--|----|
| Introduction.....  | 3  |
| At-risk-of-poverty rates in 2020 .....   | 5  |
| Most vulnerable groups.....  | 6  |
| The socio-economic consequences of a pandemic and quarantine.....                  | 7  |
| The situation of the unemployed in Lithuania: between myths and facts.....         | 9  |
| Did the migration challenges come only in the summer of 2021?.....                 | 14 |
| Developments and stagnation in the field of over-indebtedness.....                 | 17 |
| Voting right: is it ensured for everyone? .....                                    | 19 |
| The growing need for food aid in the face of food waste .....                      | 21 |
| Energy poverty in Lithuania and Europe .....                                       | 23 |
| Key changes to reduce poverty in 2021 .....  | 25 |
| LNAPN’s proposals and recommendations to reduce poverty and social exclusion ..... | 26 |

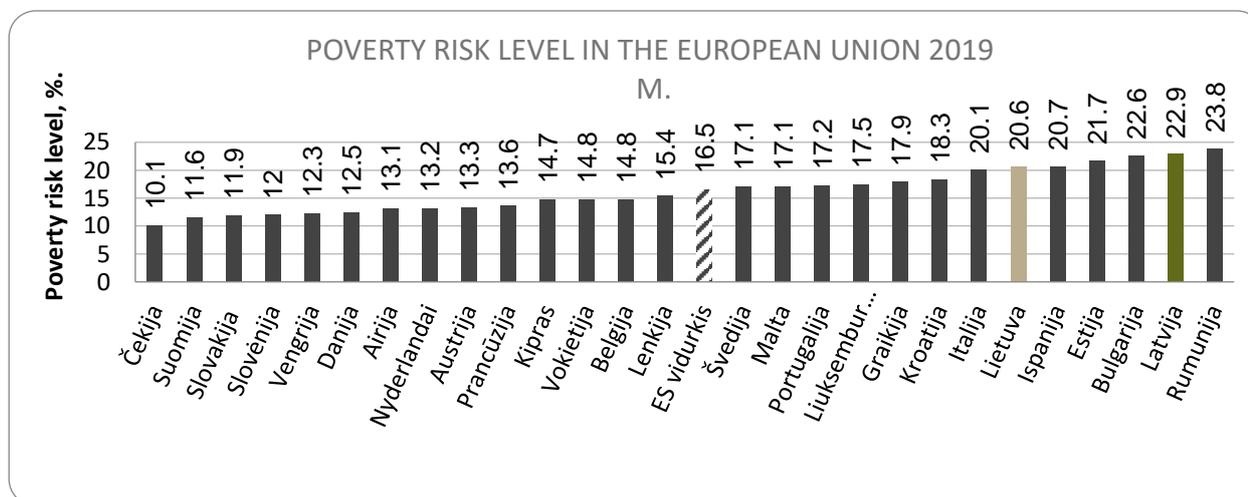
## AT-RISK-OF-POVERTY RATES IN 2020

According to the Lithuanian Statistics Department, the at risk of poverty risk threshold in 2020 was EUR 430 per month for a single person and EUR 904 for a family of two adults and two children under 14. In 2020, about 585 000 people lived below the poverty threshold. **In 2020 the at-risk-of-poverty rate in the country was 20.9%, and it increased by 0.3 percentage points compared to 2019.**



Source: The Lithuanian Department of Statistics

The latest available data shows that Lithuania's at-risk-of-poverty rates have been among the highest in the EU for many years.

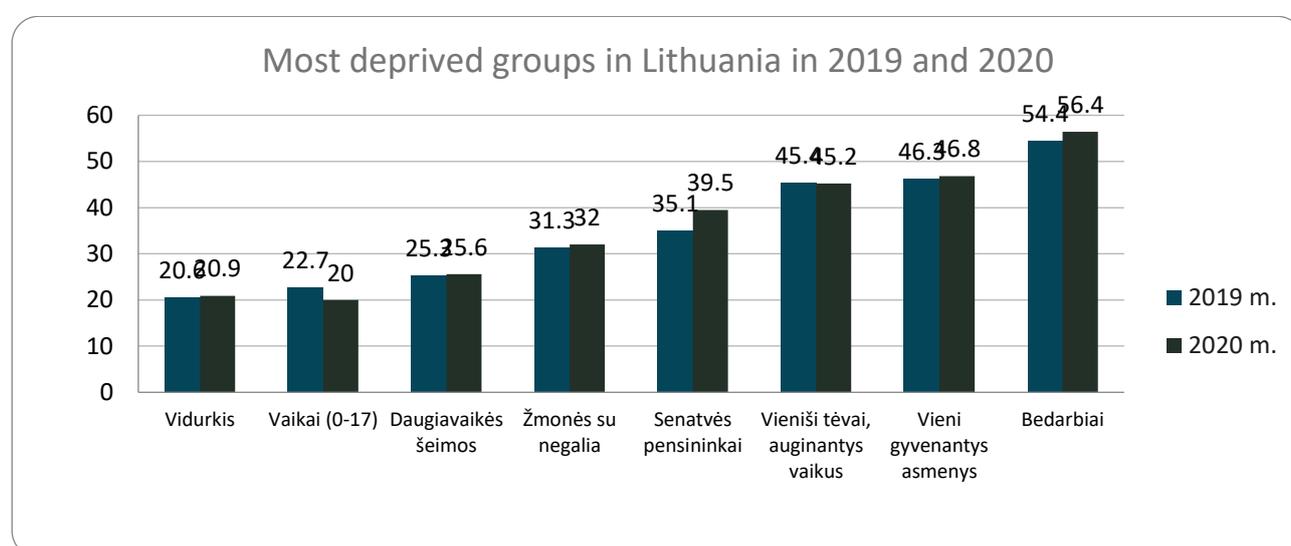


Source: Eurostat

## Most vulnerable groups

Some social groups are more vulnerable to social and economic challenges and risks and have fewer resources to cope with them successfully. Statistics show that **children, large families, single parents with children, people with disabilities, pensioners, single people and the unemployed are the most vulnerable to poverty in Lithuania.**

Compared to 2019, the at-risk-of-poverty rate in 2020 has increased or remained similar for most groups. The most significant increases are observed among the unemployed (up by 2 percentage points) and old-age pensioners (up by 4.4 percentage points). On the other hand, the child poverty risk rate decreased in 2020 (down by 2.7% p.p.).



Source: The Lithuanian Department of Statistics

It is crucial to keep in mind that the 2020 poverty risk level is based on the population's 2019 income. Thus, the decrease in the child poverty risk rate is mainly due to the increase in the 2019 Child Money. Although pension levels and the minimum monthly wage also increased in the same year, they grew more slowly than the general standard of living in the country. Accordingly, the average pension was below the poverty threshold (EUR 344.4), at around 80% of the poverty threshold. The after-tax minimum monthly wage (EUR 396) was approximately 92% of the poverty threshold.

## THE SOCIO-ECONOMIC CONSEQUENCES OF A PANDEMIC AND QUARANTINE

These days, the growing number of people infected by COVID-19 in Lithuania has already been defined by the members of the Advisory Board of Independent Experts to the Government of the Republic of Lithuania as the rising fourth wave of COVID-19 in Lithuania.

In addition to the immediate COVID-19 impact on the health and health system, the researchers also urge to pay attention to the very complex and severe short- and long-term negative socio-economic consequences of a pandemic and quarantine, which require equally urgent and immediate solutions: rising poverty in terms of lost and reduced incomes, increased unemployment, and the deterioration of people's psychological well-being due to the unforeseen and unpredictable changes affecting their socio-economic situation.

Three representative surveys of the Lithuanian public were commissioned by the National Network of Poverty Reduction Organisations and the Lithuanian Consumer Alliance and carried out by the research agency Spinter Research in April 2020, July 2020, and March 2021, asking respondents to answer questions about the impact of the pandemic and quarantine on their socio-economic situation and psychological well-being.

According to surveys during the first quarantine period, around 5% of respondents reported having lost their jobs because of COVID-19, 35% had experienced a significant drop in their income, 38% reported that their family members had lost their jobs or had experienced a substantial drop in their income. Also, as many as 11% reported a lack of income for food, and 14% had no money for rent or utility bills. The population's economic situation data was not statistically significantly different in both April 2020 and July 2020.

Very similar results were found for the second quarantine period in 2021: in a survey conducted slightly less than a year ago, respondents reported that their or their family members' income had decreased significantly as a result of the measures taken to contain COVID-19, but the proportion of the population that lacked money for food remained the same, and a higher percentage of respondents reported that they had lost their jobs as a result of COVID-19. Overall, when asked how their financial situation had changed during the second quarantine compared to the first quarantine, a third of the respondents (33%) reported that their situation had worsened, while less than a tenth reported an improvement (8%).

|   | April 2020 | July 2020 | March 2021 |
|---|------------|-----------|------------|
| You have lost your job  | 5,3        | 6         | 9,3        |
| Your income has decreased significantly   | 34,8       | 31,8      | 28,8       |
| Other members of your family or relatives have lost their jobs or had their income significantly reduced for other reasons related to the COVID-19 crisis | 37,6       | 35,2      | 33,4       |
| You and/or your family lack money for food  | 11,4       | 11,3      | 11         |
| You lack money for rent and/or utilities  | 19,8       | 18,2      | 14,2       |

The data from all the surveys show the same patterns: the unemployed, the less educated, and small businesses earning income from individual activities are the most financially affected.

