



# **Exploratory study: filling in the knowledge gaps and identifying strengths and challenges in the effectiveness of the EU Member States' minimum income schemes**

Country Fiche - Lithuania

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# **Exploratory study: filling in the knowledge gaps and identifying strengths and challenges in the effectiveness of the EU Member States' minimum income schemes**

Country Fiche - Lithuania

Directorate-General for Employment, Social Affairs and Inclusion

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## **Summary**

In Lithuania, the minimum income support available to the working-age population is regulated by the Law on Monetary Social Assistance for Low-Income Residents. The law provides the legal basis for providing monetary social assistance, which includes social assistance benefit and reimbursement for the cost of heating, hot water and drinking water from municipalities. Monetary social assistance is centralised in terms of eligibility criteria, conditionality rules and the formula for estimating the amount of social assistance benefit and reimbursement of costs. However, the provision of monetary social assistance is implemented by the municipalities.

The eligibility conditions for monetary social assistance include residence, an income and assets test, and – for those fit to work – employment or willingness to work. The assets test has been temporarily suspended during the Covid-19 pandemic and for six months thereafter, as well as at the initial stage of receiving monetary social assistance (i.e. for the first three months for those applying for support for the first time). Social assistance benefit covers only around 2-3% of the total population, whereas around 20% of the population was at risk of poverty during the last decade in Lithuania. The share of those below the at-risk-of-poverty threshold who received social assistance benefit was only 9.6% (an annual average of 57,741 recipients) in 2020. Low effective coverage of social assistance benefit may be due to its strict conditions, low thresholds, stigma, non-take-up, and information gaps.

The threshold for monetary social assistance depends on household composition and the duration of its receipt and is set using the amount of the state supported income (SSI). The SSI must not be less than 50% of minimum consumption needs (MCN). The MCN is indexed annually to price changes. The amount of social assistance benefit payable is the difference between the threshold and the disposable income of recipients after applicable deductions. This amount is reduced over time for those of working-age and capable of working, but social assistance recipients who find employment may be eligible for extra payments. The adequacy of monetary social assistance is low, and the maximum threshold needs to be brought closer to the MCN (which is also used as an absolute poverty threshold in Lithuania).

In order to increase the coverage and adequacy of social assistance, provide more financial support to families raising children and motivate working age beneficiaries to integrate into the labour market in 2020–2021 amendments related with social assistance have been made: the limit of income (amount of SSI) establishing the right to social benefit has been increased; the amount of social benefit has been increased and differentiated depending on the duration of payment; the amount of additional social benefit after employment has been increased and differentiated depending on the duration of payment; part of the work income, not included in family income establishing person's right to social assistance, was increased.

The reimbursement of costs covers those of heating, hot water and drinking water if they exceed a defined share of a recipient's disposable income after applicable deductions. The maximum reimbursable costs are established based on standards set for drinking water, hot water and the size of housing.

Recipients of social assistance benefit who register with the Employment Service are subject to the same activation regime as other registered unemployed. In addition, municipalities can assign social assistance recipients who are fit to work, but who are not in work and do not participate in active labour market policy measures through the Employment Service, to perform unpaid community work (i.e. 'socially-useful activities'), which often involve manual work. However, individual needs assessments for social services are rarely carried out, because they are not mandatory by law. The information and statistics on the social services provided to social assistance recipients are very limited. The available data and research indicate that social services provided

to social assistance recipients are insufficient, are rarely based on an assessment of the individual needs of beneficiaries and lack integration with employment services.

Although there is no common integrated approach or co-ordination between social and employment services, a pilot project for a new model of employment-promotion and motivation services for social assistance recipients has been implemented in 6 out of 60 Lithuanian municipalities since 2019 and in 23 additional ones since 2020. The project is targeted at long-term unemployed social assistance recipients and shows some promising initial results.

The following sections, first, outline the features of the MI support in place; secondly, describe the eligibility criteria and coverage and consider the adequacy of the financial support provided and the links with other benefits; thirdly, examine the extent of integration with labour market measures to help those supported into employment; fourthly, consider the access provided for the people concerned to social services; fifthly, summarise the governance mechanisms in place; and, finally, review the evidence on the impact on reducing poverty and assisting beneficiaries to find work.

An annex outlines the underlying situation in terms of the relative number of people at risk of poverty or social exclusion and the changes that have occurred over recent years, as well as the characteristics of the people concerned – their gender, age, employment status, education level, country of birth and the structure of the households in which they live. As such, it provides the context in which MI support is operating and indicates the groups on which support needs to be targeted.

## **1 Description of national schemes providing minimum income support**

In Lithuania, the minimum income support available to the poor population is regulated by the Law on Monetary Social Assistance for Low-Income Residents.<sup>1</sup> The law provides the legal basis for providing *monetary social assistance*, which includes *social assistance benefit* (*socialinė pašalpa*) and *reimbursement of the cost of heating, hot water and drinking water*<sup>2</sup> (*būsto šildymo išlaidų, geriamojo vandens išlaidų ir karšto vandens išlaidų kompensacijos*).

The law lays down general eligibility criteria, conditionality rules, and a formula for estimating the amount of social assistance benefit and reimbursement of costs. However, the provision of monetary social assistance is implemented by the municipalities.

*Social assistance benefit* is provided to people living together,<sup>3</sup> and single residents, who are unable to provide themselves with sufficient resources to live. This monthly

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<sup>1</sup> LR Piniginės socialinės paramos nepasiturintiems gyventojams įstatymas [Law on Monetary Social Assistance for Low-Income Residents of the Republic of Lithuania]. 1 July 2003, No IX-1675. URL: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.215633/asr>.

<sup>2</sup> Persons living together or single persons who own a dwelling in a multi-dwelling building are entitled to support towards the cost of a loan taken out to finance the renovation of the building, provided they participate in the modernisation project and they are entitled to the compensation for heating expenses.

<sup>3</sup> People living together: spouses and their children (including adopted children) under 18; a married person who lives separately from their spouse but has minor children living with them; cohabiting adults, or emancipated minors and their children under 18 living with them. The concept of people living together also includes: (self-)employed adult children (up to age 24) whose monthly income does not exceed 1 x SSI or who are not working, unmarried and not raising their children, but are studying according to a formal education programme or in a higher education institution. Adult children (up to age 24) may be on academic leave during their studies due to illness or pregnancy. Also included in the concept of people living together: adult children (up to age 24) after completion of education and before the 1 September of the same year. If an adult child enters a higher education institution and the school/university year is scheduled to begin later than 1 September, they are included until the beginning of the postponed school year (Source: Law on Monetary Social Assistance for Low-Income Residents of the Republic of Lithuania. No IX-1675. URL: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.215633/asr>.)

benefit is granted as a form of last-resort financial assistance, subject to eligibility criteria (in particular income and assets tests). The threshold for the income test is defined annually based on the state supported income (SSI), which is linked to minimum consumption needs (MCN).

*Reimbursement for the cost of heating, hot water and drinking water* is means-tested in the same way as social assistance benefit, but the income test and amount payable vary with claimants' disposable income (after applicable deductions) and the costs of heating, hot and drinking water.

The assets test has been temporarily suspended for both social assistance benefit and reimbursement of costs during the Covid-19 pandemic, and for six months after the end of the quarantine and extraordinary situation related to the pandemic, as well as at the initial stage of receiving monetary social assistance<sup>4</sup>.

## 1.1 Eligibility

The following eligibility criteria are defined in the Law on Monetary Social Assistance for Low-Income Residents.

