THE MINISTRY OF SOCIAL SECURITY AND LABOUR

THE SOCIAL REPORT
2005–2006
Dear Readers,

The last two years for our country have been the years of further economic development and social progress.

Life quality of Lithuanian people improved alongside with the increase of income and social benefits streamlined to the needs of individuals; the system of social services was further improved and developed; unemployment decreased.

One of underlying objectives of social security and labour policy is to ensure that all Lithuanian citizens could benefit from national economic development: those who are willing and capable to work could find a qualitative and well paid job in their home country; those who are incapable to work – could get sufficient income for full-fledged life; individuals, who are exposed to social risk could be properly protected from the arising threats and could be provided with possibilities for social integration. The most important actions taken by the Ministry of Social Security and Labour in pursuing this objective in 2005–2006 are presented in this Report.

Much attention in implementing employment policy was given to the regulation of labour relations and labour conditions pursuing for safe and qualitative jobs with good salaries, following the principles of equal opportunities and based on civilized relations between employers and employees. The situation of job-seekers has been also improved – much higher unemployment insurance benefits were introduced, vocational training and guidance system amended through the implementation of the life-long learning principle.

According to the data of the Department of Statistics, the number of employed in the country increased by approximately 3% in 2005, and unemployment (according to the data of the Population Employment Survey) decreased from 11.4% to 8.3%. In the second quarter of 2006 the level of unemployment reached 5.6%. Such positive changes were much more rapid than in previous years. Actual wages of employees increased by 6.8% in 2005 and the minimal monthly salary equalled to 550 litas, and from July 2006 it has been increased to 600 litas.

Due to increasing wages and positive changes in the labour market, more possibilities arise for increasing pensions and other social security benefits. By the end of 2005 the average old-age pension was approximately by 14% higher than at the end of 2004, and the growth rate of pensions surpassed the growth rate of wages. Other types of pensions were also increased accordingly.

The target compensations for attendance expenses for the disabled, who are recognised in need of a special permanent attendance, were introduced in 2005; the issue of the disabled and elderly people, who did not acquire the entitlement to social insurance as a result of various reasons, has been also addressed – they are now granted unconditional entitlement to a relief benefit.
In 2005 other social security benefits were also increased. Pursuing to overcome social exclusion of families and eliminate poverty risk, for the first time since 1998 the amount of the state supported income has been increased from 135 litas to 155 litas as from 1 October 2005. The state supported income was gradually increased in the year of 2006 as well, and in October 2006 it reached 185 litas.

An important event took place in 2005 – the new Law on Social Integration of the Disabled has been enforced as of 1 July. Following the provisions of this Law, assessment of the level of working capacity of an individual shall not be restricted just to medical criteria and will be assessed in complex, taking into account the entire health status of a person, including occupational and functional factors and circumstances having impact on the working capacity of an individual. Accordingly, the assessment of working capacity instead of determining the disability group will open more possibilities for impartial assessment of individual capacities for work and the necessary medical and occupational rehabilitation services and benefits. The new Law also provides for the entitlement of persons with disabilities to occupational rehabilitation services, and establishes preconditions for the development of occupational rehabilitation system targeted to ensure quality services to help individuals, who as a result of sickness or trauma lost their jobs, to return to the labour market. The data of 2006 indicate that the reform of the system of social integration of the disabled is progressing smoothly.

No less significant outcome of the activities in 2005–2006 was the drafted and adopted new Law on Social Services. Restructuring of the system of social services is aimed at consistently bringing the services closer to people pursuing to achieve that services necessary to individuals in need of social care could be provided at home or in the community, thus keeping individuals in their usual social environment for as long as possible.

The period of 2005–2006 was particularly important with regard of children rights protection, where preventive work is especially significant, leading to identification of social risk families and providing assistance in time, in particular to children in such families by protecting them from violence. The new edition of the Law on Social Services opened new possibilities for funding and administration of such activities.

Only some of the activities carried out by the Ministry of Social Security and Labour during the period of 2005–2006 are mentioned here. More detailed and specific information is provided in the Report itself, and I am inviting you to read it, analyze, give your opinion and comments.

I would like to express appreciation to the working group of the Report drafters and everybody who assisted in preparation of this Report.

Minister of Social Security and Labour

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INTRODUCTION

The year 2005 was the year of rapid economic and social development. The Lithuanian economy kept growing and consolidating, the authority of the country as a full-fledged European Union Member State increased, and the living standard went up. An inseparable part of this process was the development of the sphere of social security and labour. And this is the focus of the Social Report this year.

The key issues of the Report are labour, social security and social integration, European dimension of social security and labour policy. Focussing on them, the Report seeks to reveal the main novelties, achievements and problems that showed up in 2005.

Chapter one of the Report traditionally introduces the mission and the strategic objectives of the Ministry of Social Security and Labour. It also discusses public relations that are extremely relevant for framing complete policy of social security and labour. Without going deeper into human problems it is impossible to correctly determine policy aims, like without support and approval of people it is impossible to achieve these aims.

Chapter two of the Report discusses the main guidelines of the labour policy and its implementing activities – promotion of qualitative employment and respective regulation of labour relations. Positive trends were evident in the year 2005 as well – the employment level kept growing, whereas unemployment was reduced. Protection of persons who lost their jobs was improved – the new law set forth larger unemployment insurance benefits. Employment support measures were improved, a lot of consideration was given to improve vocational training and guidance, and implement the strategic provisions relating to lifelong learning. The funds from the European Social Fund and the European Regional Development Fund were utilised in the field.

In 2005, considerable notice was taken of implementation of the principle of equal opportunities. A very important aspect of this activity is promotion of reconciling family and professional life and support for the re-integration of men and women who have left the labour market. The European Community Initiative EQUAL aimed at combating inequality and discrimination in relation to the labour market was used to carry out the aforementioned actions.

Regulation of labour relations and control of the requirements established by the legislation are being constantly and consistently improved. In 2005, great focus was shifted on the development of collective labour relations, promotion of social partnership and fostering of social dialogue within the entire country and individual enterprises. There was a considerable increase in wages and decrease in the share of employees receiving minimum wages. Control of enforcement of labour laws, detection and prevention of illegal employment and control of occupational safety have been consolidated.

Chapter three of the Report presents the social insurance and pension policy. The year 2005 saw further increase in social insurance income, hence the benefits. The State Social Insurance Fund received income amounting to almost LTL 6.4 billion, or almost 15 percent more than during the previous year, and it was surplus. It is notable that this occurred not only due to increase in wages of the insurers and the growth of their number, but also due to increasing awareness of the insured and effective administration of contributions. Increasing income enabled to increase pensions and other social insurance benefits to a larger extent than previously planned.

After the new Law on Social Integration of the Disabled became effective in 2005, radical changes concerning social insurance pensions for the lost capacity for work (former disability) were implemented. Lost capacity for work, but not physical disability, is considered the basis for granting the pension. When reorganising the system of disability pensions into the system of work incapacity pensions, the requirements of minimum period of state social pension insurance for granting a work incapacity pension were also changed.
Reorganisation related with new assessment of disability affected social assistance benefits as well. The major amendment to the Law on State Social Assistance Benefits is a reform of target compensations for nursing expenses and nursing allowances providing that target compensations for nursing or attendance (assistance) expenses shall be granted and paid to the disabled instead of these allowances. This reform will result in noticeable increase in state support for the disabled, for whom a special need for permanent nursing or permanent attendance (assistance) was established and who were recognised as disabled persons after the day they reach the age of 24.

One more relevant amendment to the Law on State Social Assistance Benefits is that when granting social assistance pensions, pension guarantees shall be granted to those persons who lost 60 percent or more of the capacity for work or reached the pensionable age and who are not entitled to receive any other type of pension.

In 2005, the system of accumulation of pensions was further successfully developed. By the end of the year, 17 second level pension funds were functioning, the number of accumulation participants reached almost 700 000, or more than a half of the insured entitled to take part in the second level pension funds.

A significant novelty of year 2005 is the approved procedure for utilisation of funds for prevention of accidents and occupational diseases, which should precondition the reduction of occupational accidents and diseases.

Chapter four of the Report discusses novelties regarding social integration. A big part of the chapter focuses on the problems of child care, which are still relevant in Lithuania. In 2005, families at social risk were further identified so that preventive assistance is rendered in a more effective way, children raised in those families are better supervised and helped, and children who suffered from violence are helped and support in every possible way. The new version of the Law on Social Services pays particular attention to the necessity to intensify social work with families at social risk raising children.

The Report discusses the gradually changing public opinion towards adoption. It is positively influenced both by the active position of the State Child Rights Protection and Adoption Service and by the adopted amendments to the laws that provide additional financial and social support for future adoptive parents and the adopted child.

With a view to strengthening purposefulness and significance of youth policy, the Law on Youth Policy Framework was amended in 2005.

The year 2005 saw further gradual re-orientation of social services from stationary social care institutions to services provided at home or in houses of temporary accommodation. As a result, within the recent two years, the number of recipients of social services in stationary institutions was decreasing, whereas the number of those who receives services in day care institutions was going up. In 2005, the greatest notice was taken of drafting legal acts regulating organisation and provision of social services and social work.

In 2005, social integration of the disabled was further developed. The aim of the new Law on Social Integration of the Disabled that became effective as of 1 July 2005 is to better guarantee equal rights and opportunities of the disabled in the society, establish the principles of social integration of the disabled, define the system of social integration and its preconditions and conditions, establishments implementing social integration of the disabled, assessment of the disability level and working capacity level, provision of vocational rehabilitation services, principles of establishing and meeting special needs. With the view of implementing this Law, the Disability and Working Capacity Assessment Authority and the Commission of Disputes at the Ministry of Social Security and Labour replaced the reorganised State Medical and Social Expert Examination Board. Municipalities have been assigned to assess the level of special needs of the disabled.

A significant direction of social integration is work with social risk groups. Preventive measures against drugs and human trafficking are very relevant. Great emphasis is also placed on so
cial adaptation of convicts and ex-prisoners, and provision of state support to foreigners who were granted asylum in Lithuania. Special target programmes were implemented under these directions in 2005.

Social security measures cannot be purposively implemented today without a good information system. The system of social insurance has had a reliable database already since 1994; however, social support, which is provided by municipalities and which is decentralised, as compared to social insurance, has not had such a database so far. In carrying out the planning and organisation of social support on the national level, constant surveillance of providing and organising social support in municipalities, collection and analysis of data, and control of the used resources are essential. With a view to developing such an information system, a project financed by the funds of Lithuania and the World Bank was implemented. As of 1 July 2005, municipalities started registering social support (benefits in cash, social services, child rights protection) actions in the new social support information system (SPIS).

Chapter five of the Report focuses on international actions of the country in the field of social security and labour.

One of the key principles of the European Union is free movement of workers. After Lithuania’s accession to the EU, more and more countries open their labour markets to our workers. In 2005, the issues of movement of workers were discussed not for once on the EU level, where Lithuania sought that our workers were granted the same rights as the citizens of other EU countries, and that they could freely move and be employed in all EU countries. However, for Lithuania, free movement of workers means not only development of opportunities for our people to find a suitable and well paid job but also certain threats for the country to lose labour force. It is, therefore, important to effectively manage the flows of economic migration with the help of the domestic policy instruments. For this purpose, a uniform national economic migration strategy and its implementing measures in the fields of business environment, labour market, education, health care and other fields shall be drafted.

After becoming member of the EU, Lithuania was granted the right to express its position in the 2005 intensive discussions on the European Social Model challenged by globalisation and ageing of the population, on success and review of the implementation of the Lisbon Strategy, on review of the Sustainable Development Strategy. As an EU member, Lithuania took part in the meetings of the EC Council where significant decisions were made concerning the future of employment and social policy in the EU.

In 2005, bilateral cooperation with EU countries and with Ukraine, Kazakhstan, Kyrgyzstan, and Tajikistan was continued. The latter countries showed intense interest in the practice of the Lithuanian employment and social policy.

As previously, Lithuania participated in the activities of international organisations acting in social field. Since 2005, Lithuania has been member of the Economic and Social Council (ECOSOC) of the United Nations. It also took part in the activities of the International Labour Organization, Council of Europe and other organisations. A significant event of the year 2005 was signing of the European Code of Social Security. The 1964 European Code of Social Security, Protocol thereto, and the 1990 European Code of Social Security (revised) are the key documents establishing social security standards in the Council of Europe. Signing thereof means seeking for guarantee of European social security standards in the country.
1.1. MISSION AND STRATEGIC GOALS OF THE MINISTRY

The Ministry of Social Security and Labour acts in accordance with the Strategic Action Plan. The Strategic Action Plan is a document where the mission, goals and programmes of the institution are defined taking into consideration the analysis of the current situation. It is described in the Strategic Action Plan how the institution implements the strategic goals (priorities) of the Government by implementing the programmes with the available budget appropriations.

The mission of the Ministry of Social Security and Labour is to implement effective social security and labour policy seeking to create opportunities for qualitative employment and to ensure social safety within the society and social cohesion.

In accordance with the Strategic Action Plan, the Ministry fulfils its mission in 2006 seeking to attain the following strategic goals:

1. To attract more people into the labour market, to ensure fair labour relations and appropriate working conditions, as well as invest into human resources more efficiently.
2. To seek effective social security and to ensure social integration of socially vulnerable groups of the population.

Appropriations allocated for the Ministry for 2006 were approved by the Law, whereas the appropriations for the programmes implemented by the Ministry were approved by the Resolution of the Government of the Republic of Lithuania. In 2006, it is planned to allocate LTL 159,874,000 for the implementation of the first strategic goal, and LTL 780,964,000 – for the implementation of the second strategic goal (see Annex 6.2).

In 2006, the Ministry is implementing its strategic goals by carrying out 17 programmes. Seeking to attain the strategic goal “To attract more people into the labour market, to ensure fair labour relations and appropriate working conditions as well as to invest into human resources more efficiently”, the Ministry is implementing the seven programmes described below (the expenditure on programmes is provided in Annex 6.2).

1.2. Employment promotion programme

The programme funds are allocated for the implementation of local employment initiatives projects; for the support of social enterprises; for the vocational training of the unemployed using active labour market policy measures; for the participation of the Lithuanian Labour Exchange in the activities of the European employment service network; for the maintenance of the European Social Fund Agency; for the provision of psychological consulting and vocational guidance, training, social rehabilitation and integration of the convicts and persons released from the imprisonment institutions; for the training and improvement of professional skills of representatives of trade unions.

1.3. Scientific research programme regarding the standard of living, the employment of the population, the social insurance and social assistance in Lithuania

The programme funds are distributed for financing of competitive scientific researches in certain fields of social security and labour.

1.4. Programme for the prevention of occupational diseases and accidents and improvement of safety at work

Key elements of the Strategic Plan of the Ministry for 2005 were introduced in the Social Report for 2004. The Strategic Plan of the Ministry for 2006 was drafted in accordance with Resolution No. 159 of the Government of the Republic of Lithuania of 11 February 2005 On Approval of Project Drafting Plan for Financial Indicators of the State and Municipal Budgets of the Republic of Lithuania for 2006 (Official Gazette, No. 23-724, 2005).


The provided numbering corresponds to the numbering in Resolution No. 107 of the Government of the Republic of Lithuania of 31 January 2006 on Allocation Appropriations from the Budget of the Republic of Lithuania according to Approved Programmes (Official Gazette, No. 14-490, 2006).
The programme funds are targeted at the implementation of measures specified in the plan for the prevention of occupational diseases and accidents for 2005-2006: scientific researches and commissioned works, etc. These funds are also allocated for the establishment of the conformity assessment infrastructure – new testing laboratories and certification bodies, for the expansion of the scope of accreditation of the currently operating laboratories and certification bodies by updating the technical base of the testing equipment.

1.5. Programme for the use of the Guarantee Fund

It is planned to use the funds allocated for this programme to pay wages guarantees under the laws and any other benefits related to labour relations for the employees of enterprises under bankruptcy or bankrupt enterprises who have terminated labour relations with these enterprises and also for the employees who continue their labour relations with an enterprise under bankruptcy despite the fact that the enterprise is owing them money.

60.2. Special Programme of the European Regional Development Fund (for the implementation of the SPD)

The funds allocated for this programme are used for the implementation of the part of the measure Development of the Labour Market, Education, Vocational Training, and Social Services Infrastructure specified in the Lithuanian Single Programming Document for 2004-2006 and falling within the competence of the Ministry: the development of the labour market and social services infrastructure.

60.3. Special Programme of the European Social Fund (for the implementation of the SPD)

The funds allocated for this programme are used for the implementation of measures specified in the Lithuanian Single Programming Document for 2004-2006: the Development of Employment Capacities, the Development of Competencies of the Workforce and their Capacities to Adapt to Changes and the Prevention of Social Exclusion and Social Integration.

60.7. Special Programme of the European Social Fund (for the implementation of the Community initiative EQUAL)

The programme funds are allocated for the implementation of the European Community initiative EQUAL: to support such target groups, which suffer specific discrimination on the labour market, in order to promote their employment, to develop reconciling family and professional life responsibilities, to support employment opportunities of asylum seekers.

In order to reach the strategic goal “To seek efficient social security and to ensure social integration of socially vulnerable groups of the population”, the Ministry is implementing the nine programmes described below (the expenditure on programmes is provided in Annex 6-2):

2.1. Social integration of the disabled

The programme funds are used for supplying the disabled with the technical aids: wheelchairs, crutches, walkers, mattresses, sticks, etc.; for providing professional rehabilitation services; for the implementation of the measures under the National Programme of Social Integration of People with Disabilities for 2003-2012.

2.2. Programme for the development of social services in the institutions subordinate to the Ministry of Social Security and Labour

The programme funds are distributed among the following institutions acting under the Ministry: the Refugees Reception Centre, the Disability and Working Capacity Assessment Authority, the State Centre of Compensatory Technique for the Disabled, the Department of Supervision of Social Institutions, the Lithuanian Secretariat of the Tripartite Board, the State Child Rights Protection and Adoption Service, the Dispute Commission, the Department for the Affairs of the Disabled, and the Council of Youth Affairs (the Department of Youth Affairs).

2.3. The funds from the programme for the support to the socially vulnerable groups of the population and other activities of the Ministry are intended for the following purposes:

• for housing allowance for exiles, covering of expenses related to moving to another place, Lithuanian language courses, re-training and re-qualification courses, recruitment programmes;
• for integrating foreigners who have received asylum into the society: providing with temporary accommodation, organising employment, education, ensuring social and health protection, informing the public about foreigners who have been granted asylum;
• for payment of bills for calls received from residents calling the psychological help services, and for partial reimbursement of administration costs incurred by the psychological help services;
• for implementing projects prepared by various organisations to address social assistance to the victims of forced prostitution and their re-integration into the society; for upgrading the qualifications of the employees working with victims of trafficking in people and prostitution;
• for creating equal opportunities for men and women to participate in all spheres of public life by implementing the measures specified in the State programme for equal opportunities for women and men;
• for carrying out the training aimed at the improvement of professional skills of people engaged in social work, and the attestation of social workers;
• for shaping and implementing social security and labour policy;
• for informing the society about the social security and labour policy;
• for maintaining and updating of hardware and software in the Ministry; for maintaining of the information system for the strategic partnership;
• for harmonising national legal acts with the EU law and developing administrative capacities;
• for participating in seminars, conferences and activities of international organisations;
• for promoting the activities of non-governmental organisations representing elderly persons.

2.4. Programme for the development of social services infrastructure

The programme funds are used for partial financing of projects submitted by municipalities and non-governmental organisations. The projects are aimed at the development of network of institutions providing social services to various groups of the population.

2.6. Programme for the implementation of the child’s right to protection, maintenance and participation in the public life

The programme funds are allocated for:
• supporting projects submitted by Children’s day care centres and focusing on solving social problems of children living in social risk families;
• supporting projects providing services to abused children; different preventive measures: building public awareness, preparing campaigns against violence against children, etc.;
• improvement of professional skills of the employees of child’s rights protection services;
• development and application of child care organisation requirements; improvement of professional skills of the employees of child care institutions; organisation of education of persons deprived of parental care; provision of complex services to persons deprived of parental care, etc.;
• drafting and implementation of programmes regarding social work with families belonging to risk groups;
• assessment of the availability of social, education and health services to children, the reasons and conditions for children crime; informing the society about the implementation of strategic measures of the State policy of the Welfare for a Child.

2.7. The funds for the programme regarding social assistance for students studying in general education schools are intended to:
• provide free meals at the general education schools for students growing in low-income families;
• provide the essential resources for learning for students growing in low-income families.

2.8. The funds for the programme of state pensions, social assistance pensions and other social assistance benefits are used for paying the presidential pension, special pensions, first and second degree state pensions, state pensions for victims, and pensions for scientists. The funds allocated for this programme are also used for insuring the following for a basic pension: mothers (fathers) raising children until they reach the age of 3, the clergy, nurses taking care of persons with
total disability; for paying lump sum benefits to the participants of armed resistance and to the families of those who died during the resistance against the occupation of 1940-1990; for paying social assistance benefits; for reimbursing transport costs for persons with mobility impairment (25% of the minimum standard of living) and compensation of expenses incurred when obtaining special motor vehicles and technically adjusting them to the needs of the disabled; paying compensations for damages for victims who have suffered from an accident at work or have contracted an occupational disease if this obligation should pass to the State; professional rehabilitation benefits; compensations paid to persons injured while serving in the Soviet Army and for families of those who died while serving in this army; also, funds are allocated for the administration of social assistance benefits; and special payment is paid to meet permanent nursing or permanent assistance needs.

2.9. The funds allocated for the programme of the implementation of the youth policy are used for measures promoting the participation of the youth, building their awareness and entrepreneurship, the development of socialisation opportunities; for the support of programmes and projects of the youth and organisations working with the youth; for building the potential of youth organisations; for the representation of the youth policy in international work teams, institutions and organisations; for the administration of programmes such as Youth, Eurodesk, etc.

60.9. The funds allocated for the special European Refugee Fund programme are used for the establishment or improvement of the infrastructure of the receiving of refugees or displaced persons, for the provision of social services, for the promotion of the employment of such persons and for the organisation of their voluntary return, etc.

1.2. PUBLIC RELATIONS AND COUNSELLING OF INDIVIDUALS ON SOCIAL SECURITY MATTERS

1.2.1. Public relations activities of the Ministry

One of the key emphasis of public relations activities of the Ministry of Social Security and Labour in 2005 was the preparation and implementation of the public information campaign related to the establishment of the Institute of Equal Opportunities in Lithuania. This public information campaign aimed at Lithuania being selected as the best suited country to be the seat of the Institute. The establishment of the Institute in Lithuania would not only be especially beneficial to our country but would also correspond to the principle of geographical distribution of EU agencies, encourage the new member states to pay more attention to the assurance of the gender equality, and would significantly help the improvement of Lithuania’s image. The concept of the public information campaign has been developed. The main slogan of the campaign is “Lithuania proposes to establish the seat of the Institute of Equal Opportunities in Vilnius”. The reasoning why Lithuania, the country with good economic prospects and unique culture, was best suited to be the seat of the Institute has been prepared. Information packages, consisting of modern leaflets, publications on the specific character of Lithuania, such as Lithuania – a new and exciting experience, and DVD Lithuania – Journey to the Centre of Europe, were distributed to EU authorities, embassies, members of the European Parliament, etc.