The first survey, conducted in April 2020, also asked about the psychological well-being of the population. The survey revealed that the average value of the WHO well-being indicator on a 100-point scale for the Lithuanian population at that time was 48.7. More than half of the country's population (53.8%) had poor psychological well-being. On average, people who had suffered some financial or material losses due to the quarantine had five-point lower well-being than those who had not.

According to a survey conducted in April 2021 by Spinter Research on behalf of the Ministry of Health of the Republic of Lithuania, the second quarantine had less impact on the psychological well-being of the population, with the proportion of the population in a poor psychological state decreasing significantly from 53.8% to 40.9%. It can be assumed that uncertainty influenced people's well-being during the first quarantine period. On the other hand, according to the same survey, half of the respondents (52%) reported that their emotional state and well-being had worsened. Those with lower incomes were more likely than the more educated and higher-income population to say that their emotional state had not changed - as it was during the first wave and remained so during the second.

## **THE SITUATION OF THE UNEMPLOYED IN LITHUANIA: BETWEEN MYTHS AND FACTS**

Social protection for the unemployed has been a very sensitive issue for many years. Across Europe, at-risk-of-poverty rate among the unemployed is well above the average poverty risk level, but in Lithuania, poverty among the unemployed is among the highest. In 2020, the poverty risk rate among the unemployed was as high as 56.4%. Sooner or later, unemployment affects a large part of the population, especially the most vulnerable groups - people with disabilities or their caretakers, older people, single parents. These groups were also particularly hard hit during the pandemic.

Unemployment reduces personal income and increases psychological stress and lack of confidence, making daily life very difficult for many people, limiting their choices, and reducing their social and economic activity. At the same time, unemployment deepens social exclusion and, without the necessary support, leads to an increasing distance from the labour market and social life. The negative consequences of long-term unemployment are mainly related to the breakdown of social ties, separation of family, addictions, suicide, criminal activity, and the loss of social capital (education, leisure time, friends, etc.) for children growing up in a long-term unemployed family.

*"The lack of money is everywhere. There is no desire to do something, to go somewhere. And you need money for everything. Self-esteem is gone, and when health is failing..."*

*A person in poverty*

The unemployment problem is highly complex, ranging from social benefits to services, from education to tax policy. The unemployed remain one of the most stigmatised social groups, shrouded in myths and blame for their fate.

### **The myth of high benefits in Lithuania**

One of the most common myths is that unemployment benefits are extremely high and do not motivate people to return to the labour market. It is essential to distinguish between the different types of benefits, conditions, and amounts in this context. Looking at pre-pandemic data from the Ministry of Social Security and Labour, only 41.4% of the unemployed received unemployment social insurance benefits in 2019. It should be noted that the average unemployment social insurance benefit in 2019 was EUR 326.6, while the poverty risk threshold according to the same year was EUR 430.

In 2019, 16.19% of the unemployed - those who are not entitled to or have lost their entitlement to social insurance benefits - received social cash assistance (social allowance), at an average rate of EUR 82 per person. However, the amount of this benefit has recently been increasing, reaching EUR 105 in the first quarter of 2021. And yet, this amount is more than 4 times below the poverty line and more than 2 times below the absolute poverty line. Although recipients of social cash assistance can also qualify for other types of support, the 2018 State Audit Office report notes that

even when combining types of support such as compensation for housing, free meals for children and other services, 86% of beneficiaries did not have the minimum subsistence level.

Finally, it is important to note that as many as 42% of the unemployed did not receive any social benefits in 2019. While this partly reflects informal work, we need to take into account that among these people, some do not receive any benefits or other income and rely on the help of relatives or NGOs, and sometimes only on single job opportunities. Some people do not receive support because they do not meet the requirements for eligibility, such as property standards or other conditions.

Some people do not apply for support even though they are entitled to benefits: studies<sup>1</sup> show that around 20% of potential beneficiaries do not apply. In recent years, approximately 2% of the Lithuanian population has received social cash assistance. LNAPN's experience shows that some people are unaware of the possibilities of support, are unable to meet the administrative conditions, or seek to avoid stigma. The deep-rooted image of beneficiaries as abusers and wastrels discourages some people from applying for the support they are entitled to. The role of municipalities in ensuring access to support is crucial. Municipalities should be proactive in recovering potential beneficiaries, ensuring that information on all forms of support available to the population reaches them, and providing increased cash support if a person is in a challenging situation.

The introduction of the Jobseeker's Allowance in 2020 partly addresses this problem. As soon as the quarantine started, it was crucial to provide social protection for people who lost their jobs during the crisis. The rather universal distribution of this benefit helped to ensure that the needs of those who lost their jobs were met. On the other hand, some people switched to this system because of the more generous level of the benefit, but eventually, the tightening of the conditions for finding a job led to a return to the previous system. It is important to note that the number of beneficiaries of social cash assistance has been increasing and has now exceeded the pre-pandemic number of beneficiaries.

## **Barriers to employment**

Unemployment rates fluctuate during an emergency situation. According to the latest data from the Department of Statistics, the number of unemployed people (jobseekers) reached 108 000 in Q2 2021. The number of unemployed people registered with the Employment Service at the end of July 2021 was 226 000. At the same time, 22 000 vacancies were registered with the Employment Service. This means that the number of registered jobs was about 10 times less than the number of registered unemployed. Not all employers report job vacancies, but this significant difference implies that many unemployed people have no real job opportunities. Not to mention whether the qualifications of the unemployed match the requirements of the vacancies, the territorial aspects, and the skills of the people. More reliable data and analysis are needed to answer these questions.

Other barriers also complicate the unemployment situation. Benefits for the unemployed are still too low, but we often see the paradoxical situation where it is still not profitable to return to the labour market. This means that the person's potential labour income would be lower or insufficient in

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<sup>1</sup> [https://socmin.lrv.lt/uploads/socmin/documents/files/veiklos-srityys/darbas/darbo-rinka/TYRIMAI/I%C5%A1mok%C5%B3%20nepa%C4%97mimo%20ataskaita\\_2020\\_05.pdf](https://socmin.lrv.lt/uploads/socmin/documents/files/veiklos-srityys/darbas/darbo-rinka/TYRIMAI/I%C5%A1mok%C5%B3%20nepa%C4%97mimo%20ataskaita_2020_05.pdf)

relation to the benefits. This situation is also known as a poverty trap and is linked to weaknesses in benefit design and a lack of quality, well-paid jobs, especially in the regions.

Ensuring the mobility of the population is correspondingly important. Means of transportation are still not adequately provided in the regions. This is often a problem for the most vulnerable, the lowest income groups - those who cannot afford to buy a car themselves. Rural residents point out that buses run only a few times a day and are at best only timed to coincide with children's return from school. During children's summer holidays, there are times when buses only reach the villages a few times a week, so the lack of transport prevents them from working. On the other hand, even if the infrastructure in the region is well developed, the cost of daily public transport is relatively high. So, people are once again trapped in a poverty trap.

*“There is no bus, and there is no way to get to work.”*

A person in poverty

People face discrimination in the labour market. Discrimination against older people is particularly prevalent. In the PES<sup>2</sup>, 39.8% of people were over 50 years of age on 1 July 2021. In a 2019 Eurobarometer<sup>3</sup> survey, 59% of people in Lithuania indicated that age can be considered as the most significant disadvantage when assessing whether to take on a new employee. Age was the most frequently cited disadvantage, compared to other aspects such as gender, origin, disability. We are an ageing society, we talk more and more about the need to stay in the labour market for as long as possible, but older people tell us that they are not trusted in the labour market. There is a perception that older people have difficulty adapting to new things, are slow to work and struggle to learn new things. Other groups also face discrimination: people with disabilities, young women or women with children, national minorities.

*“When you get a job in your field and go for an interview, the first question you will be asked is ‘Are you going to have children?’”*

*“I’m 62, and when I go to a job interview, I’m told I’m ‘Too old’. I am discriminated against because of my age.”*

People living in poverty

The lack of qualitative, timely and accessible social services is also one of the main challenges to employment. This is particularly true for families with children, people taking care of their relatives

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<sup>2</sup> <https://uzt.lt/wp-content/uploads/2021/08/Darbo-rinkos-tendencijos-2021-I-pusmetis.pdf>

<sup>3</sup> “Special Eurobarometer 493, Discrimination in the European Union”, May 2019.

<https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/survey/getsurveydetail/instruments/special/surveyky/2251>

or people with disabilities. If services are not provided for these people, their relatives - usually women - take over their care, often dropping out of the labour market and breaking social ties. In the long term, they lose both work and social skills. There is also a severe lack of inclusive services for vulnerable, more remote groups that include specific work and job-seeking skills training. Finally, it is crucial that all these services are provided in an integrated manner, taking into account the needs of the labour market in the region concerned and delivered through case management.

### **Does the assistance provided to the unemployed meet these challenges?**

Various measures are being taken to tackle unemployment. Most of these are implemented through the PES - active labour market measures, services, training, and other employment promotion programmes. However, it is observed that a large number of measures are not sufficiently effective.