- **Residence:** Monetary social assistance is conditional on residence and can be received by: citizens of Lithuania; those with a long-term permit to reside in Lithuania or in the European Union; citizens of a Member State of the EU or EFTA; or a family member with a right of residence in Lithuania who has been residing in Lithuania for at least three months (this condition is not applied in the case of employed residents and their families). Homeless people or those who do not have a valid address, but legally reside in Lithuania, can declare their residency in a municipality even without an address. Monetary social assistance can also be provided to those who have been granted protection or asylum in Lithuania (under certain conditions).
- **Income test:** Income after deducting taxes, social contributions and applicable exemptions is averaged over the previous three months. It is then compared with the amount of the SSI. The current threshold for the income test is 1.1 x SSI per person per month in 2021. The applicable exemptions include child benefit, several types of targeted compensation, some other types of social benefits, such as unemployment insurance benefit, monetary donations, and a proportion of earnings and earnings-related income a. The size of the earnings-related income and unemployment benefit disregard<sup>5</sup> depends on family composition and ranges from 20% for single person or couples with no children to 40% for families with three or more children.
- **Assets test:** The assets test takes into account the value of real estate and movable assets, which may not exceed a defined value. However, it has been temporarily suspended during the Covid-19 pandemic and will not be applied for six months after the end of the quarantine and extraordinary situation related to the pandemic. Thereafter, the assets test will not be applied for at least three months for those applying for the social assistance benefit for the first time; or for those who reapply at least 24 months after the last receipt of social assistance benefit. The assets test may restrict access to social assistance for those with high-value assets. However, there was no sharp

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<sup>4</sup> I.e. at the end of this temporary provision, a permanent provision will enter into force according to which the property will not be valued for 3 months for those people who apply for the social benefit for the first time or 2 years after receiving the last support.

<sup>5</sup> The size of the disregards varies from 20% for a single person to 40% for a family with three children or more.



increase in the number of social assistance recipients registered in 2020 and 2021, when the assets test was not applied.

- **Willingness to work:** Those of working age who are unemployed must be registered with the Employment Service or with another Member State's employment service. These conditions do not apply to people caring for children under 3 (or 8 in some exceptional cases), people with disabilities, those in education, and some vulnerable groups. Registration with the Employment service as an unemployed person requires people to be actively looking for a job and to be willing to work (according to Article 24.4(5-9) of the Employment Law of the Republic of Lithuania). However, people who have lost their status as a registered unemployed person according to the above article may ask for their registration with the Employment Service to be maintained as "people who lost their unemployment status" (according to Article 22.6 of the Employment Law of the Republic of Lithuania). In this case people may also keep their eligibility to receive social assistance benefit.

In addition, municipalities can assign monetary social assistance recipients who are fit to work, but do not work and do not participate in active labour market policy (ALMP) measures through the Employment Service, to perform socially useful activities (for up to 40 hours per month), which often involves manual labour (e.g. sweeping streets, and other maintenance tasks in public areas and buildings). In cases of non-compliance, the social benefit can be withdrawn, except for children.

An application for monetary social assistance can be submitted through the online website ([www.spis.lt](http://www.spis.lt)) or by applying face-to-face to the municipality of the applicant's place of residence. Municipalities may approve and implement their own procedures for the assessment of claims, which are not regulated by law. Although an application for monetary social assistance can be submitted online, and the documents required may be acquired through the information systems, additional documents are often required. An audit carried out in 2019 (National Audit Office of Lithuania, 2019) found that 86% of applicants had to submit physical documents that confirmed their eligibility when applying for social assistance. The same audit showed that 57.5% of electronic applications for social benefits were accepted in 2018, and 42.5% were rejected. The specific reasons for rejection were not indicated in the audit report; however, these may have been due to difficulties in filling out the forms, and to complicated eligibility rules of which the applicants might not have been fully aware. 95% of monetary social assistance applications were processed within one month, and one third of municipalities took a decision within fewer than seven working days.

## **1.2 Coverage**

Social assistance benefit is received by around 2-3% of the total population, whereas the at-risk-of-poverty rate was around 20% during the last decade in Lithuania, and the share of people with income below the at-risk-of-poverty threshold (40% of the median equivalised disposable income) was 7.1% (Statistics Lithuania, 2020). Just 9.6% of those below the at-risk-of-poverty threshold received social assistance benefit in 2020 (an annual average of 57,741 recipients) and this varied substantially across municipalities (MoSSL, 2021; SPIS, 2021). Social assistance benefit was received on average for 7.3 months in 2020; 29.6% of recipients received it for more than 12 months in a row, while 40.5% were short-term social assistance recipients (29.9% of beneficiaries returned to the social assistance system within a year in 2020).

Reimbursement for heating costs was received on average by 50,474 recipients, with an average duration of 5.6 months, in 2020; but less than half of these recipients were of working age (i.e., an annual average of 18,404 recipients aged 15-64 in 2020) (*ibid.*).

An assessment carried out by Matulionyte and Navicke (2018) showed that the strictness of social assistance conditions in Lithuania is tighter than the EU average

under all the analysed dimensions (i.e., strictness of means-testing; conditions for participation in the labour market; and limits on the duration and amount of social assistance). The National Poverty Reduction Network ([www.smtinklas.lt](http://www.smtinklas.lt)) has also repeatedly expressed concerns about the complicated nature of the social assistance law and the lack of information for potential recipients. The audit of the social assistance system carried out in 2019 (National Audit Office of Lithuania, 2019) also highlighted the application procedures and gaps in information that lead to lower take-up.

Based on an assessment of access to information on social assistance, municipalities scored on average of 4.6 points out of a possible 10 in 2020 (MoSSL, 2021). The assessment evaluated how the information on social assistance was shared on municipal websites and through other municipal information channels. In response, a new website ([www.kasmanpriklauso.lt](http://www.kasmanpriklauso.lt)) was introduced by the Ministry of Social Security and Labour (MoSSL) in 2021.

One of the other main obstacles to accessing social benefits is strict income-testing (its low threshold). The threshold of 1.1 x SSI per month (€140.80) in 2021 was well below the MCN and was only around 30% of the net minimum monthly wage. Hence few of those who may be considered as having low income have income below this level and qualify for social assistance. The requirements for those social assistance recipients who are in employment to work for at least two thirds of the normal working week or to earn at least two thirds of the minimum monthly salary (MMS), and the requirement for the self-employed to have declared income at least equal to the MMS, exclude people who work fewer hours than the set threshold, unless they satisfy other eligibility conditions for social assistance (e.g. they are full-time students). There are no statistics available on the extent of the phenomenon (Žalimienė et al., 2021).

There is little information on non-take-up of social assistance in Lithuania. The stigma of receiving social assistance, as well as of performing socially useful activities, which often includes manual work (e.g. sweeping streets, and maintenance tasks in public areas and buildings) partly explain non-take-up. An assessment carried out by the MoSSL (2020) showed the non-take-up of social assistance benefit was around 20% (as of 2016). This rate fluctuates and is higher during periods of economic expansion and lower during economic crises (when there is probably with less stigma attached). The analysis was carried out based on SILC<sup>6</sup> survey data and microsimulation techniques using EUROMOD.<sup>7</sup> The rate of non-take-up was higher among single people, and single parents with children, than among other family types (e.g., couples, and couples with children). Currently there is a research project on non-take-up of social assistance being carried out by the Mykolas Romeris University. The findings of the research are due in 2022.