Another important aspect of the activities of public relations in 2005 was the continuation of campaign “Smile to the Youth” in co-operation with Vilnius Academy of Fine Arts. The campaign strives to invite different generations to meet in photography. It seeks to promote solidarity between generations, to foster respect and attention to elderly people, and to attract the attention of the society to elderly people. Information posters of the campaign encouraged youth to photograph elderly people, and information in the national and regional press invited to make artistic photographs. The
authors of the best photographs were awarded during the opening of the exhibition of the most artistic photographs in the Academy of Fine Arts.

Campaign “May – a Month without Violence Against Children” received especially much attention. This campaign seeks to make the society feel more responsible for each and every child and be intolerant towards those people who are committing acts of violence, to educate the society and to speak about violence suffered by children, the outcomes of violence, and to promote initiative and independence of children. Over 30,000 children and their parents received leaflets “How to Become Better Parents”, stickers, and windmills intended for campaign “May – a Month without Violence Against Children”. The opening (children’s rally, the concert given by Neringa and the Tele-bim-bam group) as well as the closing ceremony (the performance given by “Raganuikės” Theatre company on the issue of fight with the violence against children, various competitions and gifts given to children) of the campaign was a huge success. A campaign commercial fighting with violence against children was made based on the ideas of children; the commercial was aired on the four principal TV stations for the whole month of May. Also, a public opinion poll was taken regarding violence against children. The events that took place during the campaign attracted the attention of both the parents and the children, as well as that of the representatives of the mass media and non-governmental organisations.

2005 saw the highest number of guests visiting the website of the Ministry. The average of 1,300 guests visited the website every day. Having improved the website of the Ministry and having presented information in the website in an attractive, clear, structural and easy to understand way, the society received timely information on the most relevant developments in the social and labour policy carried out by the Ministry, events and conferences organised by the Ministry, new draft legislation, etc.

At the initiative of the Ministry, the business sector was enlisted in providing new opportunities to the disabled. In 2005, Lietuvos telekomas Ltd. agreed to provide Internet access services on preferential terms to the disabled. In 2005, the disabled received as high as 50% discount on the Internet plan and 30 additional free hours of Atviras takas plan. Organisations engaged in the education and employment of the disabled were provided with the opportunity to install DSL takas 80 free of charge and to use Internet access services with the 50% discount. Members of various organisations of the disabled could attend free training related to computer literacy.

The Ministry received a satisfactory evaluation of the European Commission regarding its activities related to the provision of information about the Structural Funds. On 20-22 October 2005 the European Commission officials in charge of the promotion of the activities of the European Social Fund reported that Lithuania was one of the leading Member States implementing a purposeful and efficient policy of informing the public about the use of the European Social Fund. The Ministry of Social Security and Labour is in charge of the following activities financed by the European Social Fund: Measure #1 Development of Employment Capacities, Measure #2.2 Development of Competencies of the Workforce and their Capacities to Adapt to Changes, and Measure #2.3 Prevention of Social Exclusion and Social Integration.

In 2005, press releases presented the following important issues of social security and labour to the public: social enterprises; novations in the field of integration of the disabled; increase of pensions; development of social services infrastructure; EU Structural Funds and EQUAL programme; work in EU; increase of family benefits; increase of the budget of the State Social Insurance Fund; positive developments in the field of employment and equal opportunities; occupational safety; increase of salaries; unemployment social insurance; support of the unemployed; professional rehabilitation; increase of the State supported income; prevention of violence against children; the National Lisbon Strategy, the part on Employment; fight against poverty and social exclusion.

In 2005, the Public Relations Service organised daily monitoring of publications appearing in the mass media and their analysis seeking to record the way its activities were reflected in the mass media.
During 2005, when developing informational and educational activities, the Ministry drafted and published 15 types of informational, promotional, and educational leaflets, brochures and other publications.

### 1.2.2. Counselling of individuals on social security matters

Over the year of 2005, the Reception Office of the Ministry received 1,214 letters from residents of Lithuania containing statements, proposals and complaints, and provided nearly 1,100 in person consultations to visitors of the Reception Office. As the telephone number of the Reception Office is accessible via information #118, the number of inquiries submitted by phone is also significant. Responses are given to inquiries received by e-mail the number of which is growing. Inquiries by e-mail are mostly submitted by younger applicants, and they usually relate to children allowances, maternity (paternity) benefits. The Reception Office regularly organises the reception of residents by the high-level officials of the Ministry.

In 2005, the biggest number of letters was received from Vilnius (249), Kaunas (144), Alytus (44), Klaipėda (44) and Šiauliai (30) cities and from Kaišiadorys (25), Ukmergė (25), Jonava (24), Plungė (23), Varėna (23), Telšiai (20) and other regions. Therefore, it can be stated that the flow of inquiries, with rare exceptions, is directly proportional to the number of residents of the city or region. The number of inquiries from the so-called “problem regions” was not significantly higher.

In 2005, the residents were mostly interested in issues such as pensions and social insurance, social assistance benefits and the unemployment insurance benefits, employment opportunities, compensation for damages, revision of the disability and working capacity levels, labour relations, lump sum financial support, etc. (see Table 1.2.-1).

<table>
<thead>
<tr>
<th>Main issues of inquiries submitted to the Ministry by residents in 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions related to pensions and social insurance</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>569</td>
</tr>
</tbody>
</table>

Data from the Ministry of Social Security and Labour

The majority of inquirers claimed that their pensions are too small or that, in their opinion, the pensions are calculated incorrectly, also they submitted inquiries regarding the payment of the part of pension to the retired who did not receive the whole amount of pension. Quite a few inquirers requested to increase the basis of state pensions, asked to explain pending decisions regarding the surviving spouse’s pension, as well as the inclusion of the period of service in the Soviet Army into the work record.

Many inquiries and proposals were sent in relation to pensions, viz. regarding the increase of the basic pension and the insured income. Opinions and requirements about methods of increasing pensions were provided.

The Ministry also received a considerable number of letters from the retired, the disabled and other social groups with requests for various financial support claiming that social benefits were too small and prices of goods or services were too high.
2. LABOUR MARKET

2.1. PROMOTION OF EMPLOYMENT AND INVESTMENTS INTO HUMAN CAPITAL

2.1.1. Labour market and implementation of employment support policy

2.1.1.1. Employment

As a result of the decline in the number of births and due to the economic migration to foreign countries, the population of Lithuania is decreasing. At the beginning of 2005, Lithuania had the population of 3,425,320, which is 20,600 less than at the beginning of 2004. Over the year, the labour force decreased by 14,000 people. As demonstrated by data provided in Figure 2.1.1.1-1, in 2005, just like in the previous year, in the structure of the labour force the number of young people aged 25 or younger continued to decline, while the number of people older than 55 continued to grow.

Data provided in Table 2.1.1.1-1 show that the decline in the labour force in 2005 (as compared to 2004) resulted in the slight (0.7 percentage point) decline in the labour force activity rate.
According to the Labour force survey performed by the Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania), in 2005, employed population in Lithuania amounted to 1,474,000, which was 38,000 more than a year ago. The growth of the Lithuanian economics had a favourable influence on the employment. The increase in the number of employed population resulted in the increase of the employment rate of the population. Table 2.1.1.1-1 shows that the employment rate among population aged 15-64 grew 1.5 percentage points over the year (from 61.1% in 2004 to 62.6% in 2005). The employment of the elderly people (aged 55-64) grew even more quickly. Over the year the growth in the number of the elderly employed was 2.3 percentage points, and it reached 49.2% of the total population of that age (46.9% in 2007).

### Employed population by economic activities (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Construction</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1,436.3</td>
<td>227.5</td>
<td>288.7</td>
<td>116.2</td>
<td>803.9</td>
</tr>
<tr>
<td>2005</td>
<td>1,473.9</td>
<td>207.0</td>
<td>296.2</td>
<td>132.5</td>
<td>838.2</td>
</tr>
</tbody>
</table>

Data of the Labour Force survey provide that by economic activities, the average of every fifth employed person was engaged in industry, every seventh was engaged in agriculture, hunting, forestry or fishery, the same amount was engaged in trade, repair of motor vehicles or repair of personal or domestic appliances, and every eleventh employed person was engaged in construction. The distribution of employed population by economic activities is slowly changing towards the direction more beneficial to the rational employment structure. Table 2.1.1.1-2 shows that the population employment in the service sector increased: in 2005, some 838,200 residents were engaged in the service sector (803,900 in 2004); however, the employed in this sector still constitute only a small part of the total employment. Even though the rural population is still slow in transiting from agriculture to alternative activities (rural tourism, other activities in the field of services), it was the number of persons engaged in agriculture and forestry that experienced the highest decline over the year. In 2004, people engaged in agriculture and forestry amounted to 227,500, while in 2005 their number decreased to 207,000 (i.e. by almost 21,000). Meanwhile, the number of people engaged in construction grew 16,300, i.e. from 116,200 in 2004 to 132,500 in 2005.

According to the Labour Force survey data, in 2005, contracted employees amounted to 83.1%, while employers and self-employed constituted 14%; the remaining 2.9% were assisting family members. Over the year, the number of contracted employees increased 1.7 percentage points, while the share of employers and self-employed in the total number of the employed population declined by 1.1 percentage points.

In 2005, Statistics Lithuania performed the annual survey of vacancies for the first time. It showed that there were 7,900 vacancies for contracted employees in Lithuania. A vacancy occurs...
when the employer terminates the employment contract with the employee (unless the job is eliminated), a new job is created or a job is expected to become vacant in the short run. A job shall be vacant only when the employer seeks to find a suitable employee for this job outside the economic entity, and this position is expected to be filled within the nearest three months.

### Vacancies by profession groups in 2005 (in thousands)

![Pie chart showing vacancies by profession groups]

Data of the department of Statistics at the Government of the Republic of Lithuania   Figure 2.1.1.1-2

90.9% of all vacancies were registered in economic entities having ten or more employees, while 700 vacancies (i.e. 9.1%) were registered in economic entities having less than ten employees. By economic activities, the majority of vacancies — 26.1% were in the field of public administration, defence and compulsory social insurance, 19.9% of vacancies were in industrial enterprises, 14.1% — in the field of trade, and 8.6% — in construction. Figure 2.1.1.1-2 shows that in 2005 the majority of vacancies (24.5%) were for high-skilled workers and craftsmen, 21.6% — for specialists, and 15.6% — for persons engaged in the field of services and trade. The lowest number of vacancies – 0.6% — was offered for high-skilled workers in commercial agriculture and fishery.

#### 2.1.1.2. Unemployment

According to the data of the Labour Force survey carried by Statistics Lithuania, the growing number of the employed and the decreasing number of the unemployed caused the unemployment rate to decline from 11.4% in 2004 to 8.3% in 2005 (see Figure 2.1.1.2 –1). The unemployment rate among women was 8.3%, while among men it was 8.2%, i.e. 0.1 percentage point lower. The unemployment rate among young people declined from 22.5% in 2004 to 15.7% in 2005.

### Unemployment rate

![Bar chart showing unemployment rate by gender and age group]

Labour Force Survey Data   Figure 2.1.2-1
The highest unemployment rate was in Panevėžys county (10.8%), Kaunas county (8.9%) and Vilnius county (8.6%). Only in these four counties did the unemployment rate exceed the national unemployment rate (8.3%). The lowest unemployment rate was in Marijampolė and Utena counties – 3.0% and 6.0% respectively. Over the year the counties of Alytus, Utena and Klaipėda experienced the highest decline in the unemployment rate – 7.8%, 6.3% and 5.7% respectively.

As in the previous year, the priority while searching for work was given to the State Labour Exchange. In 2005, it provided services to 59.4% of all unemployed. By the way, the average of every second unemployed person also read announcements in the press, personally contacted employers, friends or relatives. The same applies to 2004. Thus, the above methods are widely used in job search. Private employment agencies were approached only by the average of every fifteenth unemployed, i.e. 6.5% of all unemployed.

Increasing development of the national economy, the creation of new jobs and the continuing emigration of the population resulted in the decline in the number of the unemployed in 2005, as compared with 2004. In 2005, the average annual number of the employed registered with the Lithuanian Labour Exchange was 100,800, which is 41,700 less than in 2004.

In 2005, 163,900 unemployed contacted territorial labour exchange offices. The number of unemployed who contacted the labour exchange decreased by 40,300 (19.7%) in 2004. The share of women in the structure of unemployed registered with the Lithuanian Labour Exchange continued to grow in 2005. During the year the share of women grew to achieve 61% of all registered unemployed (53.6% in 2004). The number of unemployed persons in the pre-retirement age (five years until the old-age pension) grew to 15.7% of all registered unemployed (11.4% in 2004). The number of young unemployed persons (under 25 years of age) declined from 8.1% to 6.7%. As compared to 2004, in 2005, the number of long-term unemployed persons dropped from 44,600 to 28,800; however, the share of these unemployed persons in the general structure grew 1.9 percentage points. Long-term unemployed amount to 28.6% of all unemployed persons registered with the labour exchange. More than 36% of all long-term unemployed are older than 55 years of age.

Table 2.1.1.2-1 shows that the structure of the unemployed by education did not change much in comparison to 2004. The share of the unemployed with higher and professional colleges education increased to 7.2% (5.7% in 2004) and 18.4% (17.5% in 2004) respectively. The share of the unemployed with general upper secondary education declined to 53.4% (54.2% in 2004). The unemployed with general lower secondary education amounted to 16.4% (17.9% in 2004), while the unemployed with primary education – to 4.3% (4.7% in 2004).

<table>
<thead>
<tr>
<th>Education of the unemployed registered with the Lithuanian Labour Exchange (%)</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher</td>
<td>5.7</td>
<td>7.2</td>
</tr>
<tr>
<td>Professional colleges</td>
<td>17.5</td>
<td>18.4</td>
</tr>
<tr>
<td>General upper secondary</td>
<td>54.2</td>
<td>53.5</td>
</tr>
<tr>
<td>General lower secondary</td>
<td>17.9</td>
<td>16.4</td>
</tr>
<tr>
<td>Primary</td>
<td>4.7</td>
<td>4.3</td>
</tr>
<tr>
<td>Incomplete primary</td>
<td>-</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Data of the Lithuanian Labour Exchange  
Table 2.1.1.2-1

As compared to 2004, in 2005, the number of unskilled unemployed persons registered with the labour exchange decreased 4.2%. The share of high-skilled workers and craftsmen, which amounted to 15.7% (16.2% in 2004), as well as the share of equipment and machinery operators and assemblers, which amounted to 8.2% (9.2% in 2004), decreased. The share of persons engaged in the service and
trade field, which amounted to 12.6% of the unemployed, remained the same. As compared to 2004, according to previous activities the biggest share (24.8%) of the unemployed was of former industry workers. The share of unemployed persons who previously worked in construction decreased to 7.6% (8.2% in 2004), of those previously employed in wholesale and retail trade – to 14% (15.3% in 2004), and in agriculture – to 7.7% (9.2% in 2004).

In 2005, the Lithuanian Labour Exchange mediated in the placement of 109,700 unemployed persons; 87,900 of them received permanent jobs, while 21,800 were placed under open-ended contracts. More than 14,700 of unemployed persons received reference of the labour exchange and started their activities under business licence. In 2005, 129,900 persons (i.e. 79% of the unemployed registered during the said period) were referred to active labour market policy programmes. Due to a high demand for labour force and a shortage of high-skilled labour force, a special attention was paid to the vocational training of the unemployed. In 2005, 16,900 persons (i.e. 14% more than in 2004) were referred to labour market vocational training programmes. Some 2,900 persons notified of dismissal participated in the unemployment prevention programme, 4,400 attended courses of the fundamentals of business, while 5,400 long-term unemployed participated in the programme designed for refreshing skills. Some 5,500 unemployed (i.e. 1,200 or 26.2% more than in 2004) acquired primary labour skills in the programme of supported jobs. The programme of public jobs created 39,300 temporary jobs.

In 2005, the Lithuanian Labour Exchange registered 70 notices on the dismissal of a group of employees, and 3,100 employees were notified of dismissal. In comparison with 2004, the number of notices of dismissal and the number of notified employees declined by almost one third.

According to reports submitted to the Lithuanian Labour Exchange by the enterprise licensed by the Ministry of Social Security and Labour for the mediation in placing Lithuanian citizens abroad, some 2,300 Lithuanian citizens moved to work abroad in 2005, out of which 70% were unemployed. The majority of persons, i.e. 85%, were placed in the United Kingdom.

2.1.1.3. Social insurance unemployment benefits

In 2005, LTL 58,476,800 of the Employment Fund were used for social insurance unemployment benefits paid to the unemployed, including LTL 80,700 paid as benefits for the unemployed of Member States. In 2005, LTL 26,973,200 (i.e. 85.6% more than in 2004) were disbursed in social insurance unemployment benefits (hereinafter referred to as unemployment benefits) (LTL 31,503,600 in 2004). The number of unemployment benefits increased by 5,400 (or 3%) – from 178,600 payments in 2004 to 184,000 payments in 2005. The increase of benefits was influenced by the fact that the enforcement of the Law of the Republic of Lithuania on the Unemployment Social Insurance on 1 January 2005 replaced unemployment benefits with social insurance unemployment benefits the amount of which depends on the amount of the previous wage.

The average unemployment benefit was LTL 327.6, which increased by LTL 151.9 or 1.8 times over 2004 (LTL 175.7 in 2004).

In 2005, LTL 12,853,000 were used for pre-retirement social insurance unemployment benefits disbursed for the unemployed, which amounted to 79.7% of the annual estimate or 5.6% of all the used funds of the Employment Fund. In 2005, LTL 9,501,800 were paid as pre-retirement unemployment benefits, which was 42.5% less than in 2004 (LTL 22,354,800 in 2004). Following the enforcement of the Law of the Republic of Lithuania on the Unemployment Social Insurance on 1 January 2005, pre-retirement benefits are paid only to the unemployed to whom they were awarded prior to 1 January 2005.
2.1.1.4. Employment of foreign in Lithuania

In 2005, the Lithuanian Labour Exchange issued work permits to 1,565 foreign to work in the Republic of Lithuania. Work permits were issued to 1,490 men and 75 women. 42% of 1,565 foreign (i.e. 660 persons) were outside workers. Figure 2.1.1.4-1 shows that in 2005 the majority of foreign worked in manufacturing (51%), transport (16%), service (15%) and construction (15%) sectors.

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>51</td>
</tr>
<tr>
<td>Transport</td>
<td>16</td>
</tr>
<tr>
<td>Service</td>
<td>15</td>
</tr>
<tr>
<td>Construction</td>
<td>15</td>
</tr>
<tr>
<td>Light industry</td>
<td>1</td>
</tr>
<tr>
<td>Education</td>
<td>2</td>
</tr>
</tbody>
</table>

Foreign came to Lithuania from 31 countries; the majority of them came from the Ukraine (31%), Belarus (29%), Russia (11%), Romania (10%) and China (7%). As compared to 2004, the number of foreign arriving from the US and China decreased 4%, while the number of foreign arriving from Belarus increased 7%. Permits were issued to ship body assemblers and welders from the Ukraine, Belarus and Russia (442), international route drivers from the Ukraine, Belarus, Kazakhstan and Georgia (241), electric welders from Belarus and Romania (131), cooks and bakers from China, Turkey, Armenia and the Philippines (120), chemical engineering, oil refinery and aviation engineers from the US, Belarus and Russia (89), brick-layers from the Ukraine and Belarus (88), philologists from China and the US (38), ship fitters from Romania (32), mounters of technological equipment and related structures from Belarus (31), electric welders of high-pressure mail gas pipelines from Belarus (19), cladders from Romania (19), mounters of electrically welded high-pressure mail gas pipelines from Armenia and Belarus (14), and flaw detection specialists from Belarus (9).

Foreign as outside workers came to Lithuania from the Ukraine (50%), Belarus (29%) and Russia (18%). It is ship body assemblers (32%), ship body welders (18%), electric welders (9%), bricklayers (9%) and mounters (9%).

2005 saw further positive change in the employment and unemployment indicators. According to the data of the Labour Force survey performed by the Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania), in 2005 the number of employed persons increased by 38,000 (or 2.6%), and the number of the unemployed contacting territorial labour exchange offices decreased by 40,000 (or 20%). With the increase of the total number of the employed, the employment rate of population aged 15-64 increased 1.5 percentage points (from 61.1% in 2004 to 62.6% in 2005). During the year, the total unemployment rate in Lithuania decreased 3.1 percentage points (from 11.4% in 2004 to 8.3% in 2005), i.e. the decrease was more rapid than the average decrease in the neighbouring Member States.

However, some of the labour market problems remained, and they must be dealt with immediately in order to implement the objectives of Employment policy in order to promote employment and investments in human capital part of the implementation programme of the National Lisbon Strategy. Such problems include the decreasing population of Lithuania, the unfavourable develop-
ment of the demographic structure, more active economic migration, low territorial mobility of the population in the country, low labour force activity, slow employment growth rates and slow changes in the distribution of the population by economic activities.

In 2005, the Lithuanian labour market experienced an uneven distribution of the labour force: certain fields had too many specialists, and there was a demand for high-skilled workers. Even though the number of long-term unemployed decreased in 2005 over 2004, the part of these unemployed persons in the general structure grew 1.9 percentage points. Long-term unemployed amounted to almost one third of all unemployed persons registered with the labour exchange. At the same time big disparities in unemployment rates (the highest and the lowest) among municipal territories prevailed.

**2.1.1.5. Implementation of the employment promotion policy**

2006 saw further strengthening of the active labour market policy. On 15 June 2006 the Seimas of the Republic of Lithuania adopted the new Law on the Promotion of Employment (Official Gazette, No. 73-2762, 2006) providing legal preconditions for the reform of the national employment promotion policy with the aim of to achieve complete employment of the population, to reduce their social exclusion and to strengthen social cohesion. The following were established as the goals of the employment promotion system: to co-ordinate the job supply and demand in order to sustain labour market balance and to raise employment opportunities of people of working age searching for work. The principal employment support measures were general employment support services, active labour market policy measures and employment support programmes.

The enforcement of the law saw the implementation of completely new employment promotion development policy measures, such as the support of the acquisition of work skills, the support of self-employment, the rotation of work, introduction of professions, and the refreshing of professional knowledge and/or practical skills. These measures provide additional opportunities for all people who wish and who can work to return to the labour market and to become active participants; help preserve experienced employees on the labour market by ensuring their maximum working capacity; encourage the employment of young people and persons from social risk groups, attractiveness of labour; encourage to improve the quality of services provided by labour market institutions; strengthen social partnership to ensure the security of employment.