The conclusions of the evaluation report on the quality and effectiveness of training funded by the European Social Fund<sup>4</sup> indicate that vocational training for the unemployed, social skills training and public training are not sufficiently relevant, targeted, practical, and impactful for a variety of reasons. The report also states that the causes of the problems of the unemployed or other socially vulnerable groups are usually complex, and that training cannot be considered as a panacea for the complex issues of socially vulnerable people. The report states that training should be combined with other alternative or complementary activities. However, individual needs are often not assessed and instead, the person is referred to formal vocational training, which does not necessarily correspond to the person's actual employability and capacity to work in the field.

NGOs working with the unemployed also echo the report's findings, stressing that the services of the PES for the most vulnerable groups - the long-term unemployed, the disabled, etc. - are inadequate because they are not sufficiently personalised.

*“Yesterday, the Employment Service offered me a job as a meat cutter, but I refused because it’s physically difficult. My husband has only been doing this job for a week. It’s hard even for men. And it would be difficult to travel. It’s far, and the bus schedule is not good.”*

*A woman in poverty*

Much more time is needed to find out a person's abilities and to find the right job. Equally important is finding out about the person's marital situation and realistic job prospects, access to transportation, debt situation, assessing and consistently developing general skills, work, and social skills, re-establishing social ties, and building confidence. It is essential to evaluate the person's health situation and to target accordingly those jobs or vocational training that are tailored to the individual and that match their strengths. It should be noted that people experiencing poverty often report that institutions do not take these aspects into account when offering employment incentives. LNAPN members often

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<sup>4</sup> Evaluation of the quality and effectiveness of training funded by the European Social Fund, final report. Version of 10 January 2019, Vilnius, UAB “Visionary Analytics”. <https://www.visionary.lt/wp-content/uploads/2019/02/galutine-ataskaita0110.pdf>

encounter cases where people have more than one qualification, but these do not reflect the person's skills or the actual situation in the labour market. Therefore, it is necessary to strengthen vocational guidance alongside other services and develop the demand for market-relevant training and qualification courses in cooperation with employers.

The results of the survey, commissioned by the LNAPN<sup>5</sup>, show that around a third of respondents have been employed based on offers from the PES. The NGOs' labour market preparation and employment support services are more effective in terms of the employment rate. 66.6% of the respondents who used the labour market preparation and employment support services provided by local NGOs succeeded in getting a job. This situation shows that the labour market integration services provided by NGOs have a better effect when working with the target group. In contrast, the services of the PES are focused on the statistical unemployed and are less likely to meet the needs of a person with specific problems.

NGOs have well-developed motivational and emotional support services for the target group. The survey participants rated the motivational and emotional support services provided by NGOs very highly: emotional support, advocacy, self-esteem boosting, and motivational services. The target group most often reported that, as a result of the services provided by NGOs for integration into the labour market, their self-confidence and willingness to work had increased.

Employment creation programmes are also implemented at the municipal level. However, the State Audit Office's audit<sup>6</sup> showed that 94% of the people who completed the Employment Enhancement Programmes in 2018 did not remain in the labour market for more than 3 months.

It is important to note that a pilot model of employment promotion and motivation services for unemployed people and people on social assistance, also known as the case management model for case-based service delivery, is currently being piloted in over 30 municipalities. The LNAPN is concerned about certain aspects of the implementation of the model, such as the lack of cooperation with employers, the limited involvement of NGOs, and the heavy workload of case managers. However, the model is a crucial step in the process of employment assistance, as it allows for the pooling and coordination of different services and providers that can best meet the needs of the individual. At the same time, it is worrying that the future of the model's development is still unclear, with the project scheduled to end in December 2021.

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<sup>5</sup> Scientific study on "Employment opportunities for people who are hard to integrate into the labour market Improvement" report: <https://www.smtinklas.lt/wp-content/uploads/simple-file-list/Studijos/Sunkiai-integruojam%C5%B3-%C4%AF-darbo-rink%C4%85-asmen%C5%B3-u%C5%BEimtumo-didinimo-galimybi%C5%B3-tobulinimas.pdf>

<sup>6</sup> State Audit Office. State Audit Report. Does social assistance guarantee the poor

<sup>9</sup> Government Audit (2019) <https://www.vkontrole.lt/failas.aspx?id=3977>

## **DID THE MIGRATION CHALLENGES COME ONLY IN THE SUMMER OF 2021?**

*Prepared in cooperation with the Lithuanian Red Cross Society*

In this section, we will look at how the quarantine measures have affected the lives of foreigners living in Lithuania, including people granted asylum. We will also touch upon the significant increase in the number of foreigners crossing the Lithuanian-Belarusian border illegally in June 2021 and the state challenges related to that.

### **Dynamics of asylum seekers**

The introduction of strict border controls and restrictions on the entry of foreigners immediately halved the number of people seeking asylum. While 240 people applied for asylum in Lithuania in the first half of 2019 (646 in total for the year), 113 foreigners applied for asylum in the first half of 2020 (321 in total for the year)<sup>7</sup>. According to the Lithuanian Red Cross, which monitors the borders, the first asylum application after the quarantine in the first half of the year was recorded only at the end of July 2020<sup>8</sup>.

As for the number of foreigners living in Lithuania, it seems that the pandemic has not slowed down the growth in the number of people coming to live in Lithuania. Comparing statistics for 2019 and 2020<sup>9</sup> number of foreigners living in Lithuania grew by 0.56% in 2019 (from 58,000 to 73,800 foreigners) and by 0.46% in 2020 (from 73,800 to 87,300 foreigners).

### **Pandemic challenges for foreigners living in Lithuania**

It should be noted that during the quarantine period, foreigners were only allowed to enter Lithuania with residence permits and later with national visas. Other foreigners were allowed to enter only with the permission of the responsible authorities. People wishing to reunite with family members were in a particularly difficult situation<sup>10</sup>. Given that the pandemic was worldwide and that the restrictions led to the absolute closure of some areas, the financial situation of some families of foreigners living in Lithuania in their country of origin was also severely affected. For these reasons, international students who were left without financial support from their families often turned to the Lithuanian Red Cross Integration Centres for material assistance.

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<sup>7</sup>Statistics of the Migration Department under the Ministry of the Interior of the Republic of Lithuania can be found here: <https://migracija.lrv.lt/lt/statistika/prieglobscio-skyriaus-statistika/statistika-1>

<sup>8</sup> The Lithuanian Red Cross Summary Monitoring Report 2017-2020 is available here: [https://www.redcross.lt/sites/redcross.lt/files/lrk\\_stebesenos\\_ataskaita\\_2017-2020.pdf](https://www.redcross.lt/sites/redcross.lt/files/lrk_stebesenos_ataskaita_2017-2020.pdf)

<sup>9</sup> The Migration Yearbook 2020 is available here: [https://migracija.lrv.lt/uploads/migracija/documents/files/Migracijos%20metra%C5%A1%C4%8Diai/MIGRACIJOS%20METRA%C5%A0TIS\\_2020\(1\).pdf](https://migracija.lrv.lt/uploads/migracija/documents/files/Migracijos%20metra%C5%A1%C4%8Diai/MIGRACIJOS%20METRA%C5%A0TIS_2020(1).pdf)

<sup>10</sup> Migration Yearbook 2020, p. 4. Available here: [https://migracija.lrv.lt/uploads/migracija/documents/files/Migracijos%20metra%C5%A1%C4%8Diai/MIGRACIJOS%20METRA%C5%A0TIS\\_2020\(1\).pdf](https://migracija.lrv.lt/uploads/migracija/documents/files/Migracijos%20metra%C5%A1%C4%8Diai/MIGRACIJOS%20METRA%C5%A0TIS_2020(1).pdf)

It was already evident in April 2020 to the Lithuanian Red Cross and the Vilnius Archdiocesan Caritas and to the organisations organising the integration of asylum-seeking foreigners in the municipalities that the quarantine would severely impact the socio-economic situation of the asylum-seeking foreigners living in Lithuania. In 2020, it became more difficult for foreigners who had just started their integration in the municipalities to find employment or start their own business in areas affected by the quarantine, such as catering or beauty services. Due to their age or health condition, large families, people with disabilities and chronic illnesses, and people belonging to the COVID-19 risk groups have also found themselves in particularly difficult situations.

For these reasons, the organisations provided advice to foreigners who had been granted asylum on how to benefit from state support and often to employers who had employed them. However, when it was found that in some cases, for one reason or another, state support was becoming unavailable to the asylum-seeking foreigners, it was agreed with the *United Nations High Commissioner for Refugees* (UNHCR) to provide one-off financial support, in particular to families affected by COVID-19 or to single people for whom state support was not available. Systemic barriers to accessing state support were identified as follows: informal renting of housing by landlords' choice, delays in the issuance of documents due to remote work during quarantine, and a dysfunctional grant system.

The financial support also enabled people to receive a range of training in a language they could understand (Russian, English, Arabic, Turkish, Tigrinya, Dari), thus promoting their involvement and enabling them to address specific issues, such as computer literacy training, training on women's employment, health literacy training. Another positive result is the involvement of refugees themselves in the delivery of the trainings. For example, a young man from Iran who has been granted asylum in Lithuania delivered computer literacy trainings to other asylum seekers. A total of 119 people applied for support on behalf of themselves or their families. UNHCR's EUR 10,000 support was provided to one-third of the applicants, who together with their family members make up a group of 132 beneficiaries<sup>11</sup>.