### **1.3 Adequacy**

The maximum amount of monetary social assistance is set using the SSI, which must not be less than 50% of the MCN reference basket.<sup>8</sup> The amount of social assistance is

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<sup>6</sup> European Union statistics on income and living conditions.

<sup>7</sup> A tax-benefit microsimulation model for the European Union.

<sup>8</sup> *The link between the SSI and the MCN amounts is set in the following law: LR socialinės apsaugos išmokų atskaitos rodiklių ir bazinio bausmių ir nuobaudų dydžio nustatymo įstatymas (No X-1710). The SSI amount is set annually based on the following law: LR Vyriausybės nutarimas dėl socialinės paramos išmokų atskaitos rodiklių dydžių patvirtinimo (No 1206). The legal basis for estimating the amount of social assistance is set in the following law: Piniginės socialinės paramos nepasiturintiems gyventojams įstatymas [Law on Monetary Social Assistance for Low-Income Residents] (No XI-1772).*

indexed to the MCN, which in turn is indexed to price changes and updated annually. The calculation of the MCN is based on national statistical data on household expenditure and nutritionists' information on minimum food requirements.

From 1 June 2020, the amount of social assistance benefit has been increased and differentiated depending on the duration of payment for a single person, as follows:

- For the first six months: 100% of the difference between 1.4 x SSI per month and the actual income of a single person after applicable deductions (maximum €179.20 per month in 2021);
- For months 6-12: 100% of the difference between 1.2 x SSI per person per month and the actual income of a single person after applicable deductions (maximum €153.60 per month in 2021);
- After 12 months: 100% of the difference between 1.1 x SSI per person per month and the actual income of a single person after applicable deductions (maximum €140.80 per month in 2021).
- The amount of social assistance benefit for people living together is:
- 100% of the difference between 1.1 x SSI per person per month and the actual income per family member after applicable deductions for the first family member (maximum €140.80 per month in 2021);
- 90% of the same difference for the second member (maximum €126.72 per month in 2021);
- 70% of the same difference for the third and any additional family members (maximum €98.56 per month in 2021).

The amount of social assistance benefit payable is reviewed every three months and depends on income, family composition, duration of benefit receipt, and employment status.

The maximum social assistance benefit received by a single person in 2021 was as follows: in the first three months it was 41.67% of the at-risk-of-poverty threshold (based on 2020 SILC, i.e. €430); in months 6-12 it was 35.7%; and after 12 months it was 32.7%. The maximum social assistance benefit received by two adults and two children living together was 51.4% of the at-the-risk-of-poverty threshold.

The maximum social assistance benefit received by a single person in 2021 was: in the first three months, 27.9% of the gross minimum wage (€642 in 2021); in months 6-12, 23.9%; and after 12 months, 21.9%. The maximum social assistance benefit received by two adults and two children living together was 36.2% of the gross minimum wage (if both adults earned the minimum wage).

The maximum social assistance benefit received by a single person was: in the first six months, 38.2% of the net minimum wage (€468.41 in 2021); in months 6-12, 32.8%; and after 12 months, 30.1%. The maximum social benefit received by two adults and two children living together was 49.6% of the net minimum wage (if both adults earned the minimum wage).<sup>9</sup>

The costs of heating accommodation are reimbursed where they exceed 10% of the difference between disposable income (after applicable deductions) and from January 2022, 2 x SSI per person for people living together, or 3 x SSI for a single person. The cost of drinking water is reimbursed where it exceeds 2% of the disposable income (after applicable deductions) of people living together or of a single person. The cost

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<sup>9</sup> An analysis of poverty traps by the MoSSL (2021b) indicated that the poverty traps were higher for families with more children and for those with lower earnings potential. For different household types, the poverty traps ranged from 28% to 60%, where at least one adult earned the minimum wage.

of hot water is reimbursed where it exceeds 5% of the disposable income (after applicable deductions) of people living together or of a single person. The maximum reimbursable costs are based on the set standards for drinking water, hot water and size of accommodation.<sup>10</sup>

The problem of the adequacy of social assistance, and the need to bring it closer to the MCN (which is also used as an absolute poverty threshold in Lithuania), has been highlighted both by the National Network of Poverty Reduction (NSMOT, 2021) and the National Audit Office of Lithuania (2019). As already indicated, the amounts of social assistance are substantially below the at-risk-of-poverty threshold. Hence the benefit does not reduce the at-risk-of-poverty rate, but only its gap. The average total income of social assistance recipients (including all monetary social transfers and earned income) was 69% of the MCN in 2020 (MoSSL, 2021). Although this proportion increased from 43% in 2017 to 69% in 2020, this reflects the low indexation of the MCN itself. Nevertheless, the average total income received by social assistance recipients remains substantially below the MCN and, therefore, the absolute poverty threshold.

#### **1.4 Links with other benefits**

Although this report focuses on the main minimum income support scheme as regulated by the Law on Monetary Social Assistance for Low-Income Residents, the following assistance can also be received by the working-age low-income population and their families: universal child benefit and additional child benefit; social assistance to pupils; educational stipends; a single person benefit; compensation for renting social housing or private accommodation; in-kind support for food and hygiene products; and other payments, compensation and in-kind goods and services (e.g., lump-sum, periodical, conditional or targeted social assistance paid by municipalities; reduced fees for childcare; provision of essential clothing; and sauna vouchers). As a rule, regular social benefits are included in the income test for social assistance benefit, except for: lump-sum, in-kind benefits; child benefit; and other types of benefits mentioned above and in Article 17.1(12) of the Law on Monetary Social Assistance for Low-Income Residents.

Some of following benefits are deducted in the income-testing for social assistance: extraordinary grants and special social allowances; targeted compensation for nursing or attendance (assistance) expenses; social grants and assistance paid under the Law on Social Services; grants for students at higher education and vocational institutions; training grants for the unemployed; compensation for part of housing rent or lease payments under the Law on Support for the Acquisition or Rental of Housing; and guardianship (and child benefit paid under the Law on Benefits for Children).

The average total amount of all social transfers received by social assistance recipients was around 59% of the MCN in 2020 (MoSSL, 2021).<sup>11</sup> This proportion has increased substantially since 2017, when it was 35% (*ibid.*). However, this was mostly due to low indexation of the MCN itself. Nevertheless, the average total amount of all social transfers received by social assistance recipients, as well as their total income, remains substantially below the MCN and, therefore, the absolute poverty threshold.

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<sup>10</sup> The standard for drinking water, where a centralised heating supply system is used to produce hot water, is: 2 cubic metres for the first person living together or a single person; 1.5 cubic metres for the second person living together; and 1 cubic metre for the third and later persons living together. Where other types of energy or fuel are used to produce hot water, it is: 3.5 cubic metres for the first person living together or a single resident; 2.5 cubic metres for the second person living together; and 1.5 cubic metres for the third and later persons living together. The standard for hot water is: 1.5 cubic metres for the first person living together or a single person; 1 cubic metre for the second person living together; and 0.5 cubic metres for the third and later persons living together. The standard size of accommodation subject to reimbursement of heating costs is: 50 square metres for a single resident; 38 square metres for the first person living together; 12 square metres for the second person living together; and 10 square metres for the third and later persons living together.

<sup>11</sup> MCN equalled to €257 per month in 2020.