Principles for the creation of jobs and their adaptation for the employment of persons additionally supported on the labour market have been changed, and new forms of support promoting self-employment have been provided. The regulation of vocational training of unemployed persons and persons notified of dismissal, informal education, its duration and support during training has been changed. The ration of theoretical and practical training (first of all, on-the-job) has been regulated, which should help achieve the breakthrough in improving the quality of training. Graduates of institutions of higher, non-higher professional or vocational education as well as colleges who recently acquired qualifications and who cannot find a job due to the lack of work experience have been provided with the opportunity to acquire working skills on-the-job. Persons searching for work have been encouraged to participate in active labour market policy measures.

It provides with a new quality basis for the implementation of measures related to the strengthening of employment capacities of the unemployed, promotion of self-employment, learning of the fundamentals of business, acquisition of work experience after the completion of vocation training and acquisition of qualifications, and other active labour market policy measures described in the programme.
2.1.2. Human resources development

2.1.2.1. Implementation and co-ordination of the labour market human resources policy

The opening of the European labour market and efforts to better implement the principle of the movement of workers and to facilitate the employment of persons in any Member State resulted in the growing importance of the recognition of regulated professional qualifications. Therefore, one of the key objectives of the Ministry of Social Security and Labour in this field was to co-ordinate competent authorities while the latter draft legislation regulating the recognition of a certain profession and meeting the provisions of directives on regulated professional qualifications.

As a result of the implementation of Resolution No. 535 of the Government of the Republic of Lithuania dated 3 May 2004 (Official Gazette, No. 75-2581, 2004), Order No. A1-71 of the Minister of Social Security and Labour On the approval of the application form for the recognition of evidence of qualifications awarded within the European Union, European Economic Area or Swiss Confederation for the purpose of taking up or pursuit of a regulated profession or regulated professional activity in the Republic of Lithuania of 10 March 2005 was approved (Official Gazette, No. 38-1251, 2005).

The European Parliament and the Council adopted a new directive On the recognition of professional qualifications on 7 September 2005, which unites 15 directives, currently in force, and the European Commission formed a constitutive committee for the transposition of the provisions of the said directive. The Ministry of Social Security and Labour participated in the activities of this committee. In order to transpose the provisions of the said directive into the national law of the Republic of Lithuania, Order No. A1-90 of the Minister of Social Security and Labour dated 28 March 2006 approved the working group commissioned to draft the law on the recognition of professional qualifications.

In 2005, the Ministry of Social Security and Labour participated in the activities of the Group of National co-ordinators in the EU Member States on the recognition of professional qualifications, providing information to the European Commission regarding the regulated professions and competent authorities in the Republic of Lithuania. It prepared a report to the European Commission on liberal professions in the Republic of Lithuania and on the recognition of regulated professional qualifications according to the directives of the general recognition system.

Seminars were organised for specialists of competent authorities and social partners during the implementation of activities provided by Component B “Recognition of Professional Qualifications” under the PHARE twinning project “Free Movement of Workers”. For raising public awareness on the issues related to the recognition of professions, a leaflet was prepared and published for citizens of the Republic of Lithuania leaving for other Member States in search for a job according to regulated professions, as well as a leaflet under the PHARE twinning project on the recognition of regulated professional qualifications in the Republic of Lithuania. A guide on the recognition of professional qualifications was prepared for employees of competent authorities in charge of the recognition of professional qualifications.

In 2005, MSSL specialists together with the Ministry of Education and Science participated in the drafting of a new edition of the Law on Vocational Education and Training, which was presented to the public and social partners for consideration. The new edition of the Law on Vocational Education and Training will regulate primary and continuing vocational training, which shall not provide non-higher professional or higher education. Apart from the goals and objectives of vocational training and methods of implementation thereof, the new law will define the framework of the vocational training system, the key actors in vocational training, their rights and duties, also the management, monitoring and financing of vocational training. The new law will also legalise the National System of Qualifications.

The review of the functions of authorities engaged in continuing vocational training resulted in the improvement of regulations of their activities. Regulations of the Lithuanian Labour Market
Training Authority under the Ministry of Social Security and Labour were amended and approved by Order No. A1-197 of the Minister of Social Security and Labour of the Republic of Lithuania dated 12 July 2005; these regulations were adapted to the changing labour market requirements in the field of the organisation of labour market vocational training (Order No. A1-197 On the reorganisation of the Social Workers Training Centre under the Ministry of Social Security and Labour of the Minister of Social Security and Labour of the Republic of Lithuania dated 12 July 2005 (Official Gazette, No. 90-3386, 2005)).

In 2005, with the view to involve more people in the labour market and to invest more and more efficiently in the development of human resources and lifelong learning, the MSSL implemented measures provided in the Lifelong Learning Strategy and the Action Plan for its implementation drafted in joined efforts with the Ministry of Education and Science of the Republic of Lithuania (approved by Order No. ISAK-433/A1-83 of the Minister of Social Security and Labour and the Minister of Education and Science of the Republic of Lithuania dated 26 March 2004) and in the Implementation Plan of the Vocational Guidance Strategy (approved by Order No. ISAK-415/A1-71 of the Minister of Social Security and Labour and the Minister of Education and Science of the Republic of Lithuania dated 23 March 2004).

MSSL specialists participated in the activities of the working group established by the Ministry of Education and Science in the drafting of the Description of Requirements for the Provision of Vocational Information and Counselling Services, which was approved by Order No. ISAK-739/A1-116 of the Minister of Education and Science and the Minister of Social Security and Labour dated 29 April 2005 (Official Gazette, No. 60-2132, 2005). This description establishes the requirements for the provision of vocational information and counselling services, responsible authorities and their functions, and the co-ordination of their activities.

As a result of the implementation of the ESF project “Development of the National Qualifications System” drafted in 2004, the development of the concept of the National Qualifications System started. One of the principles of this concept is the independence of the evaluation of the individual professional competence from the acquisition method.

In order to ensure the integrity of the system for vocational guidance, the quality of vocational guidance and counselling, the access to services and their continuity, the reliability of information, functions and responsibility of supplier of services, 2005 saw the drafting and commencement of the project the Development and Implementation of the System for Vocational Guidance, pursuant to Measure 2.4 Development of Conditions for Life-long Learning of the Single Programming Document of Lithuania for 2004-2006.

In 2005, as a result of the implementation of activities of the project, the Lithuanian Labour Market Authority under the Ministry of Social Security and Labour performed the following activities:
- developed professional guidance programmes for persons who “dropped out” of the education system, as well as methodical recommendations for specialists working with these education system “drop outs”;
- drafted the standard for the provision of vocational guidance services in vocational guidance centres;
- drafted the standard for the provision of vocational guidance centres with information and methodical material;
- performed the analysis of good practice examples pertaining to vocational guidance systems in the Netherlands, Denmark and Germany. This experience will be useful during the development of the most purposeful vocational guidance model based on which the provision of these services could be organised and developed in Lithuania.

In order to adapt the labour market training network infrastructure to the needs of the disabled, 2005 saw the commencement of the European Regional Development Fund Development of the Labour Market Training Network Infrastructure Answering the Needs for Vocational Re-
habilitation of the Disabled. The key goal of the project is to develop the system of vocational rehabilitation of the disabled in Lithuania, which would promote the employment of the disabled and their equal opportunities on the labour market, also create conditions for the disabled to improve their vocational skills, improve the access and quality of services provided to the disabled, ensure the opportunity to develop self-expression, and use other methods for the promotion of full social integration of the disabled and their preparation to address the requirements of the labour market.

MSSL specialists in joint efforts with the Ministry of Interior drafted the Programme for the Development of the System of the Social Adaptation, Medical Rehabilitation and Vocational Guidance of Retired Servicemen and Officers into Other Fields of Activities, which was approved by the resolution of the Government of the Republic of Lithuania (Official Gazette, No. 113-4128, 2005). This programme is intended for the development of the system of the social adaptation, medical rehabilitation and vocational guidance of retired servicemen and officers into other fields of activities. This system will enable the provision of medical rehabilitation services in health care institutions of the National Defence System or in health care establishments founded by the Ministry of Interior; also, retired servicemen and officers will be able to receive the required social adaptation and vocational guidance services provided by agencies under the Ministry of Social Security and Labour.

2005 saw the continuation of the reformation of labour market training centres into public institutions started in 2004. Organisational and management changes were implemented without discontinuing the training and counselling. In order to establish a general network of vocational training establishments and to use it efficiently, also in order to have better opportunities for the participation in the use of structural assistance, to have more economic autonomy as well as better and more expedient orientation to the needs and changes of the labour market, six labour market training centres subordinated to the Lithuanian Labour Market Training Authority were reformed from private limited liability companies to public institutions by Order No. V(1)-20 of the Director of the Lithuanian Labour Market Training Authority under the Ministry of Social Security and Labour of the Republic of Lithuania dated 8 March 2005.

2.1.2.2. Vocational training

In 2005, 28,200 persons were trained in labour market training centres of the Lithuanian Labour Market Training Authority under the Ministry of Social Security and Labour.

| Distribution of persons participating in labour market vocational training, improvement of qualifications and measures for long-term unemployed by source of financing |
|---|---|---|---|---|---|
| Total trainees | Including women | Including unemployed | Including persons notified about dismissal | Funds provided by the labour exchange | Own funds | Funds from the budget (international funds) |
| | | Total | Including women | | Total | Including women | | Total | Including women | |
| 28,221 | 10,873 | 13,539 | 8,539 | 957 | 269 | 8,964 | 769 | 4,449 | 1,082 | 384 | 218 |
| Data of the Lithuanian Labour Market Training Authority under the MSSL | Table 2.1.2.2-1 |
### Distribution of persons participating in labour market vocational training, improvement of qualifications and measures for long-term unemployed by social and demographic groups

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Persons Trained in Labour Market Training Centers, in Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young people between 16 and 25 years of age</td>
<td></td>
</tr>
<tr>
<td>Persons without any vocational training</td>
<td></td>
</tr>
<tr>
<td>Incl. women</td>
<td>2,094</td>
</tr>
<tr>
<td>Total</td>
<td>2,470</td>
</tr>
<tr>
<td>Including</td>
<td></td>
</tr>
<tr>
<td>Persons actually raising children until they reach the age of 18</td>
<td></td>
</tr>
<tr>
<td>Incl. women</td>
<td>5,004</td>
</tr>
<tr>
<td>Total</td>
<td>7,180</td>
</tr>
<tr>
<td>Long-term unemployed</td>
<td></td>
</tr>
<tr>
<td>Incl. women</td>
<td>410</td>
</tr>
<tr>
<td>Total</td>
<td>231</td>
</tr>
<tr>
<td>Persons of the pre-retirement age</td>
<td></td>
</tr>
<tr>
<td>Incl. women</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>267</td>
</tr>
<tr>
<td>Dis-abled</td>
<td></td>
</tr>
<tr>
<td>Persons released from places of imprisonment</td>
<td></td>
</tr>
<tr>
<td>Incl. women</td>
<td>375</td>
</tr>
<tr>
<td>Total</td>
<td>94</td>
</tr>
<tr>
<td>Persons with unpopular occupation</td>
<td></td>
</tr>
<tr>
<td>Incl. women</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
</tr>
<tr>
<td>Other persons *</td>
<td></td>
</tr>
<tr>
<td>Incl. women</td>
<td>631</td>
</tr>
<tr>
<td>Total</td>
<td>9,719</td>
</tr>
<tr>
<td>Total</td>
<td>6,131</td>
</tr>
</tbody>
</table>

* Unemployed aged 25+ who are not classified as long-term unemployed or as other socially disadvantaged groups

### Number of persons trained in labour market training centers, in thousands

Data of the Lithuanian Labour Market Training Authority under the MSSL

The development of labour market vocational training programmes. With due consideration to the labour market demand, in 2005 the Register of Studies and Training Programmes recorded
19 new training programmes awarding professional qualification, including 10 programmes awarding professional qualification of level II and 9 programmes awarding professional qualification of level I. The majority of new programmes were developed in the field of social and transport services.

The following has also been developed:
- innovative training programme for training specialists of automated system operation mechatronics, in the hi-tech field;
- six training programmes awarding professional qualification of level I designed for training persons with incomplete basic education. These programmes teach the most requested professions in the field of construction;
- six training programmes in granting the right to perform certain jobs or carry out functions;
- 106 non-formal training programmes, including three programmes designed for the training of convicted persons, three programmes – for the training of the disabled, and two programmes designed as instruments for long-term unemployed.
- 23 training programmes awarding professional qualification of level II were updated.

As a result of the performance of the project financed by the ESF under Measure 2.1 of the Single Programming Document of Lithuania for 2004-2006, 13 training programmes were updated and modified:
-12 training programmes awarding professional qualification (waiter-bartender, cook-confectioner, sewing-machine operator, brick-layer and plasterer, finisher, log frame operator and wood processor machine operator, woodworker and wood processor machine operator, fundamental computer skills, business organiser, shop assistant, metal welder and cutter, hotel maid);
- one non-formal training programme (improvement of professional skills of accountants using IT).

Updated programmes have improved framework, they provide a more detail analysis of respective professional activities, identify respective competences that the persons will acquire upon the completion of these programmes and that will be used as the basis for the evaluation of the acquired preparation of the said persons. Descriptions of practical tasks providing detailed methods of performing these tasks and the criteria of evaluation of the performance have been additionally prepared.

As a result of the amendment of legislation regulating occupational safety and health and in order to follow their provisions, five training programmes designed for people working with potentially hazardous equipment were updated.

**Organisation of the training and supervision of the quality of training.** The description of the evaluation of the quality of the implementation of labour market vocational training programmes has been drafted. The goal of the evaluation of the quality of the implementation of labour market vocational training programmes is the improvement of training quality.

The drafting of methodical recommendations for the staff of training establishments performing the internal evaluation of the quality of the implementation of training programmes as well as the drafting of methodical recommendations for external users has been started.

In 2005, the inspection of 82 institutions engaged in labour market vocational training (13 labour market training centres, 26 training institutions subordinated to the Ministry of Education and Science, and 43 other training institutions engaged in labour market vocational training) was carried out during which the quality of the implementation of 185 training programmes was evaluated.

**2.1.2.3. Vocational counselling**

In 2005, labour market training and counselling offices provided counselling to 68,700 persons, including 53,100 adults and 15,700 students, their parents and teachers. Individual counselling was provided to 29,800 persons, while group counselling – to 39,000 persons.
Counselling groups of persons

<table>
<thead>
<tr>
<th>Counselling persons *</th>
<th>Adults</th>
<th>Including</th>
<th>Including</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Including women</td>
<td>Employed</td>
<td>Persons notified about dismissal</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Incl. women</td>
<td>Incl. women</td>
<td>Incl. women</td>
</tr>
<tr>
<td>68,736</td>
<td>53,056</td>
<td>34,449</td>
<td>1,150</td>
</tr>
</tbody>
</table>

Data of the Lithuanian Labour Market Training Authority under the MSSL

Table 2.1.2.3-1

Distribution of counselled unemployed by social and demographic groups

<table>
<thead>
<tr>
<th>Young people under 25 years of age</th>
<th>Long-term unemployed</th>
<th>Persons with unpopular occupation</th>
<th>Socially vulnerable</th>
<th>Disabled</th>
<th>Other persons *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Incl. women</td>
<td>Incl. women</td>
<td>Incl. women</td>
<td>Incl. women</td>
<td>Incl. women</td>
</tr>
<tr>
<td>10,356</td>
<td>6,108</td>
<td>23,368</td>
<td>16,379</td>
<td>4,781</td>
<td>3,257</td>
</tr>
</tbody>
</table>

Data of the Lithuanian Labour Market Training Authority under the MSSL

Table 2.1.2.3-2

* Adults aged 25+ who are not classified as long-term unemployed or as other socially disadvantaged groups

Number of persons counselled by territorial labour market training and counselling offices, in thousands

- In 2005, individual counselling was provided to 29,800 persons, including 24,000 adults (incl. 22,900 unemployed registered with the labour exchange). Some 26,300 individual consultations were provided to adults with the total duration of 33,600 hours. The majority of adults (18,200) received counselling regarding the selection to vocational training programmes.

- Group counselling was provided to 39,000 persons, including 28,300 unemployed. Some 9,200 people participated in active job search and employability training programmes, 6,200 – in pro-
grammes for motivation building, 10,700 – in programmes on reinforcing on the labour market, 2,800 – in psychological education programmes, and 174 – in work opportunity programmes. In 2005, group counselling was provided to 3,300 more unemployed than was originally intended.

Vocational guidance and counselling of students of general education schools is an important measure influencing the possible future unemployment rate. In 2005, counsellors-psychologists from territorial services provided individual and group counselling to over 14,000 students and helped them choose a profession that best meets their capacities and inclinations, provided consulting on personality issues. Individual counselling on the choice of profession was provided to 38.2% of students, while 61.8% of students participated in group counselling.

Counselling was also provided to 1,700 parents of students and teachers.

In order to develop the counselling mobility, vocational counselling and guidance is provided in all territorial labour exchange offices of Lithuania at least twice a month (as agreed with labour exchange offices) according to the following programmes:
- selection of the unemployed directed for training under labour market vocational training programmes;
- introductory training programmes and programmes for refreshing the skills of long-term unemployed;
- sessions in job search clubs of labour exchange offices;
- motivation measures for refreshing the knowledge and skills of long-term unemployed.

With due consideration to the need of important social and demographic groups, residents are provided with individual or group counselling.

Services of vocational information and counselling of students are developed by extending them to remote regional schools. Group work is performed in schools according to the request of schools.

2.1.2.4. Optimisation of the network of labour market training centres

From 31 March 2005 to 30 November 2005 the PHARE project No. 2003/004-341.08.02.02 “Re-structuring of the Labour Market Training and Counselling System into Regional Labour Market Training and Counselling Centres Aiming to Reach Vocational Mobility and Social Cohesion” was performed. The principal objective was to prepare documents, such as the feasibility study, the investment project and the set of public procurement documents, for the investment project regarding the restructuring of the training and counselling system of the Lithuanian Labour Market Training Authority under the Ministry of Social Security and Labour into regional labour market training and counselling centres. The investment project will be funded by the European Regional Development Fund.

In 2005, documents were prepared according to the single concept. The feasibility study provided answers to the following questions: why and how the training and counselling system of the Lithuanian labour market should be restructured, and why and how investments should be made into this system. The investment project provides the analysis of all the option of investing into the restructured system during stage one, and selects optimum investment solutions. The public tender documentation formulates the tender conditions and requirements for the performers of construction or reconstruction design works that have to be carried out to implement the prepared investment project.

2.1.2.5. Development of the national qualifications system

In order to develop a uniform system for the evaluation and award of professional qualifications acquired while learning according to formal or non-formal vocational training programmes or according to self-educational or professional activity methods, 2005 saw the drafting and commencement of project “Development of the National Qualifications System”, pursuant to Measure 2.4 Development of Conditions for Lifelong Learning of the Single Programming Document of Lithuania
for 2004-2006. The goal of the project is to develop a uniform and transparent qualifications system covering all qualifications levels, guaranteeing the transition among the levels, assuring the diversity of methods for the acquisition of qualifications, and providing with the opportunity to flexibly respond to the changing requirements of the environment.

As a result of the implementation of this project, 2005 saw the development of the methods of the professional activities analysis intended for the preparation of professional standards, and the commencement of the development of the concept of the national qualifications system, one of the concepts of which is the independence of the evaluation of the individual professional competence from the acquisition method.

2.1.2.6. Implementation of EUROPASS in the labour market vocational training system

On 15 December 2004 the European Commission and the Council adopted Decision No. 2241/2004/EC on a single Community framework for the transparency of qualifications and competences (Europass). This Decision establishes a portfolio of documents, known as “Europass”, which citizens can use to better communicate and present their qualifications and competences throughout Europe. The Lithuanian Labour Market Training Authority under the Ministry of Social Security and Labour jointly with the Ministry of Education and Science and Leonardo da Vinci Foundation prepared a model form of the Europass and started its implementation in 2005.

As a result of the implementation of Europass, in 2005 information (cards) was prepared for 406 certificate supplements of labour market vocational training programmes. Information about the certificate supplements is provided on website: www.europass.lt.

In 2005, the Ministry of Social Security and Labour implemented the national labour market vocational training policy providing guarantees for the functioning and development of the labour market vocational training and counselling system, elaboration and implementation of the strategy on the policy for the development of human resources, and co-ordinated recognition of the regulated professional qualifications pursuing to help the residents integrate into the labour market and to ensure just labour relation and safe working conditions, and to ensure the social integration of socially vulnerable groups.

2.1.3. Equal opportunities on the labour market

Equal opportunities are one of the key values and principles of the modern society. The Constitution of the Republic of Lithuania and many Lithuanian laws regulating various public relations consolidate the constitutional principle of the equality of all persons before law.

Each member of the society has to have equal opportunities to seek education, career and self-improvement, and to be active in all fields of political and social activities. Each person has the right to expect to engage in his favourite work and to receive remuneration for it, and that this remuneration depends solely on the quality of the performed work, professional and objective skills, and not on the gender, age, disability, racial or ethnic origin, sexual orientation, religion or beliefs of the person.

Provisions of the Law of the Republic of Lithuania on Equal Opportunities are successfully applied seeking to ensure equal opportunities for men and women to actively participate in the labour market, to acquire education and a desirable profession.

At the end of 2003, the Seimas adopted the Law on Equal Treatment, which was reinforced on 1 January 2005. The Law on Equal Treatment prohibits any direct or indirect discrimination based upon age, sexual orientation, disability, racial or ethnic origin, religion or beliefs in the field of employment, education and the security of consumers’ rights. Furthermore, Article 3(2) of the Law on Equal Treatment provides that state and local government institutions and agencies must
within the scope of their competence draft and implement programmes and measures designated for ensuring equal treatment.

### 2.1.3.1. Equal opportunities for men and women


The latest amendment of the law specified the concept of direct or indirect discrimination and of sexual harassment, consolidated the concept of harassment, and named the instruction to harass as the act conflicting with the law. It also specified the phrasing provided by the Law of the Republic of Lithuania on Equal Opportunities and establishing the employer’s duty to implement equal treatment of men and women: the employer is obligated to provide equal pay not only for equal work but also for work of equal value.

One of the most important measures carried out by the Government and ensuring a complex and systematic settlement of problems related to equal opportunities for men and women in all fields is the State Programme on Equal Opportunities for Men and Women for 2005-2009 approved by Resolution No. 1042 of the Government of the Republic of Lithuania dated 26 September 2005. The programme provides the maximum attention to the security of equal opportunities for men and women in the fields of employment, education and science, politics and decision-making, human rights, and gender mainstreaming in health care and environment protection. It is a complex programme with gender mainstreaming in various fields of social activities. The programme is deemed to be one of the key documents covering various measures, such as social, legal, etc.