Another challenge foreigners living in Lithuania faced was the lack of information on quarantine conditions in languages they understand. Following the quarantine, many state and local authorities started to work remotely, and the restrictions imposed during the quarantine changed. Some decisions of the state authorities had a significant impact on the situation of foreigners living in Lithuania. Still, the information on the websites of the state authorities was provided in Lithuanian, and in rare cases, in English, leaving foreigners living in Lithuania who do not speak Lithuanian or English in some sort of informational vacuum. NGOs translated information in English, Russian, Dari, Tigrayan, Arabic, Turkish for visitors to the integration centres or foreigners following the social media channels of the centres, and sent translated information to people via SMS, emails, phone calls, and social media sharing.

## **Hot summer 2021**

Just when it seemed that the challenges of the pandemic were at least temporarily over, the number of foreigners crossing the border illegally increased significantly in June 2021 following the neighbouring regime's announcements that it would not stop the flow of migrants in response to

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<sup>11</sup> Data from the Lithuanian Red Cross.

economic sanctions imposed by Lithuania and the European Union. On 2 July 2021, Lithuania declared a state of emergency due to the influx of migrants<sup>12</sup>.

According to the<sup>13</sup> State Border Guard Service under the Ministry of the Interior of the Republic of Lithuania (hereinafter referred to as “SBGS”), by 18 July 2021. 2 064 foreigners who illegally crossed the border in Lithuania have been apprehended. This figure is 25 times higher than in 2020. In July alone, border guards apprehended 1 403 foreigners, in June - 473, in May - 77, in April - 70 and in March - 8. This year, the most significant number of detainees at the border with Belarus are Iraqi citizens or people claiming to be Iraqi - 1 090. There are also 179 Congolese, 121 Cameroonian, 78 Guinean, 74 Iranian, 70 Russian and other nationals<sup>14</sup>. It should be noted that, according to the Lithuanian Red Cross, the majority of foreigners who crossed the border illegally in Lithuania applied for asylum. Moreover, the number of vulnerable people among the arrivals is also high - unaccompanied minors, families with children with disabilities or health problems, people with disabilities, single women, pregnant women, and others. According to the Lithuanian Red Cross, as many as 63% of those who arrived in June were women and children, and 40% were vulnerable people.

Due to the significant increase in the number of arrivals and asylum seekers in a short period of time, the existing accommodation places in the Foreigners Registration Centre, Pabradė, the Refugee Reception Centre, Rukla, the Jiezno Family Support Centre were immediately overcrowded. A tent camp was built on the territory of the Foreigners Registration Centre, which would accommodate up to 350 additional people. Also, two dormitories of the Border Guard School in Medininkai were designed to accommodate 130 people and assistance was sought from the local governments. The main challenges faced by the State were: adequate protection of the State border, lack of accommodation for asylum seekers, provision of services to vulnerable people, lack of translators for both asylum procedures and services, limited capacity of the Migration Department under the Ministry of the Interior of the Republic of Lithuania to deal with asylum applications quickly.

### **What do organisations caring for asylum seekers offer?**

When faced with a growing number of people crossing the border illegally and seeking asylum, inter-institutional cooperation is essential, in particular the involvement of local authorities in crisis management and decision-making. Without the possibility of providing health and social services, without restricting the freedom of movement of vulnerable people so that they can access the services they need (at least health services), without organising accommodation and without sufficient resources, it is essential to differentiate between the people accommodated according to their vulnerability and to take into account cultural aspects. This both ensures efficient use of capacity and avoids unnecessary friction, tensions or frustrations that have the potential to escalate into unrest.

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<sup>12</sup> The announcement by the Government of the Republic of Lithuania can be found here: <https://lrv.lt/lt/naujienos/del-didejanciu-migrantu-srautu-is-baltarusijos-paskelbta-ekstremalioji-situacija>

<sup>13</sup> Data of the State Border Guard Service under the Ministry of the Interior of the Republic of Lithuania can be found here: <http://pasienis.lt/lit/Sestadieni-pasienieciai-sulaike-keturias-desimtis-migrantu>

<sup>14</sup> Data from the State Border Guard Service under the Ministry of the Interior of the Republic of Lithuania: <http://pasienis.lt/lit/Sestadieni-pasienieciai-sulaike-keturias-desimtis-migrantu>

## DEVELOPMENTS AND STAGNATION IN THE FIELD OF OVER-INDEBTEDNESS

There have been several recent positive developments in debt recovery. Wage deductions have been reduced. There have been changes in the Instruction for the Enforcement of Judgments, which makes bailiffs' remuneration more closely linked to the outcome of their work, rather than just to the performance of individual acts. Income from self-employment is treated as wages, which means that self-employed persons can defer part of their income for tax purposes and calculate their bailiff's obligations according to the same scheme as wage earners. Most new debts of a debtor (except for debts owed to private individuals) will not be spread over different bailiffs but will be channelled to one bailiff. These changes will contribute to better and more efficient debt recovery in the long term.

In addition, with the launch of the Bailiffs' Information System, debtors with access to the Electronic Government Gateway can access information on the recoveries carried out against them, obtain relevant information on the number and status of enforcement proceedings, the costs of enforcement, and the recovery actions carried out and/or performed by bailiffs. This helps to fulfil the debtor's right to participate in the recovery process and simplifies the communication problem between the debtor and the bailiff.

There were concerns that these changes (in particular lower deductions from wages and equivalent income) would have a negative impact on debt recovery, but this has not been the case. On the contrary, recent years have seen a positive trend in arrears, with a gradual year-on-year decrease in the number of arrears owed by natural persons that are handed over to bailiffs for enforced recovery. According to the Chamber of Bailiffs, at the end of 2020, 248 822 natural persons were subject to debt recovery, 260 441 natural persons at the end of 2019 and 273 292 natural persons at the end of 2018.

So, we see an improving trend in arrears, but the problem is still very acute. Currently, 8.9% of the Lithuanian population is in arrears. It is estimated that more than one enforcement procedure is under way against around 60% of individuals who owe money, indicating that these people are struggling to manage their finances and that they are still being cheated out of a significant part of their income.

As the LNAPN study<sup>15</sup> showed, indebtedness is one of the biggest barriers to employment. People with arrears are more likely to fall into the support system, resort to undeclared work or live with relatives. Unable to pay for basic expenses, they fall further into debt - people go into arrears on their housing, take out fast loans to meet basic needs or cover existing debts. Once in the hands of bailiffs, the amount of arrears rises sharply, and people lose hope and motivation to repay them. Employers are reluctant to employ people in arrears because the arrears are difficult to administer, and the bookkeeping is burdened with extra work.

**Further improvements to the legal framework and the development of specialised services are needed.**

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<sup>15</sup> <https://www.smtinklas.lt/wp-content/uploads/simple-file-list/Studijos/Skurstan%C4%8Di%C5%B3-%C5%BEmoni%C5%B3-%C4%AFsiskolinim%C5%B3-ir-j%C5%B3-priverstinio-i%C5%A1ie%C5%A1kojimo-per-antstolius-problema-Lietuvoje.pdf>

Despite changes to the Code of Civil Procedure a couple of years ago, Lithuania remains one of the countries with the highest wage deductions. Currently, after deducting the maximum possible amount from the minimum monthly wage (30%), a person is left with EUR 326.90, while the poverty risk threshold per person in 2020 was EUR 430. If a person has dependants, the whole family faces even greater poverty.

Regrettably, there is still no system in place to protect non-labour income at the Minimum Consumption Needs Level (MCNL), even though such a system was due to be launched in 2020.

There is also some stagnation in services. People who have several enforcement files with different bailiffs can rarely manage their arrears themselves, clarify the extent of their debts, communicate constructively with bailiffs, understand the conditions for repayment, and the rights and obligations of bailiffs. This lack of skills and knowledge makes it more difficult to repay debts, and if they are not repaid, they grow, which pushes people further into despair. In such cases, people need specialised, personalised services. Individual NGOs, municipalities, social workers provide counselling and mediation services between the individual and the bailiff, but unfortunately, there is no national system, and such services are not even listed in the catalogue. In addition to changes in the regulation of services, it is necessary to provide methodological assistance and organise refresher courses for social workers so that they can provide personalised assistance to debtors and so that quality services are available throughout Lithuania.

The debt recovery system is further complicated because bailiffs cannot see the origin of debtors' funds. Debtors must provide a written certificate of origin if the funds are income that cannot be deducted (e.g., child's money, funeral allowance, social cash assistance). It should be noted that some debtors are recipients of cash benefits. In addition, some of them have more than one debt and these debts are often collected by different bailiffs. Municipalities have to issue certificates to all debtors (every three months in the case of recipients of social cash assistance). In turn, debtors have to inform bailiffs within 15 days about the benefits they receive. Otherwise, the amounts recovered from targeted benefits are not reimbursed, which imposes a heavy burden on the debtors receiving the benefits, the institutions providing the benefits, and the social workers who work with the debtors. People are also not properly informed about the funds that cannot be withdrawn or the conditions for income protection procedures. The National Network of Poverty Reduction Organisations still receives regular reports of illegal withdrawals by bailiffs. These are usually deductions from social benefits such as cash social assistance, child support, job search allowances, etc.