## **2 Links with labour market activation**

The share of adult social assistance recipients (those over 18 and below the statutory pension age) who received work-related income was 21.8% in 2018, 26.9% in 2019 and 32.4% in 2020 (MoSSL, 2021). Those of working age who are unemployed must be registered with the Employment Service or with another Member State's employment service. These conditions do not apply to working-age people caring for children under 3 (or 8 in some exceptional cases), disabled people, those in education or training, and some other vulnerable groups. Refusal of a job offer, training, public duties or works supported by the Employment Fund may lead to the suspension or refusal of social benefit.

Social assistance recipients who register with the Employment Service are subject to the same activation regime as other registered unemployed people. An individual employment plan is signed within 30 days of registration, lasting up to one year. 8,308 social assistance recipients registered with the Employment Service (10.5% of all working-age beneficiaries) in 2020 (MoSSL, 2021). This share was higher in 2018 and 2019 at around 25%-27% (*ibid.*), possibly as a result of the COVID-19 pandemic and the introduction of a temporary job-seekers' allowance (as the amount of the latter near-universal non-contributory benefit exceeded that of social assistance benefit). The share of social assistance recipients who participated in ALMP measures among all recipients registered with the Employment Service was 15% in 2018, 11% in 2019 and 11% in 2020 (*ibid.*). The share differed considerably from one municipality to another. There is no available information on participation in the most common ALMP measures, nor on the waiting times for participating in them for the first time. As of December 2021, an employment consultant at the Employment Service worked on average with 420 registered unemployed people.<sup>12</sup>

In addition, a municipality can assign social assistance recipients who are fit to work, but do not work and do not participate in the ALMP measures through the Employment Service, to perform socially useful activities, which often includes manual work (e.g. sweeping streets, and maintenance tasks in public areas and buildings). Refusal to perform socially useful activities may result in suspension of benefit payment for household members, except for children.

58.6% of monetary social assistance recipients who were registered with the Employment Service started a permanent job in 2020 (MoSSL, 2021). Recipients who start working are entitled to receive tapering support (additional social benefit). When a previously unemployed claimant of social assistance benefit finds employment (after being registered as unemployed for six months), an additional social benefit is payable for a maximum period of 12 months. Its amount varies depending on the duration of payment: 100% of the average amount of the social benefit paid during the last six months prior to employment, for the first three months; 80% for months 4-6; 50% for months 7-12. However, just 1.5% of all recipients who started work received additional social benefit in 2020 (this varied from 0 to 8% across municipalities) (*ibid.*). The results of the national audit carried out in 2019 also indicate that a small fraction of all newly employed beneficiaries received this additional benefit. This may be due to the fact that social assistance recipients lack information on their potential eligibility.

It may therefore be concluded that this additional benefit has only a small role in encouraging social assistance recipients to take a job; and that those who start a job do it for other reasons (e.g. because the amount of social assistance benefit is low and is reduced over time). The benefit amount is reduced for a single person able to work but not working, or the family of a person able to work but not working, who receives benefit over a long period, as follows: 20% after 12 months of payment; 30% after 24

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<sup>12</sup> Based on information provided by the Employment Service on request.

months; 40% after 36 months; and 50% after 48 months. After 60 months the benefit is reduced by 50% and is paid in kind until the recipient works or performs socially useful activities for 12 months over a 24-month period.

There is no common integrated approach or co-ordination between social and employment services. However, since 2019 a pilot project on a new model of employment promotion and motivation services for recipients of social assistance benefit has been implemented in selected Lithuanian municipalities.<sup>13</sup> Six municipalities out of 60 have taken part in this pilot project since 2019 and 23 additional ones since 2020. The project is co-ordinated by the Employment Service and the MoSSL. The pilot project is targeted at long-term unemployed social assistance recipients. During the implementation of the project, case managers are appointed and case teams are created from the representatives of the municipal social assistance units, the Employment Service, providers of social services, etc. The case manager performs an assessment of the needs and abilities of social assistance recipients. Based on this assessment, the case team submits proposals on the choice of services, their scope, and the procedure for providing them to social assistance recipients. An individual agreement is signed, which specifies the rights, obligations and services provided, their scope, and procedural issues. This is followed by the execution of the agreement and its supervision/monitoring, and amendments if necessary. Although the aim of the project is to integrate benefit recipients in the labour market, social, health and education services are also used, which increases the availability of these services for the beneficiaries.

Participation in the pilot project is not mandatory and there are no sanctions for non-participation. Also, for beneficiaries who are already participating and those who do not comply with the signed agreement on the provision of services and integration into the labour market, the case team analyses why the agreement was not implemented. In this case, the case team adjusts the services provided or terminates the agreement altogether.

About 1,900 individual plans had been signed by the end of September 2021. There is currently one case manager employed in each of the 29 pilot municipalities. Hence the average caseload per case manager is around 66 per year. It is estimated that the number of potential participants in the pilot project since its start was around 7,555 long-term unemployed social assistance recipients. Around 20% of the beneficiaries who participated in the project found employment between the start of the project in 2019 and September 2021.<sup>14</sup>

### **3 Links to social services and integrated provision of targeted social services**

The Law on Social Services<sup>15</sup> makes municipalities responsible for organising social services and carrying out individual evaluations of needs for social services; municipalities set their own rules and procedures for social service provision. The Law on Monetary Social Assistance for Low-Income Residents of the Republic of Lithuania

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<sup>13</sup> Based on the following regulations: LR Socialinės apsaugos ir darbo ministro įsakymas Dėl užimtumo didinimo programos, skirtos užimtumo skatinimo ir motyvavimo paslaugų nedirbantiems ir socialinę paramą gaunantiems asmenims modeliui įgyvendinti, rengimo tvarkos aprašo patvirtinimo [On implementation of the pilot project for promotion of employment among social assistance recipients], 12 December 2018, No A1-715 (URL: <https://www.e-tar.lt/portal/lt/legalAct/930a5c00fe1811e8a969c20aa4d38bd4/asr>); and LR Socialinės apsaugos ir darbo ministro įsakymas Dėl užimtumo skatinimo ir motyvavimo paslaugų nedirbantiems ir socialinę paramą gaunantiems asmenims modelio įgyvendinimo sąlygų ir tvarkos aprašo patvirtinimo [On procedures and conditions of the service model for promotion of employment among social assistance recipients], 13 May 2019, No A1-269 (URL: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/b4908dc2767e11e99ceae2890faa4193/asr>).

<sup>14</sup> Based on information requested from the MoSSL.

<sup>15</sup> LR Socialinių paslaugų įstatymas [Law on Social Services]. 19 January 2006, No X-493. URL: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.270342/asr>.



sets a requirement for social assistance recipients to participate in the employment programmes organised by municipalities.

The Directory of Social Services<sup>16</sup> covers two groups of services: general and special. According to the Directory, the services targeted at adults and children at social risk<sup>17</sup> include the provision of general services, such as: information, counselling, mediation and representation; food, essential clothing and footwear; transport; socio-cultural services; and personal hygiene and care. It can also include special social services such as: home help; services for development and recovery of social skills; provision of shelter and temporary accommodation; crisis management assistance; psychological help; and day care for children.

Targeting of social services is carried out by the social worker who performs the individual assessment of needs for social services in accordance with the Directory of Social Services. 53% of social assistance recipients received at least one type of social service in 2020 (mainly information or consultation services), while just 9% received at least three types of social service. The average monetary value of social services received by social assistance recipients was €144.90 per year in 2020 (MoSSL, 2021).

Individual needs assessments for social services are rarely carried out because they are not mandatory by law. There is no time limit for individual need assessments for social services enshrined in either the Law on Monetary Social Assistance for Low-Income Residents of the Republic of Lithuania or the Law on Social Services; municipalities set their own rules and procedures for social service provision. According to the study by the National Audit Office of Lithuania (2019), none of the 12 municipalities examined carried out individual needs assessments or constructed individualised plans for social assistance recipients.