**Employment.** The growth of the Lithuanian economy creates favourable conditions for the increase of employment. Labour market indicators improved, viz. employment increased, total unemployment and its regional differentiation decreased, and the demand for labour force increased. More and more permanent jobs are being created in the Lithuanian economy.

According to the data of the Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania), in 2005, the employment rate among women was 59.4% (among men – 66%); thus, it increased over 2004 when the employment rate among women was 57.8% (among men – 64.6%). As early as 2003, the employment rate among Lithuanian women exceeded 57% established for 2005 by the EU employment strategy, as it amounted to 58.4% (the employment rate among men was 63.7%).

The unemployment rate of women and men and the difference thereof also declines. According to the data of the Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania), in 2005, the unemployment rate among women was 8.3% and among men – 8.2%, while in 2004 the average unemployment rate among women was 11.8% and among men – 11%.

Since 2004 gross earnings of women has been growing more rapidly in Lithuanian than gross earning of men. In 2004, gross earnings of women increased 5.9% (gross earnings of men increased 5.4%) as compared to the previous years, while in 2005 gross earnings of women grew 10.8%, and of men – 9.3%.

Statistical data show that gross earnings in economic sectors where women employees dominate are lower than gross earnings in sectors dominated by men. During the 1st quarter of 2005 earnings in the economic sectors where women employees dominate, such as health care and social work, education, hotels and restaurants, were the lowest. During the 1st quarter of 2005 earnings in the
economic sectors dominated by man, such as public administration and defence, transport, storage and communications, supply of electricity, gas and water, were higher than those of women.

Legislation of the Republic of Lithuania provide equal rights and opportunities for men and women to participate in the labour market; however, the co-ordination of family and work obligations is still a sore point due to slow changes in stereotypes of the roles of the woman and the man in the family and at work:

Even though both – men and women can enjoy the childcare leave until the child is three years old, it is the women who most often take care for children. Having left on a childcare leave until the child is three years old, the woman leaves her work for a long time, she often loses her professional qualification; therefore, it is more difficult for her career-wise. Statistics shows that men earn more than women; therefore, the child is taken care by the person who earns less. Furthermore, some men traditionally think that it is not the man’s work to take care of the children.

According to the data of the State Social Insurance Board under the Ministry of Social Security and Labour, in 2002 about 17,800 persons, incl. 179 men (approx. 1%), made use of the parental leave. In 2004, the total of 18,590 persons, incl. 172 men (0.925%), made use of the parental leave. During the 1st quarter of 2005, some 19,612 persons, incl. 241 men (1.228%), made use of the parental leave.

In 2005, in the anniversary session of the UN Commission on the Status of Women, which focused on the 10th anniversary of the Beijing Platform of Action, the Secretary General delivered a report in which Lithuania received a very positive evaluation for its well-functioning gender equality institutional mechanisms, gender mainstreaming in the environment protection, and the participation of men in ensuring gender equality.

Reduction of domestic violence. Violence against women both in public and in private life is one of the most harsh violations of human rights preventing gender equality. Violence against women violates and restricts opportunities for women to exercise human rights and fundamental freedoms. Violence based on gender conflict (beating or any other domestic violence, sexual abuse, trafficking in women and children, forced prostitution, sexual harassment) is not compatible with human pride and dignity. According to the survey of the International Labour Organisation, violence against people results in the decrease of work efficiency, and the State has to make big investment into the psychotherapy and rehabilitation of the victims of violence.

More than 25 non-governmental organisations, especially women’s crisis centres, provide assistance (psychological, legal and counselling) and shelter to victims of violence in Lithuania. The Men’s Crisis and Information Centre has been established. Its key activities include work with abusers.

The training of police officers and social workers is organised, and public awareness campaigns are held. Research of the origins of violence has been carried out. Analysis of the roles of genders and gender studies (especially related to the role of men and boys, also regarding all forms of violence against women, including domestic violence) are being carried out. Active support of the society (information campaigns), especially provided by women’s organisations, is a great help in rendering services for women who are victims of violence.

In 2005, the State Programme on Equal Opportunities for Men and Women for 2005-2009 financed 12 projects of NGO’s aimed at providing assistance to victims of domestic violence. Social, psychological and legal services were provided to 314 victims of domestic violence and 27 abusers seeking to abandon their abusive behaviour.

2.1.4.2. Equal opportunities and non-discrimination

Equal opportunities are the implementation of human rights ensured by international documents on human and citizens’ rights and the Lithuanian laws irrespective of the gender, age, sexual orientation, disability, racial or ethic origin, religion, beliefs or any other basis provided by international agreements or laws of Lithuania.
The purpose of the Law on Equal Treatment adopted on 18 November 2003 is to ensure the implementation of human rights laid down in the Constitution of the Republic of Lithuania, and to prohibit any direct or indirect discrimination based upon age, sexual orientation, disability, racial or ethnic origin, religion or beliefs. Enforced on 1 January 2005, the Law expanded the list of grounds for the prohibition of discrimination and the competence of the Office of Equal Opportunities Ombudsperson by authorising it to additionally exercise supervision of the discrimination on basis other than the gender.

Persons who think they experienced direct or indirect discrimination or harassment based on above reasons, have the right to contact the Equal Opportunities Ombudsperson. The Law on Equal Treatment provides key concepts defined by EU directives, authorises state and local government institutions and agencies, educational institutions, science and academic institutions and employers to implement equal rights, that also have to be secured in the field of the security of consumers’ rights. The Law clearly defines acts of state and government authorities, educational and scientific institutions, employers, salespersons, manufacturers of goods or service providers that violate the principle of equal opportunity.

In 2004, the Office of Equal Opportunities Ombudsperson received 57 complaints regarding the violation of equal rights of men and women, and it carried out 17 additional investigations at its own initiative. From the very start of its activities, over the period of 1999-2004 the total of 325 complaints were received and the total of 85 investigations were carried out at the initiative of the Office. After the enforcement of the Law on Equal Treatment and following the expansion of the functions of the Equal Opportunities Ombudsperson, in 2005 the Office received 128 complaints regarding the violation of equal opportunities on various grounds. The Ombudsperson initiated five investigations regarding the possible violation of equal rights. It demonstrates that such amendment of the legal framework was necessary in order to ensure the operation of the mechanism establishing how such people may defend their violated rights.

The growing number of people contacting the Office regarding various violations of human rights, the change of old stereotypes prevailing in the society, and improving statistical indicators of employment and in other fields proves that certain positive changes are taking place in the field of security of equal opportunities. The continuously improving anti-discrimination laws, and activities of various authorities and NGO’s seek to consistently and systematically settle problems of various fields related to equality, and to ensure quantitative as well as qualitative changes in the situation of human rights and equal opportunities.

2.1.4. Stuctural funds of the European Union

2.1.4.1. EU Structural Funds and the planning of support in Lithuania

Becoming a full-fledged member of the European Union, Lithuania joined one of the parts in the common policy of the European Union (hereinafter – the EU) – structural policy – aimed at reduction of regional disparities in the economic and social development and the improvement of competitiveness in backward regions implementing financial measures. The main measure for the implementation of this policy is the means of the EU Structural Funds.

Structural Funds is the framework of financial instruments targeted at reducing disparities in regional development and encouraging the development of backward regions. The EU Structural Funds consist of 4 funds compiled of EU budget means:

• European Regional Development Fund;
• European Social Fund;
• European Agricultural Guidance and Guarantee Fund;
• Financial Instrument for Fisheries Guidance.
During the period of 2004 – 2006 Lithuania is receiving support from all four EU Structural Funds on the basis of the Single Programming Document (hereinafter – the SPD), as well as under the programmes of Community initiatives of EQUAL and INTERREG.

The European Commission approved the SPD of Lithuania on 22 June 2004.


2.1.4.2. SPD measures administrated by the Ministry of Social Security and Labour

PRIORITY I: “THE DEVELOPMENT OF SOCIAL AND ECONOMIC INFRASTRUCTURE” (EUROPEAN REGIONAL DEVELOPMENT FUND)

The objective of measure 1.5 “The development of infrastructure of labour market, education, vocational training, research and study institutions, and social services (complementary to the measures supported by the European Social Fund)” is to reduce territorial disparities in labour market services, to develop and upgrade the infrastructure of education, research and study, vocational training, vocational counselling and guidance, improving the quality of such services, reducing the gap between the quality level of such services provided in Lithuania and in the leading EU states.

The implementation of this measure is administered jointly by the Ministry of Social Security and Labour and the Ministry of Education and Science – Intermediary Bodies, responsible for the implementation and supervision of activities under the measure subsumed to them and the planning of support means. Public establishment – the Central Project Management Agency – is the Implementing Agency, in charge of administration and monitoring of all projects under this measure.

The spheres of supported activities:

• upgrading of labour exchange infrastructure;
• upgrading of vocational guidance and counselling facilities;
• adaptation of labour exchange environment to the needs of the disabled;
• development of facilities for professional and occupational rehabilitation of the disabled;
• setting up and renovation of facilities for non-institutional social services;
• preparation of technical documentation, carrying out surveys and other activities related to the implementation of the project.

Appropriate applicants:

• Lithuanian Labour Exchange;
• Lithuanian Labour Market Training Authority;
• County Governor’s Administrations;
• municipality administrations;
• state institutions;
• public establishments;
• associations;
• charity and sponsorship funds;
• Religious communities/unifications.

The allocated means from the European regional development fund and the co-financing resources for the implementation of this measure in 2004-2006 amount to LTL 130,700,000.

PRIORITY II: “THE DEVELOPMENT OF HUMAN RESOURCES” (EUROPEAN SOCIAL FUND)

The objective of measure 2.1 “The development of employability” is to improve the employability of the unemployed and their integration into labour market, exercising prevention against unemployment.
The applicant for this measure is the Lithuanian Labour Exchange. Support to the Lithuanian Labour Exchange is provided by direct funding, since the Lithuanian Labour Exchange, according to the prescribed functions and competences under the Republic of Lithuania legislation, is the only institution entitled to carry out activities defined under measure 2.1 of the SPD: support to occupation of the unemployed, implementation of active labour policy measures, etc.

Ultimate attention is given to young and long-term unemployed, to jobless persons without relevant professional qualification, and also to individuals under threat of long-term unemployment.

The spheres of supported activities:
• Vocational training and retraining of the unemployed;
• Vocational guidance and counselling of the unemployed;
• Occupation support measures of the unemployed;
• The development of administrative capacities in the Lithuanian Labour Exchange.

The allocated means from the European Social Fund and the co-financing resources for the implementation of this measure in 2004-2006 amount to LTL 121,200,000.

The objective of measure 2.2 “The development of labour force competences and the ability to adapt to changes” is to increase the level of knowledge and competences, skills and capacities of employees.

The implementation of this measure provides support to education and training of specialists for the national economy and trade, to companies intending to introduce new technologies or new products, to training of managers and employees, to upgrading skills of civil servants in public administration, to retraining of population or improvement of occupational qualifications in the regions, where fundamental restructuring of economic activities and privatisation of state companies are in progress.

The spheres of supported activities:
• Support to the training of employees working in companies of industries and trade;
• Support to the training of employees working at state and municipal institutions and offices;
• Development of social partnership;
• Development of population computer literacy;
• Training, retraining and upgrading of skills of people residing in areas undergoing essential transformation of economic activities.

Appropriate applicants:
• State and municipal institutions and offices, as well as subordinate training and public establishments;
• Institutions of education, vocational training, research and studies;
• Companies (industrial, business);
• Organisations of social partners;
• Non-governmental organisations.

The allocated means from the European Social Fund and the co-financing resources for the implementation of this measure in 2004-2006 amount to LTL 225,700,000.

The objective of measure 2.3 “Prevention of social exclusion and social integration” is to reduce social exclusion, exercise its prevention and ensure equal treatment on the labour market.

Targeting to ensure that labour market is accessible to all, account is taken of specific needs of individuals from social risk groups applying additional measures for the development of relevant capacities and integration into labour market.

The spheres of supported activities:
• Social integration of persons dependant on psychoactive substances;
• Social integration of national minorities;
• Encouragement of equal treatment for men and women;
• Social integration of convicts and ex prisoners;
• Support to social enterprises.

**Appropriate applicants (depending on the field of supported activities):**

• State and municipal institutions;
• Public establishments;
• Associations;
• Charity and assistance foundations.

The allocated means from the European Social Fund and the co-financing resources for the implementation of this measure in 2004-2006 amount to LTL 70,700,000.

### 2.1.4.3. Use of assistance of the European Social Fund and the European Regional Development Fund from 1 January 2005 to 31 March 2006

The Ministry of Social Security and Labour is the Intermediary Body in charge of the planning of the funds of measure 1.5 of Priority 1 “The Development of Social and Economic Infrastructure” and measures 2.1, 2.2 and 2.3 of Priority 2 “The Development of Human Resources” of the Single Programming Document of Lithuania for 2004-2006 and funds of co-financing as well as implementation and supervision of the measures.

The links between the National Programme for the Implementation of the Lisbon Strategy for 2005-2008 and the SPD measures whose implementation is within the competence of the Ministry of Social Security and Labour are presented in the table.

<table>
<thead>
<tr>
<th>Guidelines</th>
<th>Guideline implementation measures</th>
<th>SPD measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 guideline: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion</td>
<td>• develop the infrastructure of social services; • ensure availability of training for job-seekers, provide them with more practical skills; • increase the employability of unskilled and long-term unemployed and their integration into the labour market; • improve the employability of the unemployed with a view to ensuring prevention of long-term unemployment and increasing administrative capacities of the staff of labour market institutions</td>
<td>Measure 2.1 Development of employability; Measure 1.5 The development of infrastructure of labour market, education, vocational training, research and study institutions, and social services</td>
</tr>
<tr>
<td>18 guideline: Promote a life-cycle approach to work</td>
<td>• organise training of job-seekers in basics of business; • promote entrepreneurship of the unemployed: to provide financial support to those who start up business for creating new jobs and accepting to work the first two employees; • analyse impact of training of job-seekers in entrepreneurship on employment; • develop activities of the labour market institutions, encourage the youth to rationally decide upon choice of profession, studies and job seeking; • provide for conditions encouraging the youth studying and having acquired qualifications to acquire work experience (including through apprenticeship); • expand the network of the Youth Work Centres in county centres – establish to new Youth Work Centres</td>
<td>Measure 2.1 Development of employability; Measure 1.5 The development of infrastructure of labour market, education, vocational training, research and study institutions, and social services</td>
</tr>
<tr>
<td>Guideline</td>
<td>Description</td>
<td>Measures</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>19</td>
<td>Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive</td>
<td>•draft and submit to the Government of the Republic of Lithuania the draft Strategy for Development of Professional Rehabilitation Services for 2007-2012, and after it is approved – implement it; •create more favourable conditions for employment with social companies for social risk groups of people and promote establishment of such companies and strengthen their activities; •decrease social exclusion through prevention thereof and by promoting equal opportunities on the labour market; •evaluate effectiveness of vocational training of the labour market for employment of women and elderly persons</td>
</tr>
<tr>
<td>20</td>
<td>Improve matching of labour market needs</td>
<td>•modernise labour market institutions and optimise services provided; •enhance social partnership to ensure security of employment</td>
</tr>
<tr>
<td>21</td>
<td>Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners</td>
<td>•draft and implement targeted unemployment prevention programmes; •carry out professional development and consultations of agricultural workers; •educate and enhance qualifications and competences of target groups of regional population; •promote territorial mobility of job-seekers, draft territorial programmes; •increase competences and abilities of the staff of state and municipal and other public institutions and establishments, industrial and business companies; •increase computer literacy of the employed; •increase the abilities of employers, employees and social partners to adjust to changes on the labour market and labour market needs by developing investments into formal and informal training</td>
</tr>
<tr>
<td>23</td>
<td>Expand and improve investment in human capital</td>
<td>•adjust and implement vocational training and consultancy programmes for people with low level of education; •involve the youth having left the educational system early into activities of youth organisations and thus develop their social skills</td>
</tr>
<tr>
<td>24</td>
<td>Adapt education and training systems in response to new competence requirements</td>
<td>•modernise and expand regional vocational training centres; •carry out projects and programmes on entrepreneurship, foreign languages, IT and other general competences needed in the knowledge society; •improve qualifications of specialists of labour market training centres so that they would be able to work with new programmes and ensure their production practice</td>
</tr>
</tbody>
</table>
In implementing the SPD measures assigned, the Ministry of Social Security and Labour during the first years of membership in the European Union (until 1 April 2006) published 13 invitations to submit applications for EU support and registered 678 applications received requesting for support in the amount of LTL 788.14 million.

### Situation with Implementation of SPD Measures 1.5, 2.1, 2.2 and 2.3 (2005-1 April 2006)

<table>
<thead>
<tr>
<th>Measure, call for proposals No.</th>
<th>Applications registered</th>
<th>Decision made with regard to assistance</th>
<th>Agreements signed</th>
<th>Projects implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>678</td>
<td>413</td>
<td>338</td>
<td>4</td>
</tr>
<tr>
<td><strong>1.5 Development of the labour market and social services infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BPD2004-ERPF-1.5-05</td>
<td>50</td>
<td>24</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>BPD2004-ERPF-1.5-06</td>
<td>26</td>
<td>12</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>BPD2004-ERPF-1.5-08</td>
<td>55</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BPD2004-ERPF-1.5-09</td>
<td>63</td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BPD2004-ERPF-1.5-10</td>
<td>8</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BPD2004-ERPF-1.5-13</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2.1 Development of employability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BPD04-ESF-2.1.0-01</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>BPD04-ESF-2.1.0-02</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2.2 Development of the labour force competence and adaptability skills</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BPD04-ESF-2.2.0-01</td>
<td>107</td>
<td>46</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>BPD04-ESF-2.2.0-02</td>
<td>222</td>
<td>197</td>
<td>196</td>
<td></td>
</tr>
<tr>
<td><strong>2.3 Prevention of social exclusion and social integration</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BPD04-ESF-2.3.0-01</td>
<td>55</td>
<td>21</td>
<td>21</td>
<td>2</td>
</tr>
<tr>
<td>BPD04-ESF-2.3.0-02</td>
<td>59</td>
<td>37</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>BPD04-ESF-2.3.0-03</td>
<td>18</td>
<td>13</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Following the evaluation of administrative conformity, eligibility, benefits and quality of applications received, decisions were made to provide assistance for 413 projects and allocate the funding of LTL 404.58 million. By 1 April 2006, agreements with 338 enterprises and organisations having drafted projects to receive the EU assistance were signed.
The main reasons for rejecting projects were as follows:

- Unjustified need for the project, its relevance and benefits;
- Unjustified project expenses, necessity and link with specific activities;
- Insufficient links between the project goals, objectives and results;
- Insufficient administrative capacities of the applicant for implementation of the project;
- Unclear project implementation methodology;
- Project sustainability not ensured;
- Poor quality of filling in applications, inaccurate information provided.

The larger part of the projects were drafted by applicants from Vilnius and Kaunas Counties, and the larger part of funding available for assistance was allocated thereto.

Irrespective of the place of registration of the applicant, the territory of implementation of some projects covers several municipalities or is geographically unlimited. For all projects under the SPD measure 2.1 assistance is provided by way of direct financing and they are implemented all over Lithuania.
Projects under SPD Measures 1.5, 2.1, 2.2 and 2.3 implemented in Counties as of 1 April 2006 (by implementer’s address)

SPD Funds Appropriated by Counties 1 April 2006, LTL million
According to assistance agreements signed, beneficiaries will be more than 165.3 thousand of the Lithuanian people, of whom:

- about 51 thousand are employees of industry and business enterprises who will participate in training projects;
- 65.5 thousand of the country’s people who will educate their computer literacy skills;
- over 25 thousand of the public sector employees who will improve their qualification;
- almost 11 thousand of representatives of socially vulnerable groups (people with disabilities, people with dependency diseases, convicts and people released from places of detention, ethnic minorities, etc.) and specialists working with these persons;
- 10 thousand of the unemployed and persons warned about dismissal from work;
- over 2,200 of persons who will develop their skills in developing social partnership;
- over 600 of people living in the areas lagging behind.
By 1 April 2006 the amount of expenses incurred and deemed eligible to the European Commission under the SPD measures 1.5, 2.1, 2.2 and 2.3 was LTL 7.84 million.

**Distribution of Expenses by Measures**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of the labour market and social services infrastructure</td>
<td>19%</td>
</tr>
<tr>
<td>Development of employability - 5%</td>
<td></td>
</tr>
<tr>
<td>Development of the labour force competence and adaptability skills - 50%</td>
<td></td>
</tr>
<tr>
<td>Prevention of social exclusion and social integration</td>
<td>20%</td>
</tr>
</tbody>
</table>

Implementation of measures of the Single Programming Document of Lithuania for 2004-2006 assigned to the Ministry of Social Security and Labour was just started in 2005. At the end of 2005 and during the first half of 2006 a larger part of agreements on allocation of assistance from the EU Structural Funds were signed. Beneficiaries from Vilnius County both by the number of projects and by the amount of assistance allocated under agreements signed largely outnumber beneficiaries from other counties. For example, the value of agreements signed with Vilnius County beneficiaries amounts to LTL 237.3 million, the value of agreements signed with Kaunas County beneficiaries amounts to LTL 47.4 million, and with Alytus County – just LTL 22.4 million.

Although one of the goals of assistance from the EU Structural Funds is to reduce differences between regions of Lithuania but different administrative capacities condition uneven distribution of assistance among regions. Moreover, the largest counties of Lithuania have relatively more population. For example, the population of just Vilnius County is about 20% of the population of the country. It is also important to mention that quite a few project activities of larger counties are also targeted towards the population of smaller counties or even the entire Lithuania.

**2.1.5. Initiative of the European communites equal and the implementation in Lithuania**

The European Community Initiative EQUAL (hereinafter referred to as EQUAL) is a part of the European Employment Strategy designed with a view to combating inequality and discrimination on the labour market. This instrument of the European Union Structural Funds is financed by the means of the European Social Fund (the ESF).

At present Action 2 of the European Community Initiative EQUAL is implemented and will be completed on 31 December 2007. During Action 3 that will last until 30 June 2008, thematic networks will be created, dissemination of good practice and mainstreaming. The objective of the initiative is to supplement the ESF supported activities encouraging the development of new methods, testing and adaptation on the labour market, combating all forms of discrimination and inequality faced by both the employed and job-seekers. Successfully tested and validated methodologies and good practice accumulated while implementing projects with the application of the social partnership model will have impact on the existing policy and practice. Thus EQUAL seeks a more efficient innovative employment policy and practises at the national and the European Union levels.
EQUAL applies a new approach towards solution to the above mentioned problems based on the following main principles: thematic priorities, innovations, partnership, empowerment, international cooperation, equal opportunities and mainstreaming. These are principles essentially new in Lithuania that promote social partnership and dissemination of good practices at the European level with a view to ensuring application of positive results in other fields or other projects.