*“It’s hard to get out. I worked in one job with a low salary, and now I’ve moved to another. I hope I can pay my rent sooner here, but you can’t rent or pay for an apartment for so many months... You can’t live in your own flat, you can’t pay the utilities, because the bailiffs deduct half of it, and what do you have left? How does a person live? What is there to do?”*

Person in arrears

## VOTING RIGHT: IS IT ENSURED FOR EVERYONE?

*Prepared in cooperation with the “White Gloves” NGO*

We still hear stories from people living in poverty about their civil rights being violated. This increases fear and distrust of the social system and the democratic order. In cooperation with the “White Gloves” and in contact with people living in poverty, we have taken stock of the manipulation and violation of civil rights in this area.

### **Ensuring the right to vote**

Some senior citizens lose the opportunity to cast their vote because members of the electoral commission do not turn up at their homes, even though they have registered for early voting. Such situations have also occurred for isolated voters in recent elections.

*“The elderly woman wanted to vote, but she couldn’t because no one from the electoral commission came to her. She waited for two days and feels very disappointed because she has always been an active voter.”*

“White Gloves” volunteer

There are also cases where the right to vote is not guaranteed in hospitals and care institutions. People share experiences of voters’ lists in care institutions being set up incorrectly, with staff deciding who votes. Even though the legislation in force requires that all people entitled to vote are included in the lists, the staff of these institutions do not guarantee this right and only list those persons who, in the opinion of the management, are able to express their opinion.

*“Neither the invitation leaflet nor the commission was sent to her. She had been in the infectious diseases ward for twenty-one days with coronavirus. In her ward at the hospital, nobody came to vote, and nobody voted, and I had to talk to patients from the tuberculosis dispensary, who did not vote either. The commission did not visit her at home either.”*

“White Gloves” volunteer

### **Accessibility for people with disabilities**

Cases of voting taking place in old buildings that are not accessible to people with disabilities are documented. People with disabilities find it difficult to enter the polling station through the main entrance and must look for other doors, which are usually less visible, without directional signs or are not properly prepared for physical accessibility.

*“I tried to pass through a corridor for people with disabilities. Although the door was unlocked, the passage was blocked with poster boards.”*

A person with a disability

## Agitation and manipulation

People in poverty, especially those who receive services or cash benefits, are also targets for manipulation during elections. People share experiences of even being threatened that they may lose their financial support or services if they do not vote for certain individuals or parties. Such situations are also common in care institutions. Elders and other staff exaggerate their power and violate democratic principles.

*“Our elder is like that, he’s strict: as he says, so it shall be. And if you don’t do that [vote for the parties], you won’t get the help you need later.”*

*“The elder says, ‘If you don’t vote for that party, I’ll take away your benefit’.”*

People living in poverty

In the public sector, there are constant allegations of vote bribery targeting the poor. On election day, voters are seen to be given rides or alcohol is seen to be bought.

*“They all came in one bus; I heard that they were going to get EUR 5 each, and they talked about how they were going to spend it.”*

*“The man mentioned that he was going to vote for number 8, and then a person would come up to whom he will give a sticker.”*

*“In our area, in all the villages, people were bribed with EUR 5 or EUR 10 each. Beer was bought in village shops.”*

“White Gloves” volunteers

Canvassing on polling day is also unavoidable, for example, by inviting “friends” on social networks or providing a sample ballot paper with a specific candidate marked. The latter is more likely to be seen among single voters and/or voters in poorer health. Independent election observers also note that early voting at polling stations usually does not announce time changes, which also makes it more challenging to monitor and ensure transparency.

*“It is not the first year when I visit someone in a care home, I hear that voting there is done by pointing the finger at which candidate or party to tick.”*

“White Gloves” volunteer

*“An elderly voter brought home a sample ballot paper with the party and the ranked candidates marked.”*

“White Gloves” volunteer

*“On election day, the candidate from my ward sent me a “friends” invitation on social media.”*

A man in poverty

## THE GROWING NEED FOR FOOD AID IN THE FACE OF FOOD WASTE

*Prepared in cooperation with the with the Food Bank*

In developed Western countries, including Lithuania, problems such as hunger seem to have been long forgotten. But this does not mean that people have enough to eat. Various indicators show that some of the population does not have the means to eat a full diet. On the one hand, the lack of food is a problem of too low incomes, and, on the other hand, it is an indication that food resources are not sufficiently conserved.

### **Food shortage indicators**

Different indicators indicate food shortage. One of them is the level of severe material deprivation. Although this indicator is improving slightly year on year, 7.7% of the Lithuanian population was severely food insecure in 2020. The most frequent groups facing severe material deprivation were single parents with children (22.1%), large families (16.8%) and people aged 65 and over (10.2%).

One in ten people cannot eat a full diet due to lack of resources - in 2020, 11.6% of Lithuanians would not be able to afford meat, fish, or similar vegetarian food at least every other day. In 2020, 5.1% of the population lived below the absolute poverty threshold, which means that they could not meet their minimum subsistence needs.

### **COVID-19 uncovers food shortage**

It was only with the onset of the pandemic in 2020 that LNAPN members instantly felt the increased need for food aid. LNAPN members estimate that this situation is due to the loss of income of a part of the population through job losses or downtime. Even before the pandemic, some families were heavily dependent on school meals. Thus, when schools were closed, the loss of hot meals was acutely felt among low-income families.

According to the Caritas of the Vilnius Archdiocese, the number of people served in canteens during the pandemic increased from 150 to 350 per day. According to the Food Bank, the average number of people requesting assistance per month increased by 5 000 - from 138 000 to 143 000.

The results of an online survey with Lithuanian food distribution points conducted in collaboration with LNAPN show that 42.3% of the respondents felt that demand for food aid has increased regarding most or all user groups<sup>16</sup>. 26.8% say that the demand has increased regarding some groups.

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<sup>16</sup> The cited data is linked to the cross-sectional study 'Food Aid in Europe in Times of the COVID-19 Crisis' (<https://food-aid-in-europe.eu/>). The survey was conducted by different universities, research centres and NGO's in 8 European countries. In Lithuania, the survey was carried out in March/April 2021. 142 out of 747 invited food distribution points participated. After completion of the project, the data will be made available at: <http://doi.org/10.5281/zenodo.5242965>

14.1% have noticed an increase in the demand for new groups of beneficiaries. 26.8% stated that the demand has not changed<sup>17</sup>.

The user groups that have been indicated most by respondents as increased or new (compared to the pre-pandemic situation) are households where social assistance is the main source of income (18.7%), households where unemployment benefit is the main source of income (15.1%), households without any income (12.3%), households where pension is the main source of income (11.0%), households where short-time work is the main source of income (9.6%), households where paid work is the main source of income (8.7%) and households where sickness or invalidity benefits are the main source of income (8.7%).

### **The huge problem of food waste**

One-fifth of all food produced in the EU goes to landfills. However, there are no official statistics on how much food is thrown away in Lithuania and how much is saved. In its activity report<sup>18</sup>, the charity and support fund Food Bank reports that it saved 5 307 tonnes of various food products from being thrown away last year, which turned into 10.61 million portions of food for the needy. In partnership with retail, wholesale, logistics companies, farmers and producers, the organisation collects last-day food, fruit, vegetables, and food that is unfit for sale due to labelling errors but safe, sorts it, checks expiry dates, and distributes it to the needy and the organisations that work with them on the same day.

Food is wasted throughout the food supply chain. Half of the food that is thrown away is lost before it reaches people's tables, and the other half is thrown away in households. According to various studies, each person throws away an average of 60 kg of food per year.

The scale of food waste is simply unacceptable, not only in the face of a food-deprived population but also in the face of the climate crisis. Wasting food wastes all the resources used to produce it, including land, water, energy, labour, and financial investment. It also wastes resources on the disposal of unusable food. Conservation of food and other resources is one of the cornerstones for promoting social and environmental sustainability.

In the short term, sustainable food rescue and distribution schemes are essential. This can be done by ensuring that organisations have the human resources and infrastructure they need. In the longer term, food waste must be reduced by strengthening the responsibilities of supermarkets, restaurants and other people in the food supply chain and ensuring that surplus food is reduced. This includes strengthening social protection and access to nutritious food - ensuring a minimum level of consumption needs for the whole population. Education programmes should also be strengthened to reduce food waste at home and to develop food preparation skills.

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<sup>17</sup> Respondents could give multiple answers.

<sup>18</sup> <https://www.maistobankas.lt/wp-content/uploads/2021/06/2020-metu-%e2%80%9eMaisto-banko-veiklos-ataskaita.pdf>

# ENERGY POVERTY IN LITHUANIA AND EUROPE

*Prepared in cooperation with the Alliance of Lithuanian Consumer Organisations*

Energy poverty is a pressing problem in Lithuania and worldwide. There is no harmonised definition of energy poverty in the European Union due to the widely differing national contexts. Energy poverty refers to a situation in which individuals or households are unable to heat their homes sufficiently or to access necessary energy services at an affordable price<sup>19</sup>. It should be noted that energy poverty also occurs when households are unable to cool their homes. In less developed countries, energy poverty is linked to access to modern energy sources, while in more developed countries the focus is on energy costs<sup>20</sup>.

## Energy poverty in the EU

In Europe, between 50 and 125 million people cannot afford a sufficiently comfortable home temperature. The European Union's Energy Poverty Observatory (<https://www.energypoverty.eu/>) identifies indicators that show when households are in energy poverty. These include the inability to heat the home sufficiently, the high proportion of energy expenditure relative to household income, and the inability to pay utility bills on time. Thus, energy poverty is observed in the presence of three factors: low household income, high energy consumption and low energy efficiency of housing. The presence of one or two of these factors may be indicative of other problems: poverty, inefficient energy use, high energy prices for the whole population.