Individual assessment plans and case management are carried out under a pilot project for a new model of employment promotion and motivation services for social assistance recipients in 29 selected municipalities.<sup>18</sup> During its implementation, case managers are appointed to each social assistance recipient who participates in the project; and case teams are created from the representatives of the municipal social assistance units, the Employment Service and other providers of social services. (For more information on the pilot project see Section 2.)

As regards access to general services, social assistance recipients can receive the following: free meals for pupils; support for school supplies; social stipends; and reduced fees for childcare. If a family is recognised as being at social risk, attendance at a pre-primary education institution is mandatory. Moreover, low-income residents are provided with additional child benefit, which could support access to some general services for children. Social assistance recipients do not need to pay compulsory health contributions, but are insured by the state to receive healthcare services. Access to general services for social assistance recipients may be further promoted by

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<sup>16</sup> LR Socialinės apsaugos ir darbo ministras įsakymas Dėl socialinių paslaugų katalogo patvirtinimo [Directory of Social Services]. 5 April 2006, No A1-93. URL: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.274453/asr>.

<sup>17</sup> People or families at social risk are those exposed to the factors that lead to social exclusion. People at social risk can be considered to be both socially excluded and socially vulnerable. Factors leading to social exclusion are: lack or absence of motivation in the labour market; alcohol, drug or psychotropic substance abuse; addiction to alcohol, narcotics, psychotropic substances, or gambling; begging, vagrancy, or homelessness; a lack of social skills by adult family members to properly care for and educate minor children; failure to ensure conditions for the full physical, mental, spiritual, moral development and safety of minors in the family; psychological, physical, or sexual abuse; exploitation for trafficking in human beings; or involvement in or propensity to commit criminal offences (Based on the following law: LR Socialinių paslaugų įstatymas [The Law on Social Services of the Republic of Lithuania] 19 January 2006, No X-493. URL: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.270342/asr>).

<sup>18</sup> See Section 2 for details.

providing them with general social services, such as information provision, counselling, mediation and representation services.

On an aggregate level the monitoring of provision of social assistance and services is performed using data from the electronic social support information system (*socialinės paramos šeimai informacinė sistema* – SPIS) (<http://vitrinos.spis.lt:8080/>). The SPIS operates under co-operation agreements between the MoSSL and all municipalities in the country. The system is used both for administration and monitoring of social assistance and social services. It is used to register and collect information on social support provided by municipalities and to present this information broken down by municipality, type of support and group of beneficiaries. However, the information on social services is often inaccurate or missing. This database is currently not used for co-ordinating services at individual level or for case management. But there is a project to modernise the SPIS. Under the project, SPIS functionalities will be enhanced, including additional integration with external databases, as well as the launch of electronic personal files that would enable the integrated provision of social assistance benefit and services by relevant providers to be co-ordinated. The project should be implemented by the end of 2023 (National Audit Office of Lithuania, 2021).

## **4 Governance mechanisms**

Monetary social assistance is governed by a national-level Law on Monetary Social Assistance for Low-Income Residents of the Republic of Lithuania. The provision of social assistance to poor residents is carried out by municipalities. The MoSSL co-ordinates, monitors and assists municipalities in the implementation of social assistance. The ministry oversees these general legal rules for the provision of social assistance.<sup>19</sup> This share was 55% in 2019 (MoSSL, 2020b).

The provision of social assistance needs to comply with the requirements established by the general law, but municipalities may have some discretion in defining the conditions for entitlement. They define procedures for granting and paying social assistance, and the conditions for granting social assistance in cases other than those provided for by the general law. The involvement of other stakeholders (communities, non-governmental organisations, etc.) in the procedures for granting social assistance, responsibilities and rights to the stakeholders is also foreseen at municipal level.

Social services are also provided to social assistance recipients at municipal (local) level. Social service units of the municipality as well as social service providers and NGOs can be involved in the provision of services. Employment services are provided by the local units of the Employment Service. There is no information on the number of workers directly involved in the provision of social and employment services to social assistance recipients.

Municipalities provide data on the provision of social assistance and services through the SPIS. These data are used for monitoring of social assistance. There are two dedicated platforms for monitoring social assistance, as follows:

- *SPIS vitrinos*<sup>20</sup> provides detailed statistical information on social assistance expenditure and recipients, updated on a monthly basis. Breakdowns are available by type of benefit, municipality, region, level of urbanisation, age group, gender, number of children in the household, and household type.
- A dedicated platform for monitoring social assistance effectiveness was launched in 2021 by the MoSSL.<sup>21</sup> Monitoring is implemented centrally by the

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<sup>19</sup> €6.9 million out of this €156.3 million was not used for monetary social assistance and not reallocated to any social security area, but was transferred to the 2021 municipal budgets.

<sup>20</sup> URL: <http://vitrinos.spis.lt:8080/>

<sup>21</sup> URL: <https://socmin.lrv.lt/lt/veiklos-sritys/socialine-statistika/socialines-paramos-veiksmingumo-stebesena-lietuvos-savivaldybese>



MoSSL using information from the SPIS, but also from the Employment Services, Statistics Lithuania and other sources. Monitoring is conducted using a composite index, which consists of three dimensions: social assistance, prevention, and poverty reduction. The monitoring platform is updated on an annual basis.

The monitoring of potentially fraudulent claims for monetary social assistance is carried out by municipalities. In the event of reasonable suspicion that data on income or assets are concealed or incorrect, specialists are required to notify the relevant authorities. Also, municipal employees have the right to periodically check the living conditions, assets, and employment status of social assistance recipients. There are no reports on the numbers of fraudulent cases identified and/or the amounts of benefit reclaimed in these cases.

There is no special legal framework that underpins the right to appeal against administrative decisions relating to social assistance. The decision of the municipality regarding the granting or non-granting of social assistance may be appealed against in accordance with the procedure established by the Law on Administrative Proceedings. The complaint has first to be examined by the Administrative Disputes Commission and then can be brought to an administrative court.

## **5 Impact of minimum income scheme**

The operation of the system of social assistance is reviewed annually, and on an ad hoc basis, by the MoSSL. The National Poverty Reduction Network provides annual reviews of the situation as regards poverty and social exclusion, which also cover social assistance. Furthermore, there are other institutions and researchers performing ad hoc monitoring.