2.1.5.1. First Stage of Programme Implementation

In January-May 2005 Action 1 of EQUAL projects was implemented. 29 projects took part in Action 1. For 25 projects Action 1 lasted from 1 December 2004 to 31 May 2005, for 4 projects – from 1 December 2004 to 30 April 2005. In April and May 2005 selection for participation in Action 2 was carried out. 28 development partnerships were successfully selected for Action 2 of the programme and are implementing projects financed by EQUAL.

The budget provided for implementation of EQUAL in Lithuania during the programming period of 2004-2006 is EUR 15.82 million, where 75% come from the European Social Fund (ESF) and 25% are from the national budget. Three priority themes of EQUAL are implemented in Lithuania:
- **Theme A** – stimulate an open labour market for all, facilitating access and return to the labour market to such individuals, who meet difficulties on integration or reintegration into labour market. 20 projects are implemented under this theme, and 69% of programme means are allocated thereto.
- **Theme G** – reconciliation of family responsibilities and professional activities, support to the reintegration into labour market of men and women, who had left labour market, developing more flexible and effective forms of labour organisation and support measures. 7 projects are implemented under this theme, and 20% of programme means are allocated thereto.
- **Theme I** – support to the integration of asylum seekers. One project is implemented under this theme, and 3% of programme means are allocated thereto.

8% of the programme means will be allocated to technical assistance to the administrating institutions. Technical assistance funds are used to strengthen the administrative capacities of institutions responsible for EQUAL implementation in Lithuania and to support development partnerships in project implementation. The Implementing Body regularly provides consultations to development partnerships and organises trainings on the most important issues related to project implementation. In 2005 using technical assistance funds 17 events for development partnerships were organised, 6 publications for development partnerships were published, about 20 visits to foreign countries were organised to acquire experience and 5 external trainings for the staff of the Implementing Body were held. Using the technical assistance funds, on 17-18 November 2005 the Managing Authority of the European Community Initiative EQUAL in Lithuania together with the European Commission and Managing Authorities of EQUAL in Italy, Belgium and Poland organised the international conference Exchange of Programme Planning Experience where 163 participants from different Member States of the European Union took part.

The objective of the programme is to support development partnerships created according to the principle of social partnership in order to develop social innovation. The principle of social partnership encourages organisations and institutions having had no joint projects so far to unite and jointly solve problems. This is a way to ensure versatile approach and effectiveness in solving a problem and a possibility to acquire experience from other areas. Cooperation thereof is supported not only nationally but also on the international level and prerequisites are created for dissemination of good practice, for influencing policies and measures of implementation thereof. This objective will be reached by supporting groups of people facing specific discrimination on the labour market with a view to increasing their employment; developing possibilities for coordinating family and work life; supporting employment opportunities of asylum seekers; strengthening administrative capacities of institutions administrating the programme. About 3,000 target group members should participate in EQUAL.
project activities: people with disabilities, pre-retirement age people, youth, long-term unemployed, persons released from places of detention, persons suffering from dependency from psychotropic substances, ethnic minorities, women, victims of trafficking in human beings, sexual minorities and asylum seekers. The table below presents figures that cover persons who have directly taken part in activities of development partnerships in 2005 and persons to be involved into activities in 2006.

<table>
<thead>
<tr>
<th>Number of Target Group Members in 2005 (Action 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term unemployed</td>
</tr>
<tr>
<td>Ethnic minorities</td>
</tr>
<tr>
<td>Disabled</td>
</tr>
<tr>
<td>Women</td>
</tr>
<tr>
<td>Sexual minorities</td>
</tr>
<tr>
<td>Asylum seekers</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Youth</td>
</tr>
<tr>
<td>Pre-retirement age persons</td>
</tr>
<tr>
<td>Former prisoners</td>
</tr>
<tr>
<td>Victims of trafficking in people</td>
</tr>
<tr>
<td>Persons dependent on drugs</td>
</tr>
</tbody>
</table>

2.1.5.2. Implementation of the Second Stage Activities

During the first months of Action 2 many activities of development partnerships were similar, i.e. trainings/seminars for the target group and the project staff, studies, drafting of methodologies, creation of infrastructure/preparation thereof for performance of the project activities. One development partnership drafted and submitted recommendations with regard to supplementing the State Programme of Equal Opportunities for Women and Men for 2005-2009. Apart from the above activities, individual consultations of representatives of target groups, therapeutic workshops, experimental hikes, sports and cultural events were organised, project publicising plans were drafted, project monitoring measures were prepared, child care was provided, entrepreneurship fairs were organised, etc.

An important part in implementing the programme is taken by international cooperation that helps to share good experience at the level of the entire Europe. Lithuanian development partnerships together with 116 partners from 21 Member States of the European Union participate in transnational development partnerships that actively share good experience and take over valuable lessons which they can use when solving problems at both the national and the European level. Lithuania has the most international partners from Italy (19 partners), France (15 partners), the Netherlands (9 partners), Germany (8 partners) and Spain (8 partners).

International development partnerships where Lithuanian development partnerships participate cover the following models of transnational cooperation activities:

- information and experience exchange – partners provide information to one another about what activities they implement, in what context of the labour market, policy and institutional context they act;
- exchange of students, consultants and staff – partners organise joint seminars, conferences or draft joint measures;
- parallel development of innovative methods – development partnerships work in parallel implementing joint objectives, for example, draft training programmes for new vocational training areas but do that quite independently from one another. Partners are responsible for drafting their specific concepts;
- implementation of new methods and adjustment thereof in Lithuania and dissemination in other Member States of the EU – partners exchange the most advanced practices and apply them in their own countries. Innovation is transfer of specific procedures from one context to another;
- joint drafting – it means drafting of new innovative solutions sharing tasks.

The most intensive activities are planned for information and experience exchange, and the least – for exchange of students, consultants and staff.

Progress of the social area has been constantly increasing since 2004 when EQUAL SPD was approved. New programmes and financial mechanisms and instruments were developed and implemented with a view to increasing employment and reducing unemployment and combating sources of discrimination on the labour market. Development partnerships supported by the EU-financed EQUAL Initiative in Lithuania are devoted to the field which used to be largely neglected when allocating funds, i.e. the field of social innovation. This is why all 28 EQUAL-financed projects are devoted to finding new assistance mechanisms. EQUAL also supports target groups that suffer from a specific form of discrimination on the labour market and whose problems to be solved require specific assistance more adjusted to their needs. For example, the target group of five development partnerships under Theme A is ethnic minorities, and one development partnership is persons of unconventional sexual orientation who are not supported by special measures. Development partnerships under Theme G oriented towards development and testing of mechanisms of coordination of family and professional life are also entirely innovative in Lithuania and before such projects have not been supported under national programmes. One project devoted to asylum seekers is financed under Theme I. It unites all major governmental and non-governmental organisations working with asylum seekers.

### 2.1.5.3. Programme Implementation Finance

In 2004-2005 the amount of assistance paid out was EUR 3,378,610 (including the amounts not eligible for the EC), i.e. 21% of the amount for 2004-2006 approved in the SPD.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Amount approved in the SPD (thou EUR)</th>
<th>Amount of assistance funds paid out (including amounts not eligible for the EC)</th>
<th>Percentage of payment of the amount for 2004-2006 approved in the SPD</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>10,917.08</td>
<td>2,164.36</td>
<td>19.83</td>
</tr>
<tr>
<td>G</td>
<td>3,164.37</td>
<td>742.26</td>
<td>23.46</td>
</tr>
<tr>
<td>I</td>
<td>474.66</td>
<td>139.98</td>
<td>29.49</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>1,265.75</td>
<td>332.01</td>
<td>26.00</td>
</tr>
<tr>
<td>Total</td>
<td>15,821.86</td>
<td>3,378.61</td>
<td>21.00</td>
</tr>
</tbody>
</table>

Data of the Ministry of Social Security and Labour

As seen from Table 2.1.5.3-2, during Action 1 84% of the funds were appropriated.
During Action 2 the amount paid out was EUR 2,432,600 (of them EUR 2,335,470 was the pre-payment for the second stage).

2.1.5.4. Control Performed in Development Partnerships

To ensure successful project activities, the Implementing Body carries out checks on-the-spot. During Action 1 the Agency staff performed 29 checks on-the-spot. When carrying out checks on-the-spot, the following aspects were inspected: 1) project activities; 2) carrying out public procurement; 3) financial indicators of projects. When carrying out checks on-the-spot, no significant problems were noticed that would hinder implementation of the first stage activities of projects and achievement of the main result of the first stage – to prepare for transition to the second stage of project implementation – Action 2.
2.1.5.5. EQUAL Programme Publicising

Information and publicising means of the European Communities Initiative EQUAL are to:

• inform prospective applicants and beneficiaries as well as public institutions and establish-
ments, economic and social partners, companies, organisations promoting implementation of equal
opportunities, non-governmental organisations and partners forming development partnerships
about opportunities offered by the EQUAL Programme;

• raise awareness of the public about the European Community Initiative EQUAL and ensure
transparent implementation thereof and inform the public about activities being implemented and
results achieved.

Specialists coordinating EQUAL Programme at the Ministry of Social Security and Labour
actively participated in TV programmes and discussions on the issues of equal opportunities on the
labour market and (re-)integration of social risk groups into the labour market. The press also pub-
lished articles describing EQUAL Initiative, development partnerships, plans and goals and results to
be achieved. It is important to emphasise that there have been numerous publications also in smaller
dailies of the country whose authors are coordinators and project managers of development partner-
ships. These articles discuss presentations of projects to the public and target groups and meetings
with stakeholders and institutions. Press conferences were organised where not only representatives
of target groups but also institutions and organisations interested in the project results took part.

During the second stage of the programme implementation activities of publicising projects
were not developed very intensively. Many development partnerships indicated that after the com-
 mencement of the second stage no results were achieved that could be presented to the public. It is
planned to intensively implement publicising measures in 2006-2007.
Summarising, one could say that in 2005 activities were focused on implementation of the first stage, its completion, approval of the initial selection and the second stage.

The main results to be achieved by the programme implementation include good experience in implementing projects and opportunities for further cooperation; new ideas and solutions tried out that have impact on future employment and science and education policy and practice; employability of representatives of the groups discriminated or having no equal opportunities on the labour market and opportunities to integrate into the labour market will increase.

Assistance from the EU Structural Funds in the area of social security and labour is to improve employability of the unemployed and their integration into the labour market with a view to contributing to the reduction of the unemployment rate and prevention of long-term unemployment, to reduction of social exclusion and assurance of equal opportunities on the labour market.

### 2.2. REGULATION OF LABOUR RELATIONS

#### 2.2.1. Labour relations

2005 did not see any significant changes in the policy of labour relations. In 2005, as a result of the implementation of EU directives, the Law on Guarantees for Posted Workers and the Law on the Involvement of Employees in Decisions Making at European Companies, and the supporting subordinate legislation.

On 13 June 2005 the decade of the Tripartite Council was celebrated by signing a new agreement on tripartite co-operation between the Government of the Republic of Lithuania, Trade Unions and Employers’ Organisations.

#### 2.2.1.1. Collective labour relations

Collective labour relations play the increasingly significant role in the system of labour relations. In 2005, much attention was paid to the development of collective labour relations. As the main objective for participation in tripartite co-operation is to exchange information, pursue for the balance of interests and to arrive at the approval of the Government policy by the principal social partners, and to form socio-economic policy reflecting the attitude and interests of the partners, the 2005-2006 plan of measures for the development of social partnership between the Government, Trade Unions and Employers’ Organisations was approved by the decision of 25 February 2005.
(Minutes No. 80). The plan defines obligations of the partners to improve the system for social partnership, legislation regulating social partnership and collective labour relations, and indicates measures for elaborating participation of social partners in social dialogue.

On 13 June 2005 the decade of the Tripartite Council was celebrated by signing a new agreement on tripartite co-operation between the Government of the Republic of Lithuania, the trade union organisation and the employers’ organisation (the first agreement on the establishment of the Tripartite Council was signed on 5 May 1995, and the second agreement on tripartite co-operation was signed on 11 February 1999). By this agreement social partners agreed on priorities, such as the development of collective labour relations and tripartite co-operation, the creation of civil dialogue structure, the development of wage system, the developing and improving indexation mechanisms for wage and social security payments, etc. It was agreed to implement these measures by sharing relevant information, consulting on suitable ways to solve these problems, drawing up and approximating draft legislation on the tripartite principle, discussing the most relevant problems at the Tripartite Council of the Republic of Lithuania, also by drawing up and implementing tripartite co-operation programmes on the improvement of legal framework for partnership, on education and training of social partners, on the development of legislation framework, on the proceeding with the development of the structure of tripartite co-operation in counties and municipalities, increasing the efficiency of their activities, etc. The text of the agreement, the 2005-2006 plan of measures for the development of social partnership as well as other relevant information about social partnership in Lithuania is provided on the website of the Tripartite Council of the Republic of Lithuania.

After Lithuania joined the European Union, many subdivisions of international corporations functioning in Europe were opened in Lithuania, and a number of Lithuanian companies established their branches abroad. Therefore, a new form of social partnership is developing on information and consultation of employees, when an employer makes decisions regarding the management of the company not individually but with the participation of employees’ representatives. The latter are entitled to receive information and to voice their opinion regarding major events or decisions in the company (or group of companies) related to the interests of employees. The involvement of employees’ representatives into the process of decision making through information and consultation makes this process more democratic and transparent, and the decisions – more acceptable and effective. At present, two laws have been adopted on the implementation of the EU directives and regulation of employees’ participation in the management of a company, viz. the Law of the Republic of Lithuania on European Works Councils¹, and the Law of the Republic of Lithuania on the Involvement of Employees in Decision Making at European Companies².

The Law of the Republic of Lithuania on European Works Councils transposed European Parliament and Council Directive 94/45/EC of 22 July 1994 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees. The European Works Council is a body established as provided by the law and representing employees of a company (a group of companies) carrying out activities in several states, through which the management of the company (the group of companies) shall provide information to employees and shall enter into consultations regarding the management of the company (the group of companies) relevant to employees. The aim of instituting European Works Councils is to ensure efficient and timely information of employees and consultations with them on issues related to the company (the group of companies) carrying out activities in several EU Member States or at least subdivisions of the company (the group of companies) functioning in several states.

The Law of the Republic of Lithuania on the Involvement of Employees in Decision Making at European Companies was adopted in order to implement the provisions of European Parliament and

Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees. The objective of the Law is to regulate the involvement of employees in decision making at European companies, to introduce special provisions related to the involvement of employees in decision making to ensure that employees of companies contributing to the establishment of European companies could further be involved in decision making after the establishment of a European company, or that at least their involvement is not reduced.

The amendment of the Labour Code brought about certain changes in the field of collective labour relations: from now on the strike (including the warning strike) can be organised and led not only by a trade union but by the works council as well.

In 2005, the Ministry of Social Security and Labour registered the first sector collective agreement in Lithuania signed between the Trade Union Federation of Lithuanian Agricultural Workers and the Lithuanian Association of Agricultural Partnerships. Pursuant to Resolution No. 1815 of 19 November 2002 of the Government of the Republic of Lithuania on the approval of the Regulation for the Registration of National, Sector and Territorial Collective Agreements, the Ministry of Social Security and Labour only registers national (State level), sector (manufacturing, services, vocational level) and territorial (local government, county level) collective agreements upon declaration confirming the fact of agreement and the authenticity of the text. This agreement complies with the requirements of the Labour Code for sector collective agreements, as it discusses important issues complementing legal provisions, such as the conclusion of employment contracts, the procedure of amendment or termination of employment contracts, the organisation of wages, features of work and leisure, guarantees applicable to employees, and the material liability of employees. Provisions of this sector collective agreement apply to all employees of agricultural partnerships employed by enterprises members of the association of agricultural partnerships.

Current provisions of the Labour Code do not provide for the registration of collective agreements of enterprises. In 2005, officials of the State Labour Inspectorate inspected 14,715 enterprises and their structural subdivisions, and established that 730 enterprises had registered trade unions (including 685 enterprises that signed collective agreements), in 4 enterprises the functions of the representation and defence of employees were delegated to sector trade unions, 1495 enterprises either have works councils or the functions of works councils are performed by the employees’ representative (no information on the number of collective agreements signed in these enterprises was requested in 2005).

The situation in the field of collective labour relations and in the labour market is characterised by the distribution and frequency of strikes as the final measure in addressing collective labour disputes. There were no strikes organised during the period of 2002-2005, and this can be related to the improving economic situation in Lithuania.

2.2.1.2. Individual labour relations

Individual labour relations are bilateral labour relations arising from the employment contract. Individual labour relations are regulated by the Labour Code of the Republic of Lithuania and regulations.

The Law of the Republic of Lithuania on the amendment of Articles 5, 109, 146, 180 and 220 of the Labour Code enforced on 22 June 2004 partially transposed Directive 96/71EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services. This Directive defines working conditions for employees working abroad on a temporary basis, including employees of employment agencies. Therefore, as a result of the implementation of the provision of Article 220(4) of the Labour Code, the Law of

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the Republic of Lithuania on Guarantees for Posted Workers was adopted on 12 May 2005. The Law endeavours to create favourable conditions for free movement of workers in the EU Member States and in the countries of the European Economic Area (hereinafter – the Member States), that such movement shall not be restricted. The Law provides for two scopes of application, viz. when a Lithuanian employer sends his employees for a temporary work in another Member State, and when the employer from another Member State delegates his employees for a temporary work on the territory of the Republic of Lithuania.

In 2005, certain provisions of the Labour Code were amended. One of the most significant amendments involved the liberalisation of the opportunity to work overtime. Having added point 7 to Article 151 of the Labour Code, overtime work became allowed if it is included into the collective agreement; however, the annual amount of overtime work cannot exceed 180 hours a year.

Another important amendment of the Labour Code is the adding of Article 162 providing that days off coinciding with holidays listed in Article 162(1) shall be transferred to the following first working day. The collective agreement may provide for a different procedure of transferring days off that coincide with holidays; however, it must be emphasised that collective agreements making the situation of workers worse than established by the Labour Code shall be void and null.

Another important amendment beneficial to the employees relates to Article 177 of the Labour Code, viz. upon the termination of the employment contract the allowance shall be paid for all unused annual leaves. Prior to this amendment, upon the termination of the employment contract the allowance for unused annual leave could be paid for the maximum of three years.

### 2.2.2. Remuneration for work

#### 2.2.2.1. Minimum wage (MW)

Article 187(1) of the Labour Code provides that the Government, upon the recommendation of the Tripartite Council, shall determine the rates of the minimum wage (MW) – the minimum hourly pay (MHP) and the minimum monthly wage (MMW). Upon the recommendation of the Tripartite Council, the Government may establish different rates of MHP and MMW for different branches of economy, regions or categories of employees.

On 25 January 2005 the Tripartite Council of the Republic of Lithuania approved the proposal to increase the wage. The Government of the Republic of Lithuania increased the minimum hourly pay and the minimum monthly wage, effective as of 1 July 2005:

1. The minimum hourly pay – to LTL 3.28, and the minimum monthly wage – to LTL 550, for employees working for companies, institutions and organisations irrespective of the form of ownership, and for other individuals to whom the minimum monthly wage is applicable following the procedure provided by law, with the exception of persons referred to in paragraph 2 of the Resolution.

2. The minimum hourly pay – to LTL 2.57, and the minimum monthly wage – to LTL 430, for state politicians, judges, public officials, military conscripts and civil servants.

In comparison with previous rates, the MMW was increased by 10%.

Upon the recommendation of the Tripartite Council dated 20 December 2005 and 28 February 2006, the Government of the Republic of Lithuania approved the following rates, effective as of 1 July 2006:

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1. The minimum hourly pay of LTL 3.65, and the minimum monthly wage of LTL 600 for employees working for companies, institutions and organisations irrespective of the form of ownership, and other individuals to whom the minimum monthly wage is applicable following the procedure provided by law, with the exception of persons referred to in paragraph 2 of the Resolution.

2. The minimum hourly pay of LTL 2.62, and the minimum monthly wage of LTL 430 for state politicians, judges, public officials, military conscripts and civil servants.

These resolutions are in line with the provisions of the Programme of the Government of the Republic of Lithuania for 2004-2008\(^7\) aiming to increase the average wage to LTL 1,800 and the minimum monthly wage to LTL 800.

It should be noted that the minimum wage is increased in other states as well. As of 1 January 2006 the MW increased in the Czech Republic, Estonia, Spain, Latvia, Poland, Portugal, Hungary and in several other EU Member States.

In 2005, labour remuneration was increased for the employees of budgetary institutions: from July 1 the official wage for medical workers increased 20% on average; from September 1 the average increase of the wage for teachers was 4.5%, and this was due to the transition to the tenure of teachers; from November 1 the maximum rate of the official wage for social workers was increased 20%.

The prospects for the national economic development are favourable for the increase of the MW. The gross domestic product (GDP) is experiencing growth. According to the up-to-date estimates of the Ministry of Finance, the GDP grew 7.5% in 2005. During the 4\(^{th}\) quarter of 2005, the average gross monthly wage of national workers was LTL 1,453.4, i.e. it increased 10.9% over the 4\(^{th}\) quarter of 2004. The same trend is expected to continue, viz. in 2006, the GDP is expected to grow 6%, and the average gross monthly wage – 8%.

According to the data of the Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania), in October 2005 the part of employees receiving the minimum monthly wage or lower labour remuneration and working full-time or part-time (excluding sole proprietorships) decreased over to October 2004, and amounted to 17.3%; about one half of these employees worked on a part-time basis. The reduction of the said group was influenced by more rapid growth of the labour remuneration last year as well as the decrease of the number of employees working on a part-time basis\(^8\).

2.2.2.2. Average monthly wage (AMW)

The changes in the average monthly wage may be characterised by the following three indicators:

- Average gross monthly wage (gross AMW), which is the wage before the deduction of the income tax of individuals and the state social insurance contributions paid by the employee;
- Average net monthly wage (net AMW), which is the amount of the wage received by deducting the personal income tax and the state social insurance contributions paid by the employee from the gross AMW;
- Index of real wages, which is the index calculated by dividing the index of net wages by the consumer price index.

According to the data of the Department of Statistics of the Republic of Lithuania (Statistics Lithuania)\(^9\), during the 1\(^{st}\) quarter of 2006, the average gross monthly wage in the national economy (excluding sole proprietorships) was LTL 1,437 (which was 13.2% increase over the 1\(^{st}\) quarter of 2005), in the state sector – LTL 1,501.3 (which was 12.1% increase over the 1\(^{st}\) quarter of 2005), and in the private sector – LTL 1,395.4 (which was 14.4% increase over the 1\(^{st}\) quarter of last year).