According to 2019 data, Bulgaria has the highest proportion of people in the EU who cannot heat their homes adequately - 30% of the population.<sup>21</sup> Lithuania ranks second. Eurostat data shows that 26% of the population could not heat their homes sufficiently in 2019.

## Energy poverty in Lithuania

In Lithuania, energy poverty is mainly caused by poorly maintained home heating. In 2018, 27.9% of people said they were unable to keep their homes warm enough. This percentage was almost four times higher than the European Union average<sup>22</sup>. Almost 9.2% of people said they were in arrears on their utility bills<sup>23</sup>. Around 13.3% of household income is spent on energy costs. Energy poverty in

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<sup>19</sup> Pye, S. Dobbins, A. Baffert, C. Brajkovic, J. Grgurev, I. De Miglio, R. Deane, P. 2015. Energy poverty and vulnerable consumers in the energy sector across the EU: analysis of policies and measures

<sup>20, 26</sup> Lekavičius V. 2021, Lithuanian Energy Institute. Consumer Alliance STEP project training for social workers (June 2021).

<sup>21</sup> Eurostat. 2020. Inability to keep home adequately warm. Last accessed 19 August 2021. URL: [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_mdcs01&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdcs01&lang=en)

<sup>22, 25</sup> European Commission. 2020. EU energy poverty observatory: Lithuania. Last accessed 19 August 2021. URL: <https://www.energypoverty.eu/observatory-documents/lithuania>

<sup>23</sup> According to LŠTA, the association of district heating companies, around 14% of heat consumers paid late for the services provided in 2019. According to the LŠTA, "this is probably the lowest proportion in the last decades (...) this is

Lithuania is believed to be decreasing. For example, in a survey conducted in 2020, 23.1% of the population said they could not afford to heat themselves sufficiently<sup>24</sup>.

It is also notable that 14.4% of the population have extremely low household energy costs. It can be assumed that the population turns the heating on/off to save money, which is one of the main features of hidden energy poverty<sup>25</sup>.

Households in energy poverty are characterised by a lack of financial literacy, limited capacity to invest, limited knowledge of alternatives to energy services and a lack of skills<sup>26</sup>.

Measures to reduce energy poverty must address each of the three factors. The Solutions for Tackling Energy Poverty (STEP) consortium, which has developed recommendations of this kind for Lithuania and the EU, has published two sets of suggested tools for policymakers in 2020 and 2021<sup>27</sup> on the implementation of the Clean Energy Package. High energy prices need to be tackled through market liberalisation, sustainable energy deployment and technological progress, low household incomes through cash compensation and information and education on personal finance management, and in the long term through effective public policies to increase sustainable incomes for the poorest members of society. Inefficient energy consumption needs to be tackled by making buildings and equipment more energy-efficient, informing consumers, and changing their habits.

People on low incomes are often excluded from public support programmes because they are not in a position to invest. Addressing energy poverty in such populations requires collective action, including state and/or municipal assistance.

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<sup>23</sup> According to LŠTA, the association of district heating companies, around 14% of heat consumers paid late for the services provided in 2019. According to the LSTA, “this is by far the lowest proportion in recent decades (...) due to changes in heat prices and lower volumes of heat supplied”. Source: [https://lsta.lt/wp-content/uploads/2020/12/Apzvalga\\_Silumin%C4%97je\\_technikoje.pdf](https://lsta.lt/wp-content/uploads/2020/12/Apzvalga_Silumin%C4%97je_technikoje.pdf)

<sup>24</sup> Vilnius Centre for Public Opinion and Market Research. 2020. Energy Saving. Vilnius, 2021.

<sup>27</sup> See [https://www.stepenergy.eu/wp-content/uploads/2020/08/Policy\\_Recommendations\\_1st\\_set\\_D6.3\\_final.pdf](https://www.stepenergy.eu/wp-content/uploads/2020/08/Policy_Recommendations_1st_set_D6.3_final.pdf) and [https://www.stepenergy.eu/wp-content/uploads/2021/04/LT\\_versija\\_2nd\\_set\\_of\\_Policy\\_Recommendations\\_D6.6\\_March\\_2021.pdf](https://www.stepenergy.eu/wp-content/uploads/2021/04/LT_versija_2nd_set_of_Policy_Recommendations_D6.6_March_2021.pdf)

## KEY CHANGES TO REDUCE POVERTY IN 2021

In 2021, the main changes are in the form of increases in child benefits, pensions, and the minimum wage.

The child's allowance has been increased from EUR 60 to EUR 70. The allowance for children from large or disadvantaged families is EUR 111 a month. Free school meals have been introduced for all second graders.

The provisions on unemployment social insurance have been amended to allow for the combination of unemployment social insurance benefits with an invalidity pension, thus providing additional protection for people with disabilities and ensuring non-discrimination against those who are unable to work.

The Ministry of Social Security and Labour estimates that indexation will increase old-age and invalidity pensions by more than 9% in 2021. There are also important changes for single pensioners in 2021, with the introduction of the single person's allowance on 1 July.

In 2021, the minimum monthly wage rises from EUR 607 to EUR 642 gross. If you are not saving in a second pillar, the minimum monthly net salary has increased from EUR 447 to EUR 467.

The LNAPN considers that the above-mentioned changes are welcome and, to a large extent, target the most vulnerable groups of society. However, the increases in pensions and the minimum monthly wage are insufficient and are likely to fall below the poverty risk threshold based on 2021 incomes again.

In addition, important changes were introduced in 2020 to focus on short-term support in times of crisis, such as incapacity benefits for parents caring for young children, wage subsidies during downtime, and benefits for the self-employed. A temporary job-search allowance has been introduced to protect job losers against a sudden drop or loss of income, and it is currently set at EUR 212.

However, LNAPN is concerned about the tightening of the conditions for receiving the jobseeker's allowance. From 2021, only those who have been unemployed for 3 months before and after an emergency declaration will be eligible for the jobseeker's allowance. This has led to a drastic reduction in the number of recipients of this benefit, so it is important to keep a close eye on where people who have fallen out of the Jobseeker's Allowance system end up.

## **LNAPN'S PROPOSALS AND RECOMMENDATIONS TO REDUCE POVERTY AND SOCIAL EXCLUSION**

In this section, we present the recommendations developed by LNAPN, in conjunction with members, partners, and other experts. The recommendations cover both the challenges of the poor addressed in this Poverty Watch and other issues that are directly related to the reduction of poverty, social exclusion and inequality in Lithuania.

### **Legislative process focused on reducing poverty and social exclusion**

1. All poverty reduction measures should be in line with the recommendations of international organisations and the terms of ratified instruments: to ensure the implementation of the European Pillar of Social Rights, to achieve the Sustainable Development Goals (SDGs), and to be guided by the principles of SDGs. Take into account the recommendations of the European Commission and the Organisation for Economic Co-operation and Development (OECD).
2. National strategic documents, such as the National Progress Plan, must reflect a balance between economic, social, and environmental objectives and ensure the sustainability of the results. In line with the MDGs, poverty reduction must become a key priority.
3. In implementing social policies, providing social services, coordinating the provision of social cash assistance, and organising employment programmes, municipalities must also aim to reduce poverty and social exclusion.
4. We propose improving the whole legislative process and assessing the social impact of legislation when initiating changes to laws or introducing new programmes and measures. Decisions must consider not only the financial needs but also the impact on the country's leading social indicators: the poverty risk rate, the absolute poverty rate, the unemployment rate, etc. Qualitative assessment must be strengthened, involving experts and civil society organisations active in the field. It is crucial to assess the compatibility of legislation with the country's strategic and international documents, such as the European Pillar of Social Rights and the Sustainable Development Goals. These steps must be taken as early as possible in the legislative process and maintained throughout the decision-making process.

### **Collection of tax revenues, financing of social security and reduction of inequality**

Currently, Lithuania's social security funding as a share of GDP is about half the European Union average. The current system cannot adequately fund social services, and inadequate levels of social benefits do not protect people from poverty. This is also highlighted in the European Commission's 2020 recommendations for Lithuania [1]. The country's ability to finance public goods and services and reduce poverty and income inequality is limited by the low progressivity and redistributive capacity of the tax and social benefit system.

5. It is important to increase redistribution in the country and ensure that social financing is increased, together with the development of social services financing, decent wages for social workers and an improved benefits system that ensures minimum consumption needs.

6. In line with the recommendations of the European Commission and the OECD, it is essential to promote inclusive growth by improving the benefits and tax system, reviewing the tax relief system, and increasing tax progressivity by designing tax designs that do not undermine economic growth. This would reduce income inequalities and raise more money for the public budget. These funds could be used for social purposes.
7. In order to achieve a more equitable and growth-friendly tax system, we propose the following principles for the review of tax incentives: utility, compensation, priors, limited exemptions, maximum protection, and impact assessment<sup>28</sup>.
8. Eliminate tax arbitrage opportunities for those with different types of income or different forms of activity but increase the combined tax-free income amount (TFI) to at least the minimum wage (MMA) for personal income tax (PIT), without further raising the cap on the application of TFI. The increased NIT should apply equally to all personal income, irrespective of the type or form of activity. No GST should be payable on the MMA. This would allow for a significant increase (around 10%) in the hand income of those receiving the MMA and reduce in-work poverty. It would also widen the gap between the MVA and social assistance. This would strengthen the financial incentives for the unemployed or economically inactive to enter the formal labour market more actively. A wider gap between the MVA and the social assistance system would also allow the adequacy of social assistance to be developed without reducing work incentives.
9. Apply a uniform lower threshold (60 GNI) for the progressive income rate and a uniform progressive rate to all income, regardless of its type or form of activity. The ceiling on the ceiling on social security contributions should also be harmonised.
10. Establishing a procedure whereby vulnerable people or people starting an individual activity who are allowed to pay no or part of their social security contributions and who are not covered by social security would be covered by social security at public expense.