The MoSSL (2021) has highlighted the fact that the effectiveness of social assistance provision is similar across municipalities. There were no substantial changes in the overall effectiveness of the system between 2017 and 2020. Among the positive tendencies were: an increase in the total income of social assistance recipients relative to the MCN, from 43% in 2017 to 69% in 2020; an increased percentage of social assistance recipients finding work; and also a 6% increase in the number of those waiting for social housing who received it, and an increased (while still low) percentage receiving partial rent compensation. Among the negative tendencies were: a reduction in the percentage of social assistance recipients (from 61% in 2017 to 53% in 2020) who received at least one social service type per year; and also a fall in the percentage of those social assistance recipients who took part in ALMP measures out of all those recipients registered at the Employment Services (from 28% to 11%) (*ibid.*). This indicates an insufficient provision of social and employment services to social assistance recipients. Municipalities used their discretion over provision of additional social assistance to a very different extent (i.e. from 1% to 50% of the total social assistance amount). The MoSSL highlights the fact that although the at-risk-of-poverty rate is high in Lithuania, social benefit is received by only 2-3% of the country's population.<sup>22</sup>

The National Network of Poverty Reduction (2021) has highlighted the problem of the inadequacy of social assistance, and the need to bring it closer to the MCN, which is also used as an absolute poverty threshold in Lithuania. The organisation also recommends promoting the employment of recipients through positive incentives, and points out that the conditions for receipt of social assistance are too strict. The organisation proposes the elimination of socially useful activities by social assistance recipients, which often includes manual work, and its replacement with personalised

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<sup>22</sup> The overview of the monitoring of social assistance effectiveness is published here: <https://socmin.lrv.lt/lt/naujienos/socialine-parama-salies-savivaldybese-turime-sektinu-pavyzdziu-atskirose-socialines-paramos-srityse>.

and comprehensive social services. The National Audit Office of Lithuania (2019) has also emphasised that social assistance is below the MCN level, and that the provision of social assistance and services is not sufficiently integrated and tailored to the needs of beneficiaries. Both single out a lack of social services that promote employment. Other problems emphasised include: the information on social assistance provided to people is too complicated; there is a failure to identify those on low income; and there are insufficient indicators and evaluation methods to draw conclusions about social assistance.

As already mentioned, social assistance benefit covers only around 2-3% of the total population, whereas the at-risk-of-poverty rate was at around 20% during the last decade in Lithuania. The share of those below the at-risk-of-poverty threshold who received social assistance benefit was 9.6% (an annual average of 57,741 recipients) in 2020. The low coverage of the social assistance benefit may be due to its strict conditions, low thresholds and stigma (Matulionyte and Navicke, 2018). An assessment carried out by the MoSSL (2020) showed the non-take-up of social assistance benefit was around 20% in 2016. This undermines the goals of poverty reduction and of the effective provision of minimum income support in Lithuania. Further research results on the non-take-up of social assistance, by Mykolas Romeris University, are due in 2022.

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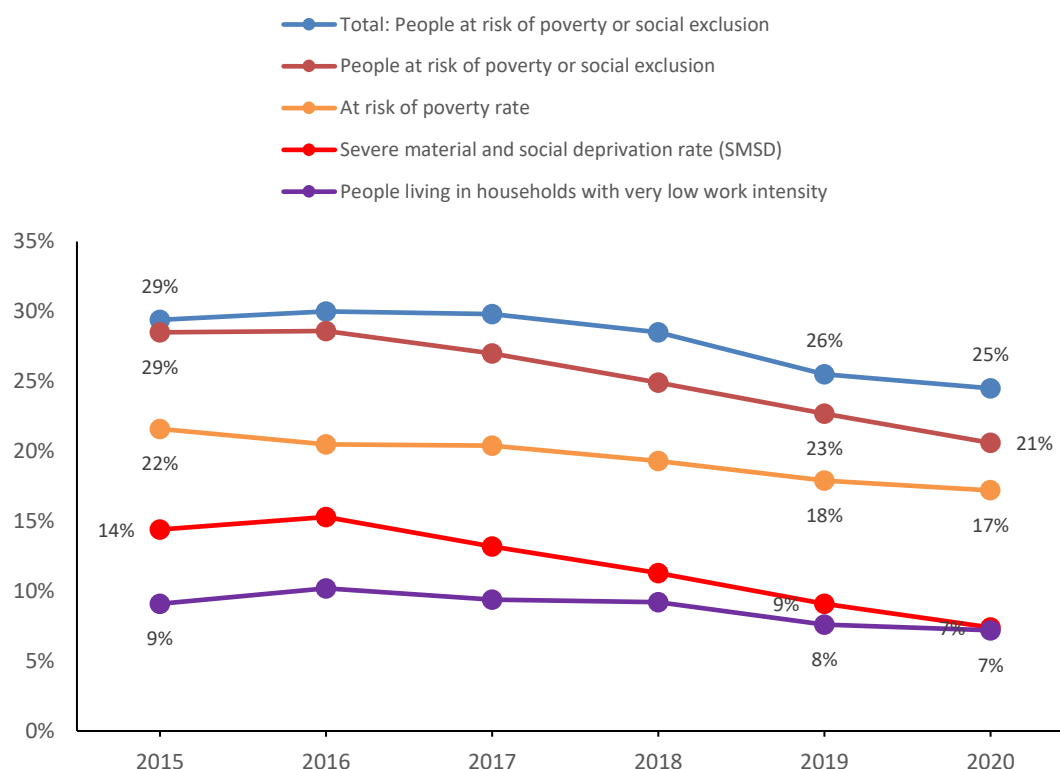
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## 7 Annex

Figure 1. AROPE indicator and components, Lithuania, 2015-2020 (%)

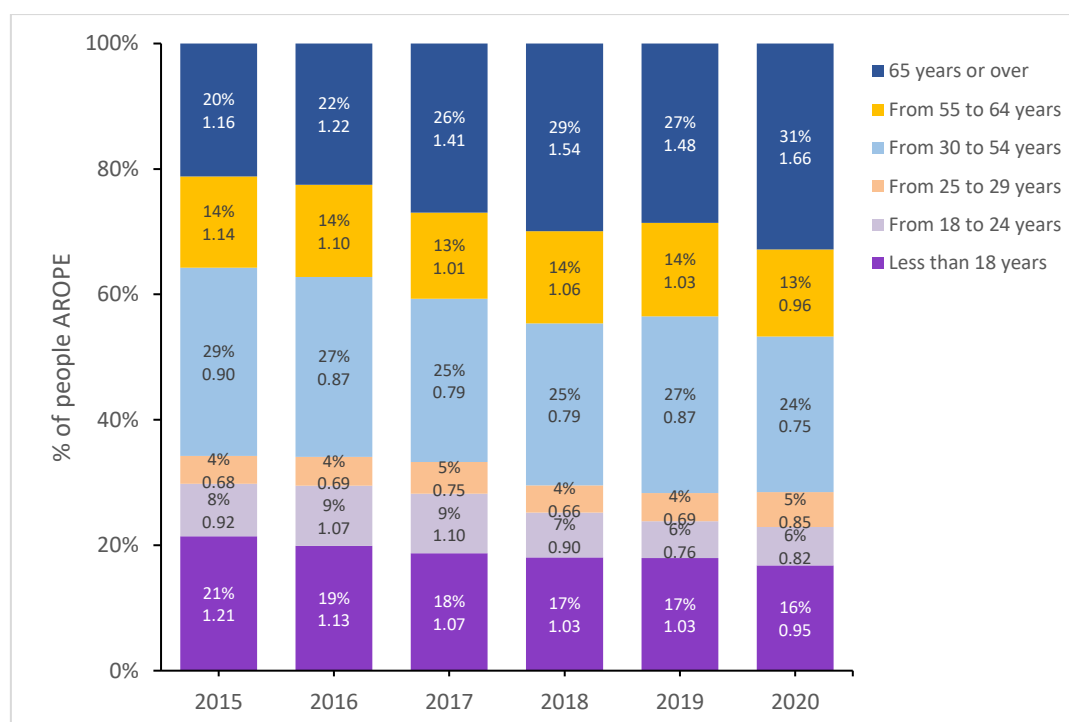


*Note: The line for "Total: People at risk of poverty or social exclusion" indicates the trend for overall population, while the other lines show the figures for individuals aged 0-64.*

*Source: Eurostat EU-SILC indicators [ilc\_peps01n], [ilc\_li02], [ilc\_mdspd11] and [ilc\_lvhl11n]. Data downloaded on 14/02/2022.*