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\(^7\) Press Release No. 03/094 of 15 June 2006 of the Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania)

\(^8\) Data of the Department of Statistics to the Government of the Republic of Lithuania (Statistics Lithuania) on wages and salaries during the 1\(^{st}\) quarter of 2006; Vilnius, 7 June 2006

The growth of the average gross monthly wage was influenced by the increase of the minimum monthly wage (from LTL 500 to LTL 550), the increase of the minimum hourly pay (from LTL 2.95 to LTL 3.28) and the increase of wages for medical and social workers, effective as of 1 July 2005.

During the 1st quarter of 2006, the average net monthly wage in the national economy (excluding sole proprietorships) was LTL 1,019.60 (which was 11.7% increase over the 1st quarter of 2005), in the state sector – LTL 1,060.80 (which was 10.8% increase over the 1st quarter of 2005), and in the private sector – LTL 993 (which was 12.8% increase over the 1st quarter of 2005).

During the 1st quarter of 2006, the real wages in the national economy (excluding sole proprietorships) increased 8.1%, in the state sector – 7.3%, and in the private sector – 9.2% over the 1st quarter of 2005.

2.2.2.3. Wage guarantees for employees of undertakings under bankruptcy or bankrupt undertakings


All employees of undertakings under bankruptcy or bankrupt undertakings, who have terminated employment relationships with such undertakings, as well as employees who continue employment relationships with an undertaking under bankruptcy when the undertaking is indebted to them, shall be entitled to receive payments from the Guarantee Fund. Payments from this Fund are also extended to former employees of undertakings liquidated as a result of bankruptcy after the enforcement of the said law, when undertakings are indebted to them. The law provides for the types of remuneration related to labour relations from the Guarantee Fund, as the remuneration of the unpaid wage, cash payments for unused leave, severance pay, remuneration for idle time, remuneration for damage due to accidents at work or occupational diseases, when obligation to pay damages is not transferred to the state following the procedure provided by the law. The Government of the Republic of Lithuania sets the maximum amounts of payments following the provisions of the aforementioned law. The Guarantee Fund actually commenced its activities in August 2001 after all relevant subordinate legislation was adopted.

In 2005, the Law on the Amendment of Articles 1, 3, 4, 5, 6, 10 and 13 and on the Amendment of the Annex to the Law of the Republic of Lithuania on Guarantee Fund (Official Gazette, No. 41-1460, 2006) the key objective of which was to fully harmonise the Law on Guarantee Fund with Council directives, and to secure the protection of employees in the event of the insolvency of their employer in conformity with the EU law.

In 2005, LTL 16.6 million were paid from the Guarantee fund to 10,654 employees of 527 undertakings under bankruptcy or bankrupt undertakings. The average payment per employee was LTL 1,558.

During the period from 2001 to 1 January 2006, the amount allocated for disbursement was LTL 102.6 million, which was allocated to 75,105 employees. The average amount of payment per employee was LTL 1,366.

In January-March 2006, LTL 2.4 million were paid from this Fund to 79 employees of undertakings under bankruptcy or bankrupt undertakings. The average payment per employee was LTL 1,823.

10 Law on the Amendment of Articles 1, 3, 4, 5, 6, 10 and 13 and on the Amendment of the Annex to the Law of the Republic of Lithuania on Guarantee Fund (Official Gazette, No. 41-1460, 2006)
11 Law on the Amendment of Articles 1, 3, 4, 5, 6, 10 and 13 and on the Amendment of the Annex to the Law of the Republic of Lithuania on Guarantee Fund (Official Gazette, No. 41-1460, 2006)
2.2.3. Control of labour law observance

With regards to the control of labour law observance issues, some 19,817 inspections were carried out in 2005, with 8,928 of them leading to the disclosure of 32,740 labour law breaches. In recent years, the total number of breaches has been increasing. Some 22,800 labour law breaches were disclosed in 2001, while in 2005 their number grew 43%. Information about labour law breaches in 2001-2005 is provided in Figure 2.2.3.-1.

![Number of labour law breaches in 2001 - 2005 (in thousands)](chart1)

Labour law breaches identified during the reference year: 8,866 related to concluding employment contracts, 4,289 related to labour remuneration procedures, 8,501 related to the regulation of working and rest time, 5,582 related to the accounting of working time, and 5,462 related to other labour law issues. Information about the nature of identified labour law breaches in 2004-2005 is provided in Figure 2.2.3.-2.

![Nature of identified labour law breaches in 2004 - 2005 M. (%)](chart2)
In comparison with 2004, labour law breaches related to concluding employment contracts increased 2%, labour law breaches related to labour remuneration procedures increased 6.7%, labour law breaches related to the accounting of working time increased 13.3%, labour law breaches related to the organisation of work and leisure increased 19%, and labour law breaches related to other labour law issues increased 16.3%.

The analysis of the data shows that employees are not always keen on observing the labour law. In each case of labour law breach, a compulsory order is issued to remove infringements.

**Illegal work.** Exercising control and prevention of illegal work, in 2005 the State Labour Inspectorate carried out 4,774 inspections of illegal work, identified 1,500 illegally working individuals and drew up 279 records of administrative offences in relation to 487 persons according to Article 41 – 3 of the Code of Administrative Offences (*Illegal Work*).

Authorities controlling illegal work identified the total of 6,964 illegally (illicitly) working individuals in 2005. Including: 4,435 persons were identified by the Police Department, 1,500 persons – by the State Labour Inspectorate, 937 persons – by the State Tax Inspectorate, and 92 persons – by the Financial Crime Investigation Service. (Figure 2.2.3.1.-1)

The analysis of the identification of illegal workers in economic sectors based on the results of inspections performed by the State Labour Inspectorate shows that the tendency to use illegal work remains the same for several years already. Just as the last year, in 2005, the majority cases of illegal work was identified in the following economic sectors: construction – 39.13%, agriculture – 8.13 %, wholesale/retail trade – 7.6 %, manufacture of wood and products of wood, and manufacture of furniture – 7.2 %, automobile repair shops – 6.53 %, garment making – 2.6 %.

![Identified number of illegally (illicitly) employed individuals (data of 31 December 2005)](image)

Identified labour law breaches resulted in the drawing up of 4,779 records of administrative offences and in the institution of 883 pre-trial investigation proceedings.

Campaign *Labour Remuneration “Under the Table”*, commenced in 2003, was further continued in 2005. It should be noted that the successful activities of the authorities participating in the campaign (the State Tax Inspectorate, the State Social Insurance Board and the State Labour Inspectorate) are demonstrated by the increased collection of the income tax of individuals (ITI).
In 2005, income from the income tax of individuals amounted to LTL 3,566,302,000 (such amount was collected into the state and municipal budgets), i.e. 11.57% more than expected. The collection of the ITI in 2005 grew 16.77% over 2004. The collection of the ITI related to income derived from work increased 15% over 2004.

In order to fight this phenomenon, a co-operation agreement was signed on 21 April 2006 between the Financial Crime Investigation Service and the State Social Insurance Board. The objective of this agreement is to prevent illegal financial transactions and failure to pay contributions. Also, the recovery of social insurance contributions and of damages caused to the State, as well as preventive activities shall be improved.

2.2.4. Safety and health at work

Safety and health at work is an important area in the labour policy. Its aim is to ensure safe and healthy working conditions. It is all preventive measures intended for the preservation of functional capacity, life and health of workers at work, which are applied or planned in all stages of an undertaking’s activity in order to protect workers from occupational risk or at least to minimise the risk. The description of the condition of safety and health at work in Lithuania in 2005 is given below, as well as of the development of the legal framework in this particular area of the labour policy in 2005-2006.

2.2.4.1. Safety and health at work in undertakings in 2005

Working conditions in undertakings

Inspectors of the State Labour Inspectorate carried out 16,500 inspections in 2005 on the issue of safety and health at work (according to the data of Statistics Lithuania and the Agricultural Information and Rural Business Centre, on 1 January 2006 Lithuania had 159,300 active economic operators), and in 9,500 undertakings identified 52,400 violations of legislation on the safety and health at work, including:

- 71% of violations in organising safety at work,
- 29% of violations of technical requirements on safety.

In response to the above violations, the inspectors of the State Labour Inspectorate drew up their orders to remove limitations, and in 284 cases they suspended operations or prohibited the use of labour means in undertakings.

It has been established that in 271 undertaking almost 9,000 employees were working, when hazardous factors of the environment exceeded the permitted limit values provided by legislation on safety and health at work.

Accidents at work

Accidents at work in the undertakings of Lithuania in 2005:

- 112 fatal,
- 216 serious, and
- 3,003 minor labour-related accidents at work.

There were 17.7 serious and 9.2 fatal accidents at work per 100,000 employees.

In 2005, the majority of fatal (23%) and serious (17%) accidents at work occurred as a result of traffic offences, while the majority of minor accidents at work (46%) – as a result of violations of legislation on safety and health at work.

The analysis of the dynamics in serious and fatal accidents at work during the period of 2001-2005 (see Figure 2.2.4.1-1) shows that the number of both serious and fatal accidents at work has

1 Law No. IX-1672 on Safety and Health at Work (Official Gazette, No. 70-3170, 2003)
the tendency to increase. 2005 saw the highest number of serious accidents at work (17.7 accidents per 100,000 employees) during the recent five years. The number of fatal accidents at work (9.2 accidents per 100,000 employees) was higher than in 2001, 2002 or 2004; however, it was slightly lower than in 2003.

In 2005, the majority of serious accidents at work occurred in construction undertakings, viz. 83.9 accidents per 100,000 employees. The number of serious accidents at work was also high in undertakings engaged in forestry, production of construction materials, chemical industry, transport and agriculture, viz. approx. 40 accidents per 100,000 employees.

In 2005, the highest number of fatal accidents at work occurred in forestry undertakings, viz. 55.2 accidents per 100,000 employees. The number of fatal accidents at work per 100,000 employees was high in undertakings engaged in the production of construction materials (40), chemical industry (38.2) and construction (37.9).

### Number of Labour-related Accidents at Work per 100,000 Employees in 2001-2005
![Graph showing the number of serious and fatal accidents per 100,000 employees from 2001 to 2005.]

Data from the 2005 Report of the State Labour Inspectorate

### Morbidity in Occupational Diseases
In 2005, the State Register of Occupational Diseases recorded 1,380 cases of occupational diseases suffered by 891 people. 85.1% of all registered cases of occupational diseases were diagnosed for men, and 14.9% for women. The highest percentage of occupational diseases (45.4%) has been diagnosed to individuals of 55-64 years of age, while 23.9% and 26.8% of all cases were diagnosed respectively to people of the age of 45-54 and 65+. Thus, accordingly 96% of all cases occupational diseases are diagnosed to individuals of 45+.

It becomes obvious when comparing the number of cases of occupational diseases and the number of sick persons during the period of 1998-2005 (see Figure 2.2.4.1-2) that the number of cases of occupational diseases decreased from 618 to 570 in 1998-2001, and increased in 2002-2005 reaching the number of 1,380 cases in 2005. The number of persons to which occupational diseases were diagnosed decreased and increased accordingly. The number of cases of occupational diseases increases with the growth of the number of persons applying for an occupational disease to be diagnosed to them.
The highest rate in percentage of the registered data in 2005:
• Cases of dorsopathia (40.3%);
• Cases of aural diseases (34.6%);
• Cases of polyneuropathia and other peripheral nervous system diseases (15.6%).

The causes of 85.8% of registered cases of occupational diseases are physical factors. 73% of all cases of occupational diseases were diagnosed for drivers and operators of mobile equipment. Thus, occupational diseases are most frequently caused by noise and operation of vibrating equipment.

2.2.4.2. Development of legal framework in 2005-2006

During the second half of 2005 and the first half of 2006, EU directives on safety and health at work were being further implemented. Following Directive 2004/40/EC of the European Parliament and of the Council of 29 April 2004 on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (electromagnetic fields) (18th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC), Regulations on the Protection of Workers from Risks Arising from Electromagnetic Fields have been drafted and approved.

With due consideration to the existing practice of the application of the legislation, new editions of the following legal acts have been drafted and approved:
• Requirements for the Organisation of Safe Work and for Establishment of Workstations in Undertakings Engaged in the Mineral-Extracting through Drilling;
• Requirements for the Organisation of Safe Work and for Establishment of Workstations in Undertakings Engaged in Surface and Underground Mineral-Extracting;
• Safety Regulations for Workers Working in a Potentially Explosive Atmospheres;
• Minimum Requirements for Health Promotion Activities on Board Vessels.

Also, with due consideration to the existing practice of the application of the legislation, General Regulations for Installation of Workplaces, General Regulations for the Use of Work Equipment, and Lithuanian Hygiene Norm HN 32:2004 “Work with Videoterminals. Safety and Health Requirements” have been specified.

introduction of measures to encourage improvements in the safety and health of workers at work, and provisions of the Law of the Republic of Lithuania on Social Integration of the Disabled as well as the Law on Procedure of Drafting of Republic of Lithuania Laws and Other Regulatory Enactments, and taking into consideration the practice of application of the law and the condition of safety and health at work in undertakings, a draft law amending the Law of the Republic of Lithuania on Safety and Health at Work has been elaborated and is expected to be discussed during the autumn session of the Seimas.

As a result of the implementation of the Regulations on Work with Asbestos, the Description of the Competence Requirements for Undertakings Carrying out Works Related to the Demolition of Buildings Containing Asbestos in their Structures and Removal of such Structures or Asbestos has been drafted and approved. As a result of the implementation of the Regulations of Assessment of Occupational Risk, Methodological Guidelines for Investigation of Ergonomic Risk Factors as well as Methodological Guidelines for the Investigation of Psychosocial Risk Factors have been drafted and approved.

2.2.4.3. Conclusions

Labour inspectors identified over 52,000 of infringements of the safety and health legislation in the inspected undertakings in 2005. Almost 9,000 employees in the inspected undertakings were working when hazardous factors in the working environment exceeding the permitted values. These figures are similar to those of 2004, and they indicate that not sufficient attention is paid to the issues on safety and health at work in such undertakings.

In 2005, the number of labour-related fatal accidents at work per 100,000 of employees was higher than in 2004. 2005 saw the highest number of serious labour-related accidents at work per 100,000 employees during the recent five years. Hence, it is obvious that the number of labour-related serious or fatal accidents at work is growing.

The number of registered occupational diseases has been growing in the country since 2002. It changes pro rata to the number of individuals to whom occupational diseases are diagnosed. Therefore, a conclusion may be drawn that the number of individuals wishing occupational diseases to be diagnosed to them is increasing. Over 95% of persons to whom occupational diseases are diagnosed are 45+. In comparison with 2004, the comparative weight of occupational diseases diagnosed to individuals of 65+ increased from 11.7% to 26.8%. It proves that one of the reasons behind the growth of the number of occupational diseases in 2005 is a large number of persons of 65+ who applied regarding the diagnosis of an occupational disease.

The improvement of the legal framework on safety and health at work through the transposition of EU directives into national legislation and the implementation of preventive legal, research and information measures regarding occupational diseases specified for the improvement of the condition of safety and health of workers in the country, especially in sectors such as road transport, construction and agriculture, were further continued during the second half of 2005 and the first half of 2006.

2.2.5. Technical safety

Technical safety is a very important part of the labour policy aimed at providing legal and organisational measures in all stages of designing, producing, operating and supervising working equipment with the view to ensuring the safety of equipment to people, property and the environment. The organisation of the implementation and co-ordination of the national policy on technical safety is described in this section.
2.2.5.1. Free movement of goods

In order to improve business conditions, to enhance industrial competitiveness and to develop exports, conformity assessment infrastructure (test laboratories, certification bodies) projects of the development programme are continuing. In 2005, approximately LTL 500,000 was assigned for the implementation of the Programme measures. These funds were used for the expansion of the scope of accreditation of the existing conformity assessment bodies by providing assistance with the acquisition of the required technical equipment. Equipment acquired and knowledge gained during the project will allow to assess the conformity of a wider range of products, requirements for notified bodies will be better complied with, and the customers’ needs will be better met.

In order to provide conditions encouraging undertakings to upgrade their work equipment and to improve work environment, also as a result of the implementation of the policy of the free movement of goods, the establishment of mandatory safety requirements and the assessment of conformity with these requirements, in 2005 two institutions were notified to perform conformity assessment procedures established in technical regulations “Personal Protective Equipment” and “Lifts”. The Enterprise-Industry Directorate-General of the European Commission granted identification numbers to these institutions, and relevant information was published in the Official Journal of the European Communities. Manufacturers may perform conformity assessment in Lithuanian notified bodies whose certificates of conformity are recognised in the European Union.

Centre of Personal Protective Equipment (Footwear) Conformity Assessment of the Faculty of Design and Technologies of Kaunas University of Technology was appointed to carry out testing of safe protective and occupational footwear of EC type for professional use, as provided in technical regulation “Personal Protective Equipment”, by Order No. A1-213 of the Minister of Social Security and Labour dated 20 July 2005 (Official Gazette, No. 91-3409, 2005). The Enterprise-Industry Directorate-General of the European Commission granted the identification number of 1663.


The scope of accreditation of the Textile Testing Laboratory of the Lithuanian Textile Institute and of the Testing Laboratory of Occupational Footwear for Professional Use of the Centre Personal Protective Equipment (Footwear) Conformity Assessment of the Faculty of Design and Technologies of Kaunas University of Technology has been expanded to cover the testing of protective clothing and footwear established in eight harmonised standards related to the scope of application of technical regulation “Personal Protective Equipment”.

2005 saw the drafting and publishing of publication on the interpretation and implementation of Directive 98/686/EEC (personal protective equipment). It is intended for the manufacturers and importers of protective equipment and for authorities responsible for market surveillance, and it provides interpretation regarding the classification of personal protective equipment under a specific group, responds to various questions and indicates addresses of notified bodies performing conformity assessment procedures. Also, booklets were prepared stating the opinion of the Commission on decisions made and measures taken by public authorities of individual Member States in respect of the prohibition of the marketing and use of some of the machines and other products.

Market surveillance is performed by the Non-Food Products Inspectorate under the Ministry of Economy, which provided the following market surveillance results for 2005:

**Personal protective equipment.** In 2005, 169 inspections of personal protective equipment (hereinafter referred to as the PPE) were carried out (165 inspections were carried out in 2004). Infringements
were identified in 78 cases, which is 46% of all inspections (the number of 2004 was 52%).

278 types of PPE were examined, and infringements were identified on 89 types of products (32%). See Annex 6-3.

The examination revealed the following infringements of technical regulation “Personal Protective Equipment”: the CE marking missing on the PPE – 4.7%, user instructions unavailable – 10.2%, user instructions unavailable in Lithuanian – 9.5%, EC conformity declaration missing – 5.8%, and non-conformity to the requirements on marking – 8.6%. See Annex 6-4.

No infringements were identified on 189 types of the PPE. Most of the examined personal protective equipment was produced in Member States.

In 2006, two PPE market surveillance campaigns were developed and implemented.

**Machinery.** The total of 278 inspections were carried out, identifying infringements in 129 examinations (46%). Inspectors examined 1,318 types of machinery and identified 313 types of machinery (24%) with infringements (see Annex 6-5). In comparison with 2004, the total number of infringements remains more or less the same.

**Lifting equipment.** In performing surveillance of the market on lifting equipment, 17 inspections were carried out, identifying infringements in two examinations (12%). The total of 93 types of devices were examined, identifying 5 types with infringements (5.4%). Three lifting devices (3.2%) were not in conformity with the marking requirements, two (1.7%) had EC conformity declaration not in conformity with the provisions of the Regulation, the manufacturer of three lifting devices (3.2%) was not identified, two (2.1%) had user instruction unavailable, and the intended purpose of three lifting devices (3.2%) was not identified. The number of infringements of lifting equipment identified in 2004 decreased 5% in comparison to 2002. See Annex 6-6.

One repeated examination was carried out identifying infringements. Ten examinations were carried out in the wholesale trade. Some examined lifting equipments (textile belt slings with loops on ends (models 1 and 3) and WILL hooks) originating in third countries did not meet the requirements of the regulations.

### 2.2.5.2. Potentially dangerous equipment

In 2005, five legal acts pertaining to the supervision of potentially dangerous equipment were drafted and approved.

Owners of potentially dangerous equipment recorded 23,861 potentially dangerous equipment in the State Register by 1 June 2006. All recorded equipment is provided in Table 2.2.5.2-1 by group and by category.

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1 Regulations for Safe Operation and Maintenance of Cableways Installations designed to carry persons approved by Order No. A1-196 of the Minister of Social Security and Labour dated 7 July 2005 (Official Gazette, No. 87-3275, 2005)
Pursuant to the Law on Supervision of Potentially Dangerous Equipment and the authorisation procedure approved by Government resolution, the Minister of Social Security and Labour issues an order authorising three public institutions to perform the inspection of the technical condition of potentially dangerous equipment. These institutions are the Technical Supervision Service, the Supervision Service for Elevating Gears and TVtechnika. Authorisations were as provided to inspect tanks for storing dangerous materials, lifts, cableways installations designed to carry persons and funiculars, escalators, elevating gears and recreational equipment (amusements). Furthermore, the Minister of Economy issued an order authorising the Technical Supervision Service and TVtechnika to perform the assessment of the technical status of potentially dangerous equipment falling under other groups.
In 2005, all authorised institutions operated in compliance with LST EN ISO/IEC 17020:2004 and were accredited as Type A control institutions. Following the established procedure, they inspected and assessed the technical condition of potentially dangerous equipment in operation and the operation of which was about to commence, and provided their opinion to the owners of these equipment regarding the suitability for operation.

The staff of the Technical Supervision Service numbered 60, including 49 specialists who directly perform the assessment of the technical condition of equipment (on average 785 inspections per year). The Supervision Service for Elevating Gears had 8 employees, and in 2005 each of them performed 554 inspections on average. TUVtechnika had 13 employees who performed 313 inspections per year each.

According to the data of the State Labour Inspectorate, in 2005 operating or servicing potentially dangerous equipment resulted in 4 fatal and 13 serious accidents at work. In comparison with 2004, the number of fatal accidents at work increased by one, and serious accidents at work – by 6. Data on serious and fatal accidents at work (acts of Form N-1), which occurred while operating potentially dangerous equipment in 2004-2005 are given in Figure 2.2.5.2-1.

Data on accidents at work (act of Form N-1) while operating potentially dangerous equipment in 2005 are given in Table 2.2.5.2-2.
### Accidents at work while operating potentially dangerous equipment

<table>
<thead>
<tr>
<th>No.</th>
<th>Equipment Group</th>
<th>Accidents at work resulting in the drawing of Form N-1 acts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Minor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>1.</td>
<td>Lifting equipment</td>
<td>44</td>
</tr>
<tr>
<td>2.</td>
<td>Steam and water boilers</td>
<td>6</td>
</tr>
<tr>
<td>3.</td>
<td>Lifts</td>
<td>1</td>
</tr>
<tr>
<td>4.</td>
<td>Pressure vessels</td>
<td>7</td>
</tr>
<tr>
<td>5.</td>
<td>Recreational equipment</td>
<td>8</td>
</tr>
<tr>
<td>6.</td>
<td>Other equipment</td>
<td>5</td>
</tr>
<tr>
<td>7.</td>
<td>Tanks for storing dangerous materials</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>75</td>
</tr>
</tbody>
</table>

**Data of the State Labour Inspectorate**  
Table 2.2.5.2-2

During the four recent years, the number of serious and fatal accidents at work while operating potentially dangerous equipment remains the same. The distribution of serious and fatal accidents at work while operating potentially dangerous equipment in 2002-2005 is shown in Table 2.2.5.2-3.