### **Reducing monetary poverty and ensuring basic needs**

According to the Ministry of Social Security and Labour of the Republic of Lithuania, more than a third of the registered unemployed do not receive any income, including unemployment social insurance benefits or social allowances. This problem has been unaddressed for many years and has become particularly acute during the recent crisis. As unemployment rises, current social benefit systems are unable to protect people from unexpected income losses.

11. The protection of the unemployed needs to be strengthened by easing the conditions for receiving unemployment social security benefits, extending their duration, expanding the number of beneficiaries, and creating an additional safety net.
12. At the end of a national emergency, we propose the introduction of a permanent jobseeker's allowance as an intermediate link between the unemployment social security benefit and the social allowance, with a defined benefit rate.

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<sup>28</sup> For more suggestions on the tax system: <https://www.smtinklas.lt/wp-content/uploads/simple-file-list/NSMOT-ra%C5%A1tai-ir-si%C5%ABlymai/2021-metai/Si%C5%ABlymai-mokes%C4%8Di%C5%B3-reformai-2021-02-10.pdf>

13. Increase the incomes of the lowest pension beneficiaries and raise the base of the old-age pension. In Lithuania, the basic amount of the social assistance pension is EUR 143, which is paid to around 60 000 orphans, children and adults with disabilities, and people of retirement age who have not completed the necessary years of service to qualify for a social insurance pension. This amount is about half of the AWPDP. It is necessary to bring this base closer to the MVPDP gradually. Increasing the base of the old-age pension requires a balance between old-age pensions and social insurance benefits, with a corresponding increase in the level of insurance benefits.

Improving the system of cash social assistance for the disadvantaged is needed to ensure that one of the main tools for reducing poverty - social cash assistance - is a real investment in people. The three main pillars of effective support - adequacy, accessibility, and empowerment - must be considered.

14. It is necessary to ensure the adequacy of the benefit level in order to bring it closer to the AWPDP and to promote the employment of beneficiaries by developing positive incentives, such as not reducing the benefit if the person's earnings, including the benefit, are below the AWPDP.
15. Reducing the barriers that prevent people living in poverty from accessing support: reducing the rigidity of eligibility, eliminating socially useful activities.
16. In order to keep beneficiaries active in society and return to the labour market, it is necessary to use case management instead of socially beneficial activities and to provide personalised and comprehensive services that include the development of the person's own general and vocational skills and the removal of external barriers (e.g., services for caring relatives, childcare, transport, reduction of payroll deductions when the person is in debt, etc.).

Providing basic needs such as food and reducing food waste. Currently, the law provides that goods given to charity are exempt from VAT when the VAT payer, who may be a charity provider under the Charities and Donations Act, transfers or uses the goods for charitable purposes and when the taxable value of the goods received by the charity in question does not exceed EUR 75 per calendar month. This amount has remained unchanged for more than 10 years, despite changes in the minimum monthly wage, state-supported income, and other amounts.

17. We propose that this amount be indexed so that it is not presented as an absolute value. This change is very important when people's monthly food needs are above EUR 75, and the law limits the possibility of helping the poor to a higher amount. We also believe that farmers' produce given to charity and aid should not be subject to VAT, encouraging farmers to share with the needy.
18. Encourage companies to reduce food waste in the production process or to make publicly available data on controlled and consistent reductions in the amount of food recovered and increases in the amount of rescued food passed on for human consumption.

## **Development of personalized social services**

Empowering, qualitative, and accessible social services are essential for an inclusive and sustainable society. A model for the provision of social services that considers everyone's needs is needed. Service recipients and their relatives must be involved in the planning of services: in deciding the scope, type, duration, and provider of services. The network of social services needs to be expanded, and the variety and quality of services increased. This would help to avoid the monopolisation of services and allow other providers, such as NGOs, to provide services.

19. New services should be added to the catalogue of social services. The main shortcomings are services related to labour market integration, personal assistants, general skills training, and a wider range of family services.
20. The catalogue should be changed in such a way as to maintain a common structure ("menu of services"), but without assigning target groups to specific services, giving more freedom to the employee.
21. The catalogue could consist of the following generic services, which would form a set of services for each person/organisation:
  - Outreach (Finding and involving hard-to-reach customers in the assistance process)
  - Advice:
    - Social
    - Psychological
    - Careers
    - Revenue management
  - Community mobilisation and empowerment
  - Information
  - Mediation and representation:
    - Employment mediation
    - Mediation of various other services
  - Provision of food, essential clothing, footwear, hygiene, and harm reduction measures, etc.
  - Catering and personal hygiene services
  - Transport organisation
  - Sociocultural services
  - Developing generic competences
  - Developing work skills
  - Help with household chores
  - Accommodation:
    - Short-term
    - Long-term
  - Other general social services
22. It is also necessary to ensure adequate communication between municipalities on the availability of social services. Municipalities should be more proactive in identifying needs and providing services. Encourage municipalities to organise public procurement and transfer part of the provision of social services to them or to other non-governmental organisations

and encourage local communities to become more involved in providing social services, especially services such as home care.

### **Developing accompanied care and other services for young people**

23. Legal framework. The development of the service would be supported by the adoption of a description of the escort to independence service. Recommendations for this description were made by various NGOs three years ago, but there is still no regulation for the service. The municipalities see a factor that prevents this service from moving forward. Those municipalities that see the need for this service are using the social services catalogue and are partially implementing this service as sheltered accommodation. However, this is not a full implementation of the service.
24. The service starts before the young person reaches the age of majority. It is important to ensure systematic preparation for independence in community care homes or other care settings so that the young person is motivated and empowered to strengthen life skills from at least the age of 16.
25. NGO sector partnership with municipalities. The organisations that run the service can contribute their expertise and methodological support to the organisation of the service at the local level. This cooperation would help to ensure the specialist competencies needed for the work in this field.
26. Providing services to young people not only in care, as young people from families with a range of risk factors face the same challenges. These young people could be accompanied by staff from open youth centres or street teams. These professionals could act as supportive, listening and motivating figures for young people to move forward.

### **Making services accessible to migrants**

27. It is essential to involve local government in crisis management and decision-making when faced with increasing numbers of people crossing the border illegally and seeking asylum.
28. Without access to health and social services, do not restrict the freedom of movement of vulnerable people, especially children, unaccompanied minors, pregnant women, people with disabilities, so that they can access the services they need, at least health services.
29. When organising people's accommodation and there are insufficient resources, it is important to differentiate the people to be accommodated according to their vulnerability and consider cultural aspects. This ensures that capacity is used efficiently and avoids unnecessary friction, tensions, or frustrations that can escalate into unrest.
30. Inter-institutional cooperation is needed, involving both the responsible state institutions, local government, and non-governmental organisations.

## Enabling the unemployed through the development of labour market integration services

31. Assess the situation of the unemployed and differentiate according to the need for assistance. The UFA could carry out an individual assessment of the situation of the unemployed. The assessment would aim to assign the unemployed person to one of three groups<sup>29</sup>:
- a. Unemployed people who are ready for the labour market and could start work in a job that suits them within 2 weeks;
  - b. Unemployed people who need some form of employment support and could be employed within 1-2 months;
  - c. Unemployed people who need complex support and could only be employed after 3 months or more. Eligibility criteria:
    - i. where the problems of labour market integration are complex, i.e., several difficulties are intertwined (e.g., the person has low qualifications, addictions and is long-term unemployed)
    - ii. if the measures already taken by the UFA have not worked, i.e., if the person has been registered with the UFA for a year and has not been in employment.

This last group of unemployed people should be the primary target of NGO support, either by tendering for services from NGOs or by other means of financing the services provided.

32. Developing case management and inter-institutional cooperation. Develop case management in all municipalities following the evaluation of the results of the pilot employment model. People receiving support should be referred to case managers instead of community service. Ensure continuity of these services and sustainable, adequate funding. Organise training for case managers and other service providers. Strengthen inter-agency cooperation between different service providers. As a first step, labour market integration services should be integrated with information on social assistance. Promote the involvement of the target group itself in decision-making and cooperation with employers in the development of the model.
33. Regulate labour market integration services and ensure the financial sustainability of NGOs. Increased involvement of NGOs in the provision of labour market integration services should be systematic and implemented as a coherent measure to improve labour market policy in Lithuania. This will ensure a higher quality of the services provided and increase the confidence of the unemployed population in employment institutions and the efficiency of employment services. It is necessary to draw up descriptions of the relevant services and to regulate the labour market integration services that should and/or can be aimed at increasing the employment of the hard-to-integrate unemployed. Include services such as vocational counselling, job placement, job, and general skills training in the catalogue of social services.
34. Develop and ensure the continuity of mediation services after employment or employment promotion measures. Contact the training institution to find out about attendance and progress

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<sup>29</sup> For more suggestions on integrating the unemployed into the labour market: <https://www.smtinklas.lt/wp-content/uploads/simple-file-list/Studijos/Sunkiai-integruojam%C5%B3-%C4%AF-darbo-rink%C4%85-asmen%C5%B3-u%C5%BEimtumo-didinimo-galimybi%C5%B3-tobulinimas.pdf>

when sending an unemployed person to a vocational training programme after 2-3 weeks, and once a month for longer periods of training. Maintain contact with the unemployed person's potential employer, updating him/her on his/her employability. Keep in touch with the unemployed person on his/her learning outcomes and employability and provide more intensive services if needed.