- In 2020, the share of total population at risk of poverty or social exclusion (AROPE) in Lithuania stood at 24.5%, while that of those aged 0-64 was lower at 20.6%, reflecting the relatively high risk among those. The AROPE rate for both the total population and, more especially, those aged 0-64 declined over the period 2015-2020, the latter by 6 percentage points.
- Most of the people at risk of poverty or social exclusion, 17 % of those aged 0-64, had household disposable income of below 60% of the median in 2020 (I.e. they were at risk of poverty), the proportion declining between 2015 and 2020 but by less than the AROPE rate.
- Over a third (35%) of those aged 0-64 at risk of poverty or social exclusion in 2020 lived in households with very low work intensity, 7.2% of those aged 0-64, the latter proportion tending to decline over the preceding 5 years, though again by less than the AROPE rate.
- A marginally larger share (36%) of those at risk of poverty and social exclusion were affected by severe material and social deprivation in 2020, 7.4% of those aged 0-64, the latter proportion declining markedly over the 2015-2020 period (by 7 percentage points)

**Figure 2.** *Division of people aged 0-64 and at risk of poverty or social exclusion by age group, Lithuania, 2015-2020 (%)*

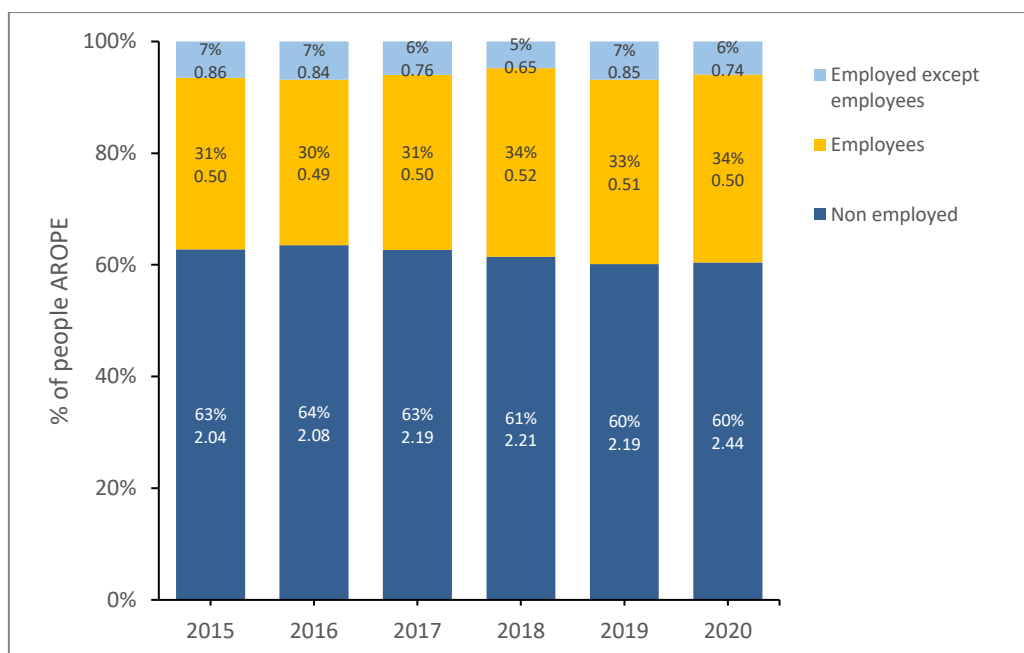


*Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps01n], own calculation. Data downloaded on 14/02/2022.*

- Slightly more men than women aged 0-64 were at risk of poverty or social exclusion in 2020 (51% of the total). Since the number of men in this age group was marginally less than women, it means that men were a little more at risk than women.
- As implied by Figure 1, older people aged 65 and over are considerably more likely to be at risk of poverty or social exclusion than those younger, the risk increasing significantly over the period 2015-2020 and reinforcing the growing number of people of this age. Consequently, those of 65 and over made up almost a third (31%) of the total at risk in 2020.
- Children under 18 were less likely than average to be at risk of poverty or social exclusion but slightly more likely than adults of working-age, making up 16% of the total aged 0-64 at risk, only just over half the share of those of 65 and over.
- Individuals aged 55-64 are more likely to be at risk than those aged 30-54. This seems to have been the case for much of the period 2015-2019.

**Figure 3.** *Division of people aged 18-64 at risk of poverty or social exclusion by most frequent economic activity status, Lithuania, 2015-2020 (%)*



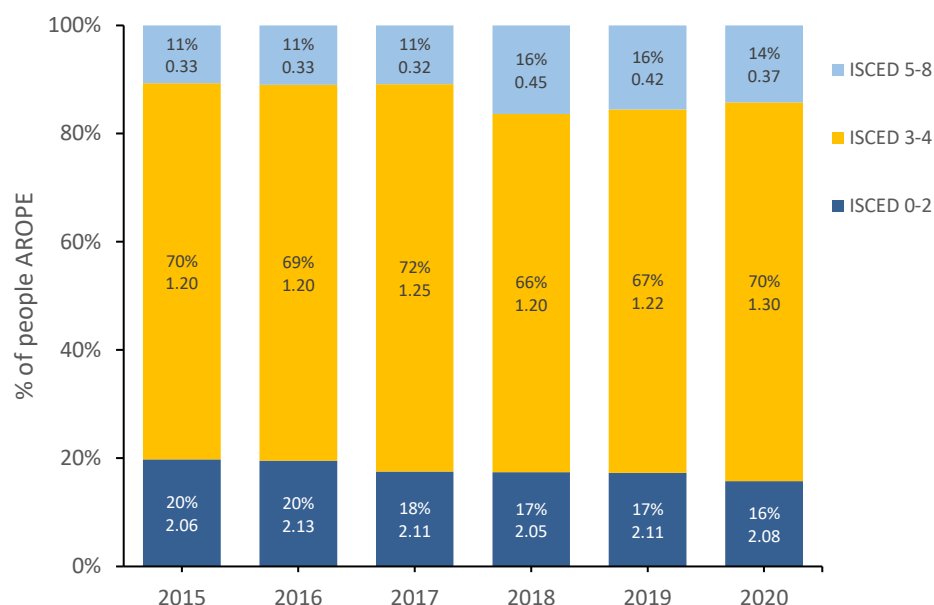
*Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps02n] and [ilc\_lvhl02], own calculation. Data downloaded on 14/02/2022.*

- People aged 18-64 not in work are considerably more likely to be at risk of poverty or social exclusion than those in employment, the likelihood tending to increase over the period 2015-2020 at the same time as the number out of work has tended to decline. The non-employed made up 60% of the total at risk in 2020.
- The self-employed, together with a few family workers, are more likely than employees to be at risk of poverty and social exclusion, though because of their relatively small numbers they accounted for only 6% of the total at risk in 2020.