### Serious and fatal accidents at work in 2002-2005

<table>
<thead>
<tr>
<th>No.</th>
<th>PDE</th>
<th>Serious</th>
<th>Fatal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2002</td>
<td>2003</td>
<td>2004</td>
</tr>
<tr>
<td>1.</td>
<td>Lifting equipment</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>2.</td>
<td>Steam and water boilers</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>3.</td>
<td>Pressure vessels</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4.</td>
<td>Tanks for storing dangerous substances</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>5.</td>
<td>Pressure pipelines</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6.</td>
<td>Lifts</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7.</td>
<td>Total</td>
<td>7</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

**Data of the State Labour Inspectorate**  
Table 2.2.5.2-3

The analysis of accidents at work by economic activities indicate that in construction companies one fatal accident occurred while supervising lifts, and four serious accidents occurred while operating lifting cranes; in manufacturing companies three fatal and two serious accidents occurred while operating lifting cranes, and one serious accident – while operating pressure vessels, pressure pipelines for dangerous substances, pressure steam pipes and hot water pipelines, and tanks for storage of dangerous substances.
All fatal or serious accidents at work while operating potentially dangerous equipment occurred in 15 companies. Out of the four fatalities, one occurred as a result of the breakdown and improper maintenance of a work equipment (hydraulic lift), and three occurred as a result of improper operation (servicing, maintenance) of potentially dangerous equipment and improper organisation and performance of dangerous works. Out of the 13 serious accidents at work, three occurred while servicing pressure vessels as a result of improper operation and maintenance of an autoclave, five – as a result of improper operation and maintenance of lifting cranes and equipment and improper organisation and performance of work, one – as a result of the breakdown of a crane related to poor maintenance, one – while operating a home-made water boiler that did not meet the requirements of regulatory legislation on health and safety at work, three accidents at work occurred while using tanks for storing dangerous and flammable substances as a result of improper operation and improper organisation of dangerous work related to the repair, reconstruction and modernisation.

Out of 17 fatal and serious accidents at work while operating potentially dangerous equipment, 24% occurred as a result of the breakdown of equipment and incompliance with the requirements of regulatory legislation on health and safety at work, and the remaining accidents occurred as a result of improper operation, maintenance (servicing) of equipment and improper organisation of dangerous work related to the repair, modernisation and reconstruction of equipment.

While inspecting the technical condition of potentially dangerous equipment, the authorised institutions face problems related to old equipment. The situation is especially complicated in relation to lifts. Mostly, lifts are nearing the end of their operational period, and there are no funds accumulated for their renovation. Perhaps the situation in Kaunas alone is comparatively tolerable, as the municipality accumulated funds for the renovation of lifts and used these funds for their intended purpose. Quite the opposite is in Vilnius, where funds are accumulated rather slowly. The inspection of lifts revealed the following problems: guide rails slides of cars and balance weights are worn out, call-button lamps do not light, relay contacts of power control circuit are burnt, service personnel is absent from workplaces, etc. In 2005, study “Modernising of lifts in operation and possibilities of extending their operational life” was carried out at the request of the Ministry of Social Security and Labour. This study can be accessed on the website of the Ministry.

In order to develop legal framework and prepare specific measures preventing accidents at work and occupational diseases, a new edition of the Law on Supervision of Potentially Dangerous Equipment as well as other legal acts are expected to be drafted. The implementation of this legislation will provide conditions for the compliance of the technical status of work equipment with safety and health requirements, and will enable all employees to feel safe at work.
3. SOCIAL INSURANCE AND PENSIONS

3.1. FINANCES OF THE STATE SOCIAL INSURANCE FUND IN 2005

The year 2005 was the fourth year in a row when the revenues of the State Social Insurance Fund exceeded the forecasted and incurred expenditure. The estimated revenues amounted to almost LTL 6.4 billion. It is an increase of 14.9% over 2004. Whereas the budgetary expenditure estimated by the Fund was slightly more than LTL 6.1 billion in 2005, which was an increase of 15.1% over 2004.

The major budgetary revenues of the Funds (LTL 6.1 billion) were calculated compulsory social contributions of insurers and insured persons, which increased 13.6% over 2004. Higher revenues than expected were first of all caused by the growth of labour remuneration of insured persons, the growth in the number of insured persons, and the decrease of the duration of unpaid holidays.

During the approval of the 2005 budget of Sodra, it was expected to increase pensions by the average of LTL 20; however, as a result of favourable financial circumstances, the average increase of pensions was LTL 50. It was conditioned by the increase of the basic social insurance pension from LTL 172 to LTL 200 and by the increase of the insured income from LTL 990 to LTL 1,084. As a result of the increasing consciousness of the insurers, efficient administration of contributions and the recovery of debts, more funds could be assigned for various benefits. In 2005, the amount disbursed to people was close to LTL 6.2 billion, which was LTL 876.5 million or 17% more than in 2004. About 70% (LTL 4.3 billion) of all budgetary expenditure of Sodra was paid as state social insurance pensions (13% more than in 2004), LTL 500 million (the increase of LTL 86 million) was disbursed as sickness and maternity social insurance benefits, LTL 249 million (the increase of LTL 25 million) were allocated for unemployment social insurance, LTL 25 million (the increase of LTL 4 million) – for occupational accidents and occupational diseases insurance. In 2005, LTL 512 million were transferred to the Compulsory Health Insurance Fund, which was the increase of 14% over 2004.

It should be noted that the amount of funds transferred to pension funds exceeded LTL 308 million. In 2005, contributions to accumulative pensions for 557,200 people, or 45.5% of all insured, were transferred to pension funds. The rate of accumulative pension contribution was 3.5% in 2005.

Thus, in 2005 the budgetary revenues of the Fund exceeded the expenditure by almost LTL 261 million. Comparing budgetary revenues of the Fund, including Government budget appropriations, revenues from investment activities and the influence of exchange rate differences, including monetary expenditure (excluding bad debts and doubtful debts accounts, deductions for amortisation, depreciation of fixed assets and decrease of the value of long-term investments), including expenditure for investment activities in 2005, the budgetary result of the Fund was positive, the general government surplus was LTL 171 million, and, with due consideration to credits repaid in 2005 – LTL 112.9 million.
3.2. CHANGES IN THE PENSION SYSTEM

3.2.1. Increase of the state social insurance pensions and other benefits

With due consideration to financial capacity of the State Social Insurance Fund Budget and as a result of the implementation of the programme of the Government of Lithuania for 2004-2008 and of the implementing measures aimed at the improvement of the financial situation of the disabled and of the elderly people, the following was increased, effective as of 1 July 2005:

- the State social insurance basic pension (hereinafter referred to as the basic pension) – by LTL 28 (from LTL 172 to LTL 200);
- the insured income of the current year (hereinafter referred to as the insured income) – by LTL 94 (from LTL 990 to LTL 1,084).

More information about the increase of the basic pension and the insured income, effective as of 1 July 2005, is provided in Article 3.5.1.

Considering the favourable reaction of the society towards a significant increase of the assigned pension (effective as of 1 July 2005), the Government of the Republic of Lithuania resolved to increase pensions in 2006 as in 2005. Thus, pursuant to the resolution of the Government of the Republic of Lithuania\(^1\), the basic pension shall increase by another LTL 30 (from LTL 200 to LTL 230) and the insured income – by LTL 128 (from LTL 1,084 to LTL 1,212), effective as of 1 July 2006.

It should be stated that by increasing the basic pension and the insured income, which was started in 2002, the financial situation of the disabled and of the elderly people is being improved as much as possible. The basic pension amounting to LTL 138 for so long was subject to increase in April of 2002. It has been increasing ever since, and in July of 2005 the basic pension was LTL 200 (see Table 3.2.1.-1). The total increase of the basic pension in 2002-2005 was LTL 62, i.e. almost 45%. The insured income was also gradually increased, albeit not so often; during the period of 2002-2005 the nominal rate of the insured income increased 22.3%.

### Increase of the basic pension and the insured income in 2002-2005

<table>
<thead>
<tr>
<th>Date</th>
<th>Basic pension, LTL</th>
<th>Insured income, LTL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before April of 2002</td>
<td>138</td>
<td>886</td>
</tr>
<tr>
<td>As of 1 April 2002</td>
<td>142</td>
<td>886</td>
</tr>
<tr>
<td>As of 1 September 2002</td>
<td>147</td>
<td>886</td>
</tr>
<tr>
<td>As of 1 May 2003</td>
<td>152</td>
<td>886</td>
</tr>
<tr>
<td>As of 1 July 2003</td>
<td>152</td>
<td>901</td>
</tr>
<tr>
<td>As of 1 April 2004</td>
<td>172</td>
<td>901</td>
</tr>
<tr>
<td>As of 1 September 2004</td>
<td>172</td>
<td>990</td>
</tr>
<tr>
<td>As of 1 July 2005</td>
<td>200</td>
<td>1,084</td>
</tr>
</tbody>
</table>

Data of the Ministry of Social Security and Labour


LTL 350). According to the data of 1 January 2005, prior to the increase of the basic pension and the insured income as many as 178,400 recipients of the old age pension received the pension between LTL 290 and LTL 350; according to the data of 1 January 2006, after the increase of the basic pension and the insured income only 67,100 persons received the pension of the said amount. It should also be noted that the increasing number of persons receives pensions exceeding LTL 350. On 1 January 2005 there were 375,900 persons receiving pensions exceeding LTL 350, while on 1 January 2006 such persons numbered 512,800, i.e. their number increased 36% in comparison with 1 January 2005. A similar situation is observed among the recipients of the work incapacity (invalidity) pension (see Figure 3.2.1.-3).

**Distribution of recipients of the old age pension according to the amount of the pension**

Data of the State Social Insurance Fund Board

![Graph showing the distribution of recipients of the old age pension](image)

**Distribution of recipients of the work incapacity (invalidity) pension according to the amount of the pension**

Data of the State Social Insurance Fund Board

![Graph showing the distribution of recipients of the work incapacity (invalidity) pension](image)
3.2.2. Reform of the pension system by implementing provisions of the law on social integration of the disabled

The Law on Social Integration of the Disabled\(^3\) passed by the Seim\(\)as of the Republic of Lithuania in May of 2004 incorporated new concepts, changed the procedure for the assessment of disability for children and adult persons, and introduced the new assessment system of disability and working capacity level. Considering this, legislation providing for the awarding and payment of benefits to the disabled persons had to be amended accordingly. For this purpose, new editions of the two principal laws regulating benefits assigned to the disabled persons, viz., the Law on State Social Insurance Pensions and the Law on State Social Assistance Benefits, were drafted in 2005. Other laws regulating the awarding and payment of pensions, such as the Law on State Pensions, the Provisional Law on State Pensions for Scientists, the Law on the Early Payment of State Social Insurance Old-Age Pensions, the Law on the Accumulation of Pensions and the Law on the Status of the Signatories to the Act of Independence, were amended accordingly. However, the latter laws were adjusted only to the extent that concepts used in the said laws are harmonised with the concepts of the Law on Social Integration of the Disabled.

Changes in the field of state social insurance pensions

The goal of the new edition of the Law on State Social Insurance Pensions\(^4\) is to reform the state social insurance disability pension system effective prior to 1 July 2005 into the state social insurance work incapacity pension (hereinafter referred to as the work incapacity pension) system with due consideration to the provisions of the Law on Social Integration of the Disabled.

Thus, effective as of 1 July 2005, work incapacity pensions are awarded to persons incapable or partially capable of work, i.e. to persons the working capacity level of whom was assessed to be less than 55% following the procedure provided by the Law on Social Integration of the Disabled. Persons the working capacity level of whom is assessed to be 60%-100% shall not be awarded work incapacity pensions, as the Law on Social Integration of the Disabled considers such persons to be capable of work.

In order to avoid a rather frequent change in the procedure for the calculation and principles of pensions, the procedure for the calculation of work incapacity pensions remained unchanged. Considering the fact that work incapacity pensions are meant to compensate the work incapacity of persons, it was decided to calculate work incapacity pensions based on the percentage of lost capacity for work rather on the remaining capacity for work. Therefore, the amount of the work incapacity pension paid to a person who is rated as incapable or partially capable of work is tied to the percentage of his lost capacity for work.

Thus, effective as of 1 July 2005, work incapacity pensions are awarded and paid to the following:

- persons who have lost 75-100% of their capacity for work. Work incapacity pensions awarded to these people are calculated following the same procedure as applied to the calculation of pensions for Group I invalids prior to 1 July 2005;
- persons who have lost 60-70% of their capacity for work. Work incapacity pensions awarded to these people are calculated following the same procedure as applied to the calculation of pensions for Group II invalids;
- persons who have lost 45-55% of their capacity for work. Work incapacity pensions awarded to these people are calculated following the same procedure as applied to the calculation of pensions for Group III invalids.


Another important amendment of the Law on State Social Insurance Pensions: work incapacity pensions are only awarded to persons who have not attained pensionable age. This provision was included into the Law on State Social Insurance Pensions with due consideration to the fact that pursuant to the Law on Social Integration of the Disabled, the working capacity level is assessed for people of the working age (from 18 years of age until the pensionable age). Thus, the person who attained the pensionable age and who previously received the work incapacity (invalidity) pension shall be entitled only to the old-age pension. This provision of the law shall not apply only when the invalidity group was assigned to the person for a perpetual duration, following the procedure effective before 1 July 2005. When such person attains pensionable age, he shall continue to receive the awarded invalidity pension. This person may be awarded the old-age pension replacing the invalidity pension only upon this person’s request.

However, when the term of the invalidity group expires after the attainment of the pensionable age or when a person receives the work incapacity pension until he attains the pensionable age, these people may only be awarded old-age pensions. When awarding old-age pensions to these people, general requirements for receiving the old-age pension, such as the minimum period of pension insurance (15 years) and the obligatory period of pension insurance (30 years), shall apply. While drafting this amendment of the law, a due consideration was given to the fact that the disabled who were awarded and received work incapacity (invalidity) pension could not work and acquire the required period of pension insurance as a result of their incapacity. Therefore, in order to ensure the right of these persons to the old-age pension, the period of receiving the work incapacity (invalidity) pension were made equivalent to the period of pension insurance. Such period of receiving pension is also made equivalent to the period of pension insurance when the work incapacity (invalidity) pension was paid earlier (with or without interruptions) but not until the person attained the pensionable age.

Furthermore, with due consideration to the fact that prior to 1 July 2005 the basic part of the Group I invalidity pension awarded to persons rated as Group I invalids, irrespective of their age, was higher than the basic part of the old-age pension by 0.5 of the basic pension, the Law on State Social Insurance Pensions (effective as of 1 July 2005) provided for a special bonus to be awarded and paid to these persons who are awarded and paid the old-age pension instead of Group I invalidity pension or work incapacity pension, which was awarded for persons assessed as lost 75-100% of their capacity for work. It was established that until 1 January 2008 this bonus and the old-age pension will be paid to the said persons by territorial departments of the State Social Insurance Fund Board, unless this person receives the target compensation for attendance (assistance) expenses paid by the municipal administration, as provided by the Law on State Social Assistance Benefits. Thus, the decrease of the basic part of the pension resulting from the replacement of the awarded invalidity or work incapacity pension (the basic part of which is 1.5 basic pension) with the old-age pension (the basic part of which is one basic pension) is compensated. However, as of 1 January 2008, territorial departments of the State Social Insurance Fund Board shall no longer pay the said bonus. This bonus awarded to persons with the special need for permanent attendance (assistance) expenses paid by the Law on State Social Assistance Benefits (see the second subdivision of 3.2.2).

During the reorganisation of the invalidity pension system effective before 1 July 2005 into the work incapacity pension system, the requirements for the minimum period of pension insurance in order to receive the work incapacity pension have been changed. The requirement for the minimum period of pension insurance in order to receive the work incapacity pension is applied when assessing the person’s right to receive the work incapacity pension. Just like before 1 July 2005, the applicable requirements for the minimum (and compulsory) period of pension insurance depend upon the age of the person on the date of his rating as incapable or partially capable of work. It was decided to amend the requirements for the minimum period of pension insurance so that the minimum period of pension insurance in order to receive the work incapacity pension was one half of
the compulsory period of pension insurance in order to receive this pension; however, it should not exceed the minimum pension insurance in order to receive the old-age pension (see Figure 3.2.2-1). This decision is based on the assumption that the older the person is, the longer the period of his capacity to work was, so he could have worked and acquired the period of pension insurance. Thus, an older person should be subject to higher requirements for the minimum period of pension insurance than a younger person. E.g. effective as of 1 July 2005, a person of 50 years of age is subject to the requirement for the 18-year obligatory and 9-year minimum period of pension insurance, while a person of 35 years of age is subject to the requirement for the 5-year obligatory and 2.5-year minimum period of pension insurance. Meanwhile, according to the procedure effective before 1 July 2005, both persons of 50 years of age and persons of 35 years of age were subject to the same requirement for the 5-year minimum period of pension insurance, while the requirements for the obligatory period of pension insurance differed significantly (18 years for a person of 50 years of age, and 5 years for a person of 35 years of age). Thus, the amended requirements for the minimum period of pension insurance (effective as of 1 July 2005) are socially correct for both younger and older persons. Furthermore, the amended requirements for the minimum period of pension insurance in order to receive the work incapacity pension also help avoid abuse of the law observed prior to 1 July 2005 when pre-retirement age people without the minimum period of pension insurance entitling them to receive the old-age pension desired to be rated regarding their invalidity in order to receive the invalidity pension. Figure 3.2.2-1 shows that the requirements for the minimum period of pension insurance were made stricter for the disabled older than 43 years of age; at the same time these requirements were somewhat softened for the disabled under 42 years of age.

**Amendment of the requirements for the minimum period of pension insurance**

<table>
<thead>
<tr>
<th>Period of pension insurance (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
</tr>
<tr>
<td><strong>Age (years)</strong></td>
</tr>
<tr>
<td>Under 22</td>
</tr>
<tr>
<td>23-29</td>
</tr>
<tr>
<td>30-39</td>
</tr>
<tr>
<td>40-49</td>
</tr>
<tr>
<td>50-59</td>
</tr>
<tr>
<td>60-69</td>
</tr>
<tr>
<td>70-79</td>
</tr>
<tr>
<td>80+</td>
</tr>
</tbody>
</table>

**Law on State Social Insurance Pensions**

**Figure 3.2.2 - 1**

**Changes in the field of social assistance benefits**

For the purpose of harmonising the provisions of the Law on State Social Assistance Benefits and the provisions of the new Law on Social Integration of the Disabled, a new edition of the Law on State Social Assistance Benefits was provided. This Law did not amend any regulations for the award and payment of social assistance pensions, orphan’s social assistance pensions and relief compensations. The principal amendment of the Law on Social Assistance Benefits was related to the development of the system of target compensations for nursing expenses and social assistance benefits by replacing these benefits by target compensations for nursing or attendance (assistance) expenses awarded and paid to the disabled.

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As of 1 July 2005, target compensations for nursing expenses shall be awarded to the disabled to whom the special need for permanent nursing was established, including persons with total invalidity rated as such before 1 July 2005 (target compensations for nursing expenses awarded to persons rated as persons with total invalidity before 1 July 2005 shall replace social assistance benefits paid, and for this purpose no special need for permanent nursing should be established).

As of 1 July 2005, target compensations for nursing expenses are awarded to all persons to whom the special need for permanent nursing is established. Only the amount of target compensations for nursing expenses awarded and paid to these persons differs. As of 1 July 2005, target compensations for nursing expenses awarded to disabled children and to the disabled persons recognised as disabled before the day (inclusive) they reach the age of 24 (in certain cases – before they reach the age of 26) to whom the special need for permanent nursing was established amount to 2.5 basic pensions, while target compensations for nursing expenses awarded to the disabled persons recognised as disabled after they reach the age of 24 or after they attain the pensionable age amount to 1.5 basic pensions. However, as of 1 January 2007, target compensations for nursing expenses awarded to all disabled persons to whom the special need for permanent nursing is established shall be uniform and amount to 2.5 basic pensions.

Target compensations for attendance (assistance) expenses. As of 1 July 2005, these target compensations are awarded to children to whom severe or moderate disability is established, also to persons with incapacity for work or partial incapacity for work, who have lost 60% or more of their capacity for work and who were recognised as such before the day (inclusive) they reached the age of 24 (in certain cases – before they reach the age of 26) and to whom the special need for permanent attendance (assistance) is established (target compensations for attendance (assistance) expenses awarded to children to whom severe disability is established and to persons who have lost 75-100% of their capacity for work amount to the basic pension, while target compensations for attendance (assistance) expenses awarded to children to whom moderate disability is established and to persons who have lost 60-70% of their capacity for work amount to 0.5 basic pension).

As of 1 January 2006, persons who attained the pensionable age and to whom the special need for permanent attendance (assistance) was established became eligible for target compensations for attendance (assistance) expenses. Target compensations for attendance (assistance) expenses awarded to these persons amount to 0.5 basic pensions.

As of 1 January 2007, persons with incapacity for work or partial incapacity for work, who have lost 60% or more of their capacity for work and who were recognised as such after the day they reached the age of 24 (in certain cases – after they reach the age of 26) will become eligible for target compensations for attendance (assistance) expenses, if the special need for permanent attendance (assistance) is established to them. The amount of target compensations for attendance (assistance) expenses awarded to these persons shall be the same as awarded to the disabled with incapacity for work or partial incapacity for work, who have lost 60% or more of their capacity for work and who were recognised as such before the day (inclusive) they reached the age of 24: target compensations for attendance (assistance) expenses awarded to persons who have lost 75-100% of their capacity for work shall amount to the basic pension, while target compensations for attendance (assistance) expenses awarded to persons who have lost 60-70% of their capacity for work amount to 0.5 basic pension.

Thus, as a result of the reform of target compensation system, 1 January 2007 will see a significant increase in the State aid (both in awarding new benefits and in increasing the amount of awarded benefits) to the disabled to whom the special need for permanent nursing or attendance (assistance) is established and who are recognised as the disabled after the day they reach the age of 24.