35. It is appropriate for the UFA to collect information on employers who have recruited unemployed people from hard-to-integrate groups. This could help search for new jobs for this group of the unemployed. Employers could be "social advocates" for this group of the unemployed, and they could be partners in implementing good practice resources and NGO programmes. NGOs working with the hard-to-integrate unemployed, in cooperation with the PES and local authorities, should organise meetings with local employers (or visit employers) and inform them about the employment opportunities, competencies and problems of the unemployed concerned.
36. Develop employability by removing external barriers. There is a need to develop complementary services such as a shuttle service for rural residents due to limitations in accessing public transport and for urban residents due to mobility limitations or other disabilities. Ensuring access to education, social services and enabling parents or guardians to step back from caring responsibilities during the educational period.
37. Improve monitoring of employability outcomes. In evaluating the results of programmes, monitor not only employment rates but also retention in the labour market, quality of life outcomes beyond formal indicators such as the start of individual activity.

### **Reducing over-indebtedness and providing assistance to those in arrears**

38. Following international best practices, specialised services for people in debt need to be developed. We call for the inclusion in the Catalogue of Social Services of an income management counselling service, including counselling for people in arrears, training, and methodological support for social workers. The model of case management for the unemployed should include as many beneficiaries as possible in order to provide them with comprehensive services, including income counselling and debt management.

In some cases, where a person is already in arrears and is receiving intensive services, it may be appropriate to consider temporarily establishing a status whereby the person is not able to enter into any new transactions on credit obligations on his/her own. During the period of service provision, the person would not have full autonomy to manage their finances. Such services aim to repay debts and teach the person to manage his/her finances and not to take on excessive financial obligations.

39. Provide the possibility of suspending debts and enforcement costs for up to half a year once in a person's lifetime. This could be done with the help of social workers, with the recommendation of social workers, when the person is receiving intensive complex services. This would make it easier for people when they are facing extreme challenges in their lives

(e.g., loss of a breadwinner, serious illness of a family member, recovery, or addiction treatment).

40. Small debts (up to EUR 30) are automatically deducted from a person's account, preventing debts from spiralling upwards. In this case, the conditions already laid down by law must be met:
  - d. It is impossible to debit the amount of money from which recovery is not possible according to Article 739 of the Code of Civil Procedure (CPC).
  - e. Only the amount above the APD could be deducted from income under the new wording of Article 689 of the CPC, which will enter into force from July 2022.

In the long term, debts owed to the state have to be accounted for and administered by public bodies (e.g., Sodra, State Tax Inspectorate).

41. Rearrange the order of recovery so that the debts themselves are paid first, followed by interest/penalties and enforcement costs.
42. Create a system that allows bailiffs to identify the source of income in the case of social benefits that cannot be deducted. This could be achieved in several ways:
  - f. A separate personal restricted account, to which bailiffs have no access and which would be used to pay benefits that cannot be debited by law.
  - g. Municipalities should be able to tick a box in the bailiff information system to indicate that it is untouchable income. Information on the benefits received by the individual would reach the bailiffs collecting debts from the beneficiary.
  - h. Introduce an immunity flag in the order system so that bailiffs can clearly identify that certain income is classified as income from which deductions are not allowed. Such a system is already in place in Poland.
43. Reduce deductions from wages. We propose to deduct no more than 10% of the wage from debtors' wages if they have one case and 20% of the wage if they have two or more cases.
44. Given that pensioner poverty in Lithuania was as high as 39.5% in 2020 and has been well above the national poverty risk average for many years, it is necessary to increase protection for beneficiaries of small pensions. No more than 5% of a small pension equal to or less than the AWPD should be deducted from the small pension.
45. Extend the use of debt relief (especially for public debts) in the context of social services. This would apply to people whose income is extremely low and for objective reasons will never be high: people of retirement age, people with disabilities who are objectively incapable of working, people caring for or looking after disabled relatives, and in other cases where this can be objectively proven. The system could also apply to addicts who have been through rehabilitation, who are making fundamental changes in their lives to give them a second chance. One of the criteria for recognising that a person's debts are hopeless would be the conclusion of a social worker or a social services agency. It is important that even after the debts have been declared hopeless, services are provided to ensure a minimum standard of living so that people do not fall back into debt. Such a declaration of bad debts is a once-in-a-

lifetime process for some debts, and in any case, does not apply to debts relating to maintenance, compensation for injuries to health, etc.

The goodwill and awareness of public authorities and creditors would be important in this area, as well as the increased use of the existing tool of declaring debts as bad, especially if a person's income will never be objectively high, or if he or she is making a fundamental change in his or her life through participation in various programmes and social services. We call on bailiffs to initiate debt relief or offer individuals the alternative of replacing the debt with community service.

46. Review and simplify bankruptcy procedures and facilitate access to this procedure for the disadvantaged. Currently, bankruptcy proceedings cost around EUR 1,500, and this amount is unaffordable for a person with a low income and no assets that can be realised during the bankruptcy procedure. We propose to organise a system whereby 100%, 75% and 50% of the costs of the bankruptcy procedure would be reimbursed to people who meet the requirements of the Law on Bankruptcy of Natural Persons. We also call on personal insolvency administrators to engage in educational activities, informing people about the possibilities of personal insolvency and providing more free services to the hard-pressed.
47. Extend the use of debt forgiveness, but only if the person agrees and has the capacity, i.e., health, ability to combine work etc. Currently, creditors are reluctant to use this option, and there are many cases of rejection. We would encourage creditors to show goodwill in helping people get back on their feet. The hourly rate, which is currently only EUR 5, should also be increased.
48. Enhance monitoring of arrears and open data to the public. Analyse the data in different dimensions, for example, how many debtors are seniors, how many are beneficiaries, how many are disabled, etc. Monitoring would allow more targeted decisions to be taken to prevent debt and help repay debts.
49. Strengthen the liability of telecoms companies when offering services and goods. According to LNAPN members, it remains a serious problem that vulnerable groups are very easily swayed by the services and goods offered by telecom companies. Therefore, telecom companies should be obliged to check the creditworthiness of each individual and assess the feasibility of the commitments they intend to make. And for those with bailiffs and on low incomes, to provide reasonable conditions for the fulfilment of the commitments entered into, taking into account the basic needs of a low-income earner and a dignified livelihood.
50. The introduction of a wider range of forms of support under the Cash Social Assistance Act allows for the possibility of using the funds available to cover at least part of people's debts through targeted support. Municipalities use this possibility in very different ways. Following the example of Vilnius City Municipality, we urge municipalities to make greater use of targeted cash assistance to cover arrears.
51. Promote inter-agency cooperation to avoid situations where there is a delayed response to situations such as a person receiving cash assistance, living in social housing, and being evicted because of debt. Such people should receive timely income management counselling.

## Reducing energy poverty

Comprehensive public support is needed to reduce energy poverty, including education and counselling services for the population, renovation/modernisation of multi- and single-family buildings, and other energy efficiency programmes. Recommendations for reducing energy poverty:

52. Increase the volume of building renovation. Renovating blocks of flats can lead to significant energy savings, improve air quality in homes and reduce heating bills.<sup>30</sup> Residents of multi-apartment buildings should be encouraged to renovate the buildings they live in through cash incentives, technical assistance in completing the paperwork and education on the benefits of renovating buildings<sup>31</sup>.
53. Increase the volume of producing consumers. *Prosumers* can generate their own household energy consumption and thus reduce their energy bills. The state usually provides a fixed subsidy for the purchase of renewable energy (RE) plants. The State should maintain existing support schemes for the whole population and extend the support mechanism to low-income households. Financial sector companies should develop convenient mechanisms to help consumers borrow money for an initial investment in renewable energy sources (RES), and consumers can use the energy savings to repay the loans over a long period of time.
54. Encourage municipalities to be proactive in reimbursing heating costs for the most deprived residents.
55. Promote education on energy efficiency and how everyone can reduce energy bills and utility bills in their homes.

## Focus on electoral manipulation against vulnerable groups

Draw attention to the manipulation of vulnerable groups during elections and focus on educating the public and social workers.

56. Electoral communication needs to pay more attention to possible manipulation and to highlight the illegality of state aid.
57. Increase resources for independent election observation through “White Gloves” and other NGOs.
58. Establish mechanisms and helplines for people to report and consult on possible manipulations and violations of civil rights.
59. Ensure that elections are held on premises accessible to people with disabilities.

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<sup>30</sup> However, it is important to remember that in many cases, the payments for renovation, even with support, are higher than the payments for heating. Of course, it is worth doing it to improve the condition of the building but bear in mind that the costs can also increase.

<sup>31</sup> The Consumer Alliance is taking part in a special EU-funded project called “ComAct”, which aims to develop best practices for Lithuania and other European countries. Read more <https://comact-project.eu/>