**Figure 4.** *Division of people aged 18-64 at risk of poverty or social exclusion by education level, Lithuania, 2015-2020 (%)*

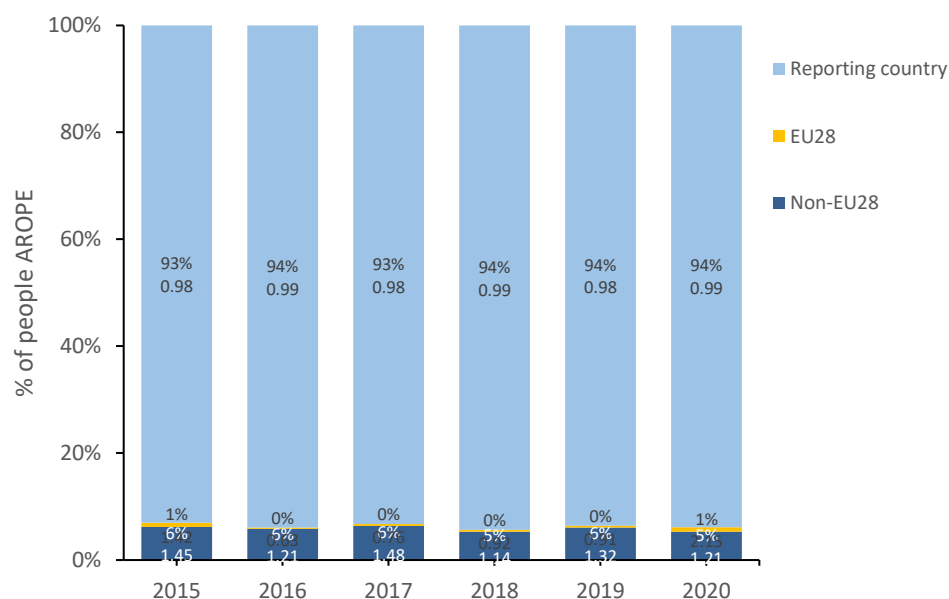


*Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps04n] and [ilc\_lvps04], own calculation. Data downloaded on 14/02/2022.*

- People aged 18-64 with only basic schooling (ISCED 0-2) are far more likely to be at risk of poverty or social exclusion than those with lower education levels., though their relatively small numbers mean that they made up only 16% of the total at risk in 2020. This share declined over the period 2015-2020 as the number with low education fell.
- People with tertiary education (ISCED 5-8) have a considerably lower likelihood of being at risk than those Individuals with upper secondary education level (ISCED 3 and 4) and they accounted for only 14% of the total at risk in 2020, though this was only slightly smaller than for those with low education.

**Figure 5.** *Division of people aged 18-64 at risk of poverty or social exclusion by country of birth, Lithuania, 2015-2020 (%)*

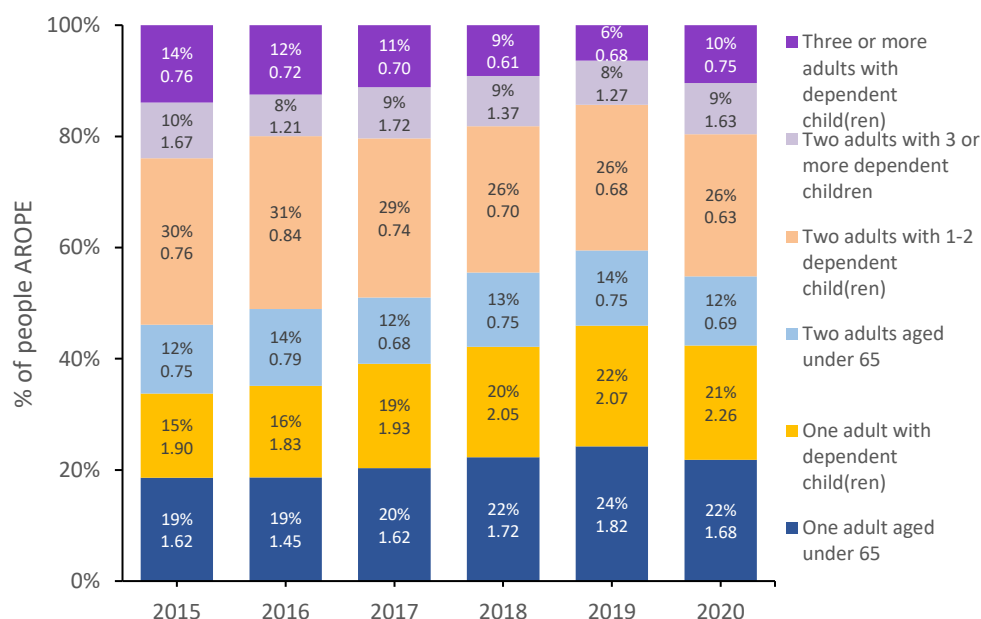


*Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Source: Eurostat EU-SILC indicators [ilc\_peps06n] (Data downloaded on 14/02/2022) and EU-SILC microdata, own calculation.*

- People aged 18-64 born outside the EU have much higher likelihood of being at risk of poverty or social exclusion than those born in Lithuania, but they made up only 5% of the total at risk in 2020, the same as over the preceding 5 years.

**Figure 6. Division of people at risk of poverty or social exclusion by household type, Lithuania, 2015-2020 (%)**



*Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.*

*Note that the chart does not include all household types. In particular, it excludes those aged under 65 living in a household with three or more adults without children, who are difficult to distinguish in the published data.*

*Source: Eurostat EU-SILC indicators [ilc\_peps03n] and [ilc\_lvps02], own calculation. Data downloaded on 14/02/2022.*

- People under 65 living alone have a much higher likelihood of being at risk of poverty or social exclusion than others. This is even more the case for those living alone with children, who made up 21% of the total at risk in 2020, a share which tended to increase over the preceding 5 years. Together, these two groups accounted for 43% of the total at risk in 2020.
- Couples with 1-2 children are not at higher risk than couples aged under 65 without children and both have the lowest likelihood of being so of all the household types, though they still accounted for just over a quarter of the total at risk in 2020.
- Couples with 3 or more children have a significantly higher likelihood of being at risk than other couples, though they only accounted for 9% of the total at risk in 2020.

*Table 1. At risk of poverty rate before and after social transfers, excluding old age benefits, for those aged 0-64, Lithuania, 2015-2020*

	<b>Before social transfers, excl. old-age benefits (%)</b>	<b>After social transfers (%)</b>	<b>Effect of social transfers on arpop rate (%-point change)</b>
2015	28.6	21.6	-7.0
2016	27.4	20.5	-6.9
2017	28.5	20.4	-8.1
2018	27.3	19.3	-8.0
2019	29.2	17.9	-11.3
2020	27.5	17.2	-10.3

*Source: Eurostat EU-SILC indicators [ilc\_li02] and [ilc\_li10]. Data downloaded on 14/02/2022.*

- Social transfers had the effect of reducing the at-risk-of-poverty (arpop) rate by over 10 percentage points in 2020, cutting the number at risk by less 37%, significantly more than in the preceding 5 years, especially in the years 2015-2017, when the proportion was less than a quarter.

*Table 2. Table 2: At risk of poverty rate and persistent at risk of poverty rate for those aged 18-64, Lithuania, 2015-2020*

	<b>At risk of poverty rate (%)</b>	<b>Persistent at risk of poverty rate (%)</b>	<b>Persistent rate as % of annual rate</b>
2015	19.5	12.2	62.6
2016	19.1	11.7	61.3
2017	18.8	13.1	69.7
2018	18.0	11.9	66.1
2019	16.5	15.7	95.2
2020	16.3	11.8	72.4

*Source: Eurostat EU-SILC indicators [ilc\_li02] and [ilc\_li21]. Data downloaded on 14/02/2022.*

The large majority (72%) of people of working age (18-64) at risk of poverty in 2020 were at persistent risk, i.e. they were consistently at risk for a number of years rather than being at risk for only one year, or temporarily. This is less than in 2019, when almost everyone at risk was at persistent risk, but more than in the 4 years before then.

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