Another important amendment of the Law on State Social Assistance Benefits is that the award of social assistance benefits include pension guarantees to persons with incapacity for work or partial incapacity for work, who lost 60% or more of their capacity for work (rated as Group I or II invalids.
before 1 July 2005) or who attained the pensionable age and are not entitled to any pension of any type. Pursuant to the Law on State Social Assistance Benefits, the award of social assistance pensions to persons with incapacity for work or partial incapacity for work, who lost 60% or more of their capacity for work, (rated as Group I or II invalids before 1 July 2005) shall start on 1 July 2005, while the award of these pensions to persons who attained the pensionable age shall start on 1 January 2006. The social assistance pension awarded and paid to persons who lost 75-100% of their capacity for work (rated as Group I invalids before 1 July 2005) amounts to one basic pension, while the social assistance pension awarded and paid to persons who lost 60-70% of their capacity for work (rated as Group II invalids before 1 July 2005) and who attained the pensionable age amounts to 0.9 basic pension.

Moreover, when a person receives a pension (state social insurance pension, state pension, foreign state pension or another pension benefit) and the amount of this pension (or the total amount of all received pensions) is less than the social assistance pension, this person shall be entitled to receive a difference between the social assistance pension and the pension and/or pension benefits that he receives.

According to the data provided by city or regional municipal Social Assistance Departments (1 April 2006), the number of persons not entitled to any type of pension and therefore awarded social assistance pensions is rather insignificant as compared to all recipients of social assistance pensions, viz. 2,600 disabled (including 521 disabled receiving the difference between the social assistance pension and the received pension) and 4,600 persons who attained the pensionable age (including 971 persons receiving the difference between the social assistance pension and the received pension). These persons amount to 10% of all the recipients of social assistance benefits.

3.2.3. Changes in the field of state pensions

In 2005, the amended Law on State Pensions was enforced; the amendments provided the opportunity for one group of victims to receive higher victims’ state pensions, and expanded the list of the recipients of the victims’ state pensions.

On 1 February 2005 the Law amending the Law on State Pensions was enforced. Under this Law, the amount of victims’ state pensions for the defenders of the independence of the Republic of Lithuania who became disabled as a result of the aggression perpetrated during 11-13 January 1991 and subsequent events and for the immediate family of persons who died in the course of this aggression was doubled. For persons with Group I invalidity due to the events of January 1991, also for children, spouses and parents (for every one of them) of the defenders of the independence of the Republic of Lithuania who perished during these events, the pensions were increased to 8 basic state pensions (LTL 1,104); for persons with Group II invalidity – to 6 basic state pensions (LTL 828), and for persons with Group III invalidity – to 4 basic state pensions (LTL 552). Prior to that these benefits were respectively LTL 552, LTL 414 and LTL 276.

Furthermore, as of 1 July 2005, pursuant to the same amendment to the Law on State Pensions, defenders of the independence of the Republic of Lithuania who were injured as a result of the aggression perpetrated during 11-13 January 1991 and subsequent events but who did not become disabled are entitled to be awarded and receive victims’ state pensions amounting to a basic state pension. These pensions are awarded when they attain the pensionable age or if they become incapable for work or partially incapable for work and lose 60% or more of their capacity for work (rated as Group I or II invalids before 1 July 2005) in the event of illness not related to the aggression perpetrated by the Soviet Union during 11-13 January 1991 and subsequent events.

As of 1 July 2005, victims’ state pensions are also awarded and paid to displaced persons resettled to Lithuania as a result of the agreement on the exchange of residents concluded between the

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Soviet Union and Nazi Germany on 10 January 1941\(^7\). These pensions amounting to the basic state pension are awarded to persons who attained the pensionable age or to persons with incapacity for work or partial incapacity for work who lost 60% or more of their capacity for work (rated as Group I or II invalids before 1 July 2005).

3.3. ACCUMULATION OF PENSIONS

In March of 2005 *Sodra* transferred almost LTL 45.7 million to pension fund management companies, which was the first transfer of 2005 and the fourth transfer since the pension reform. This amount was transferred on behalf of approximately 444,000 insured persons who signed pension accumulation agreements in 2003. This number also includes new labour market participants who signed their agreements before 1 July 2004.

In December of 2005 the pension funds received about LTL 270.4 million concurrently with the last contribution (LTL 77.4 million). First payments effected by *Sodra* to pension fund management companies amounted to LTL 40.9 million in June, LTL 42.96 million in September and LTL 43.6 million in December of 2004.

In 2003-2004, the total of 557,200 persons signed pension accumulation agreements; however, the funds pertaining to persons who signed the agreement in 2004 are transferred only since June of 2005. In 2005, another 35,000 persons started accumulating a portion of *Sodra* contribution in private funds.

In 2004, 2.5% of the wages and salaries of the population were transferred to pension funds, while in 2005 this rate was 3.5%, in 2006 – 4.5%, and from 2007 – 5.5%.

In 2005, *Sodra* registered almost 125,000 pension accumulation agreements (the movement of the number of participants in the accumulation of pensions is provided in Figure 3.3.1). Agreements signed by persons who entered the labour market in 2005 were registered by October 5. The number of pension accumulation agreements changed because some people decided to terminate them; 332 people terminated pension accumulation agreements during the period from the beginning of 2005 to July of 2005.

At the end of December of 2005, Level II pension funds managed by banks and by financial brokerage firms had property valued at LTL 337.4 million.

According to the data of the Securities Commission, at the end of 2005, 19% (LTL 64.3 million) of the funds accumulated in Level II funds were invested in Lithuania, 79% (LTL 267.4 million) – in other EU Member States, and 2% (LTL 5.7 million) – in non-Member States. At the end of December, 61% of the funds accumulated in Level II funds were invested into debt securities, 29% – into units of collective investment undertakings, 9% – into shares, and 1% was assigned for cash and deposits.

There were 17 Level II pension funds at the end of December. One of the funds was established on November 25 and commenced its operations only in mid-December of 2005.

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3.4. DEVELOPMENT OF THE SYSTEM OF SOCIAL INSURANCE CONTRIBUTIONS

3.4.1. Seafarers

In the middle of 2005, the Government submitted amendments of the Law on State Social Insurance to the Seimas for consideration; these amendments related to the compensation of a portion of social insurance contributions paid on behalf of seafarers with public funds. Intending to support the strengthening of the competitive edge of the EU navy, the Lithuanian state decided to provide financial assistance to national enterprises offering employment to national citizens in ships sailing by international routes.

As of 2007, employers shall pay social insurance contributions on behalf of crew members of Lithuanian ships sailing by international routes; these contributions shall depend upon the salary and shall not exceed 1.5 amount of the insured income (LTL 1,626, as from 1 July 2005 the amount of the insured income is LTL 1,084). Meanwhile, the State shall cover contributions related to the portion of the salary from 1.5 to 5 amounts of the insured income (LTL 1,626-5,420); no contributions shall be calculated in relation to the portion of the salary exceeding 5 amounts of the insured income.

The proposed decision should be applied concurrently with the validation of daily allowance as part of the whole remuneration paid to seafarers. (The amount of daily allowance is established by the Ministry of Finance). The proposed procedure shall be binding only to the owners of ships sailing by international routes.

According to the existing procedure, social insurance contributions of 31% were paid pro rata to the salary received by crew members, while daily allowance, or the so-called “cash portion”, the amount of which is established by the Ministry of Finance with due consideration to the state, was non-taxable.

According to the data of the Ministry of Transport and Communications, about 200 ships are entered into the Register of Seagoing Ships, and the seafarers employed in these ships number from 2,000 to 2,500. Contributions compensated from the State budget and paid on behalf of each seafarer would be different in amount, as they would be pro rata to the salary calculated for that seafarer.

The consideration of these amendments to the Law is scheduled for 2006.

3.4.2. Social insurance contributions pro rata to compensation benefits and incentives

The new edition of the Law on State Social Insurance\(^8\) enforced on 1 January 2005 established income used as the basis for the calculation of social insurance contributions, i.e. all amounts of labour remuneration, compensation benefits and incentives provided by the legislation and collective agreements, irrespective of the source of payment. Therefore, amendments to the regulations for drawing up and implementation of the budget of the State Social Insurance Fund were presented for consideration, and it was proposed to establish whether social insurance contributions could be calculated on the basis of the annual remuneration, i.e. bonuses, paid to board members irrespective of whether these board members are employed in the same undertaking or not. After holding discussions with tax experts, the Government established an obligation to pay social insurance contributions related to bonuses only for those board members who have employment contracts with the undertaking.

3.4.3. Insurance for spouses of professional military service servicemen

In the middle of 2005 the Government presented law amendments to the Seimas providing for pension and unemployment social insurance for spouses of professional military service servicemen also in cases when the spouse resides together with the soldier serving abroad. The Law on the Organisation of the National Defence System and Military Service provided for the possibility of professional military service servicemen to be sent for service to a foreign country, to an international military or defence institution. Spouses may join these servicemen. However, in such cases the Law on State Social Insurance, the Law on State Social Insurance Pensions and the Law on Unemployment Social Insurance did not provide for an opportunity to insure spouses of servicemen with pension and unemployment social insurance. After the said laws were amended9, the pension and unemployment social insurance for spouses of professional military service servicemen came into force on 1 January 2006.

3.4.4. Occupational accidents social insurance financed by the government

At the end of 2005, upon recommendation of the Government, the Seimas approved the amendments of laws10 providing that as of 1 January 2006 students who undergo vocational practical training shall be insured by the State against occupational accidents and occupational diseases. Students of institutions of higher learning, non-higher professional education establishments and vocational schools shall be insured with compulsory social insurance during practical training in enterprises, institutions or organisations; the insurance will be based on the minimum monthly wage established by the Government. It is expected that social insurance of students by the State will encourage employers to accept more students for practical training, reduce their costs, and – in case of an accident at work – will ensure social insurance guarantees for the trainees.

3.4.5. Prevention of occupational accidents and differentiation of rates

As a result of the implementation of the Law on Social Insurance of Occupational Accidents and Occupational Diseases, in 2005 the Government passed a resolution on the procedure of the use of funds allocated for the prevention of occupational accidents and occupational diseases, which should create conditions for the reduction of occupational accidents and occupational diseases.

After the approval of this procedure11, enterprises, institutions, organisations and other entities that cannot finance the implementation of preventive measures for risk prevention at work and for the improvement of safety and health of employees (i.e., they cannot finance the improvement of workplaces or technological processes, or other measures the implementation of which either removes or reduces professional risk factors) are provided with the opportunity to submit annual applications and receive funds for prevention allocated from the Sodra budget. Funds of the social insurance of occupational accidents and occupational diseases are used for that purpose.

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Enterprises wishing to receive funds from the Sodra budget allocated for the implementation of preventive measures related to the elimination or reduction of occupational risk, must submit applications for the assignment of funds for prevention by October 15 of each year. Applications shall be registered by the State Labour Inspectorate and assessed by the commission consisting of the representatives of the State Labour Inspectorate, the State Social Insurance Board and the State Public Health Service under the Ministry of Health.

This new procedure is also related to the fact that as a result of the implementation of provisions of the Social Insurance of Occupational Accidents and Occupational Diseases, from the beginning of 2006 employers will have to pay differentiated occupational accidents social insurance contributions for the first time; the amount of these contributions shall depend upon the number of persons who suffered from fatal or serious accidents at work in their enterprises. Up till now all insurers paid the same contribution of 0.3%. As of 2006 three different contribution rates are applicable. The highest contribution is paid by the employers in whose enterprises any fatal or many serious accidents at work occurred during the last three calendar years. These insurers are classified as Risk Group I, and the contribution rate is 1%. The middle group (II) consists of employers in whose enterprises there were any serious or fatal accidents at work during the reference period; however, these accidents did not occur during the last year. The contribution rate of 0.53% shall apply to this group of insurers. The third group consists of employers in whose enterprises there were no serious or fatal accidents at work (moderate accidents or accidents on the way to/from work are permitted). The majority of all insurers fall under this group, and the contribution rate of 0.28% is applied.

3.4.6. Ceilings of social insurance contributions

As 2004, 2005 also saw the renewed discussion regarding the setting of the ceilings of wages from which social insurance contributions would be calculated. The Chairman of the Seimas commissioned the Ministry of Social Security and Labour to analyse proposals of foreign investors regarding the possibility to establish the ceilings to wages. The leader of the Seimas proposed to form a working group consisting of various specialists, which would analyse the proposal submitted to the Seimas by Investors Forum association of investors regarding the limitation of social insurance contributions.

According to the existing procedure, the employer pays 31% and the employee — 1% of the employee’s wages to the Sodra. Contributions to Sodra are paid from all the wages, irrespective of their amount. However, when the pension is calculated or when the amount of any other social benefit (sickness benefit, maternity (paternity) benefit, payments related to occupational accidents or occupational diseases) is determined, the amount of the insured income cannot exceed a certain amount.

At the beginning of 2006, the working group formed by the Ministry of Social Security and Labour, which assessed the direct and indirect effect of the proposal of the foreign investors association on the national economy and on the State and Sodra budget, economic impact, foreign practices and impact on the opportunity to increase social insurance premiums, presented its conclusions and recommendations to the Seimas committees for consideration.
3.5. DEVELOPMENT OF THE SYSTEM OF SOCIAL INSURANCE BENEFITS

3.5.1. Increase of social insurance benefits

Upon the recommendation of the Ministry of Social Security and Labour, the Government resolved to increase the basic pension by LTL 28, i.e. from LTL 172 to LTL 200, and the insured income of the current year of 2005 – by LTL 94, i.e. from LTL 990 to LTL 1,084, effective as of 1 July 2005.

The increase of the basic pension and the insured income affected all beneficiaries of social insurance pensions, viz. about 881,000 people, including about 600,000 beneficiaries of the old-age pension, 4,000 beneficiaries of the advanced old-age pensions, 208,000 disabled and 41,000 orphans. Moreover, the service pensions (1,175 beneficiaries) and loss of breadwinner pensions (18,000 beneficiaries) granted in accordance with previously effective legal acts on pensions, and compensations for special working conditions (8,600 beneficiaries) have also risen. LTL 28 is the highest amount by which the basic pension has been increased since 2002 (the year when the growth of pensions commenced). Until the present increase, the highest amount by which the basic pension was increased was LTL 20 (applied in April of 2004). Having increased the basic pension, old-age pensions for each and every beneficiary who has completed the compulsory pensionable service grew up by LTL 28.

Disability pensions for each and every beneficiary who has completed the compulsory pensionable service grew up by: LTL 42 for the disabled of Group I, LTL 28 for the disabled of Group II, and LTL 14 for the disabled of Group III. For persons who have not completed the obligatory pension insurance, old-age pensions and work incapacity pensions were increased pro rata to the completed pensionable service.

The growth of pensions as a result of the increase of the insured income is very individual for each beneficiary of pensions, i.e. the growth of the pension was subject to social insurance contributions paid and the length of service.

Since 1 July 2005, old-age pensions have increased by LTL 50 on average. The pension increase was different for each beneficiary; however, in May of 2005, the average monthly old-age pension paid to beneficiaries who have completed the compulsory length of service even exceeded LTL 454. In comparison with December of 2004, the average monthly pension paid to beneficiaries who have completed the compulsory length of service grew up by more than 13%.

The growth of the insured income resulted in the growth of the minimum and maximum amounts of not only social insurance pensions but also of social insurance benefits and other benefits payable from the Sodra budget (in case of sickness, maternity, maternity (paternity), occupational accidents, occupational diseases, etc.) assigned after July 1.

The increase of the basic pension and the insured income during the second half of 2005 required the additional financing from the Sodra budget of approximately LTL 247 million for the payment of the increased pensions and approximately LTL 10 million for the payment of social insurance benefits and payments. Therefore, in the second half of 2005, the budgetary expenditure of Sodra grew by approximately LTL 257 million.

The increase of the basic pension also resulted in the increase of state social assistance benefits (about 80,000 benefits). Amounts of these benefits paid to disabled children and to the disabled persons recognised as such before the day (inclusive) they reached the age of 24, including the disabled since childhood, also to persons providing nursing to these disabled persons, and to large families, are also tied to the basic pension. The average increase of social assistance benefits was LTL 28. Meanwhile, nursing allowances paid to persons with total invalidity (about 12,000 beneficiaries) increased by as many as LTL 42. Furthermore, state serviceman and officer pensions paid to the...
disabled who became disabled during the compulsory military service in the Lithuanian army or during the military training also increased.

The additional financing of LTL 23.8 million was required from the State budget in the second half of 2005 for the payment of the increased state social assistance benefits, including nursing allowances, and the state serviceman and officer pensions, also for the insurance of persons insured for the basic pension with the Government funds.

However, the LTL 28 increase of the social insurance basic pension to LTL 200 (effective as of 1 July 2005) also resulted in the change of the amount of social insurance contributions paid by self-employed persons. These contributions increased from LTL 86 to LTL 100, effective as of July 1.

Contributions increased for the proprietors of sole-proprietorships, full members of partnerships and limited partnerships, self-employed persons (attorneys and their assistants, notaries, bailiffs, persons engaged under the business licence, etc.) and persons covered by voluntary social pension insurance and paying social insurance contributions related to 50% of the basic pension.

3.5.2. Social benefits for statutory civil servants

As of 1 March 2005, during the parental leave until the child is one year of age, officers and professional military servicemen will receive 70% of the average wages.

The legal acts effective until March 1 provided the statutory civil servants of the State Security Department, the Prisons Department and the Special Investigation Service with the right to receive 60% of the average wages or the service pay during the parental leave until the child is one year of age.

In order to subject these civil servants to the same conditions as applicable for persons insured by social insurance, the Ministry of Social Security and Labour proposed to increase the amount of the parental leave allowance until the child is one year of age from 60% to 70% of their wages.

On 1 March 2004 the maternity (paternity) benefit paid from the Sodra budget to one of the parents on the parental leave until the child is one year of age were increased from 60% to 70% of the compensatory wages of the insured persons.

Maternity (paternity) benefits are paid to persons insured as provided in the Law on Sickness and Maternity Social Insurance and complying with the established requirements. However, statutory civil servants are not insured with the sickness and maternity social insurance. Therefore, the amount of the benefits paid to one of the parents (mother or father) on the parental leave until the child is one year of age is established by special laws regulating social guarantees of statutory civil servants.

After the enforcement of law amendments, benefits paid to statutory civil servants and professional military servicemen who are presently on a parental leave until the child is one year of age shall be recalculated. However, if the newly calculated benefit comprising 70% of the average wages is less than the benefit paid before March 1 of this year, the latter benefit shall be paid.

3.5.3. Proposals to increase maternity benefits

In 2005, the increase of maternity (paternity) benefits, the extension of the period of the payment of maternity (paternity) benefits and the legalisation of a new benefit for parents (paternal benefit) was under discussion.

Some members of the Seimas considered the forecasts of the Eurostat that in 2050 the population of Lithuania will only be 2.8 million and proposed to increase maternity (paternity) benefits from 70% to 80% of the compensatory wages of the beneficiary.

With the first Sunday of June (the Father’s Day) of 2005 approaching, Men’s Crisis and Information Centre addressed the Seimas Committee on Social Affairs and proposed to amend the
Law on Sickness and Maternity Social Insurance so that it would encourage men to spend more time with their minor children. As an amendment to the Law, it was proposed to extend the period of paid parental leave by one month if the father of the child uses that month for his parental leave. Even though this proposal discriminates women, the initiators proposed to treat the draft Law as a special interim measure the lawfulness of the adoption of which is ensured by the Law on Equal Opportunities.

Wishing to improve the demographic situation in the country and in order for more married men to feel the beauty of the birth of the child, members of the Seimas proposed to pay the compensation for one month after the birth of the child to men as well, as both men and women pay taxes and only one of them can make use of the sickness and maternity social insurance. The amendment to the Law on Sickness and Maternity Social Insurance proposes to pay the paternity benefit to men during their child care leave until the child reaches one month of age; such benefit should amount to 100% of his wages.

These discussions continued for the whole year of 2005, and the Seimas adopted final decisions only June of 2006.

3.6. CONCLUSIONS AND SUMMARY

As the budget of the state social insurance fund has been positive for several years in a row already, favourable conditions have been created for the improvement of the social insurance system. The year of 2005 provided the opportunity for insuring spouses of professional military service-men with pension and unemployment insurance, and persons undergoing practical training – with occupational accident and occupational disease social insurance, all this being financed by the Government. Also, the use of funds allocated for the prevention of occupational accidents and the differentiation of rates of this type of social insurance has been legalised.

In 2005, material changes in the pension system were related to the reorganisation of the invalidity pension system into the work incapacity pension system. Even though the calculation procedure of work incapacity pensions was changed much, the Law on State Social Insurance Pensions provided for several important changes, e.g. work incapacity pensions are awarded only to persons who have not attained pensionable age, the period of the work incapacity (invalidity) pension are made equivalent to the period of pension insurance, softer requirements for the minimum period of pension insurance are applied to younger disabled persons. Furthermore, the Law on State Social Assistance Benefits also reformed the target compensation system, which will gradually provide more assistance (both by awarding new benefits and by increasing the amount of awarded benefits) to the disabled who are recognised as such after the day they reach the age of 24. The Law on Social Assistance Benefits also provided for the opportunity to award social assistance pensions to persons who attained the pensionable age or were recognised as disabled (lost 60% or more of their capacity for work) and who are not entitled to any pension of any kind, thus providing such persons with certain pension guarantees and improving their financial situation.

The positive Sodra budget created favourable conditions for improving the welfare of all beneficiaries of social insurance benefits by increasing the state social insurance basic pension to LTL 200 and the insured income of the current year – to LTL 1,084. This also triggered discussions regarding the increase of short-term social insurance benefits and the introduction of the new paternity social insurance benefit.
4. SOCIAL SUPPORT

4.1. SOCIAL ASSISTANCE FOR FAMILIES AND CHILDREN

This chapter focuses on the changes, which occurred in 2005 in relation to the provision of social assistance to families with children and social assistance in cash for low-income residents taking into consideration their income and property. It also provides statistics on the assistance concerned and on its recipients. As social assistance is directly related to the population policy, this chapter outlines the implementation of the National Demographic (Population) Policy Strategy.

4.1.1. Family and child benefits

In 2005, families with children received state support provided by the Law on Benefits to Children. On 1 July 2004 the assistance to each child brought up in the family from the birth until the age of majority, irrespective of the family income, was implemented in Lithuania as in most European countries, and this ensured social security for all families raising children.

The Law on Benefits to Children provides for the following benefits:
1. Benefits to children raised in families:
   - a birth grant;
   - a child benefit;
   - a benefit to a conscript’s child.
2. Benefits to children under guardianship (curatorship):
   - a guardianship (curatorship) benefit;
   - a settlement grant;
3. A pregnancy grant.

These benefits are paid from the State budget irrespective of whether the person is covered by state social insurance or not.

4.1.1.1. Benefits to children raised in families

On the birth of a child the family shall be paid a grant. In order to compensate the increase in price of baby diapers as a result of the increased value-added tax, this benefit was increased from LTL 750 (6 MSL) to LTL 1,000 (8 MSL). The additional financing of LTL 7.75 million was assigned from the State budget.

A family raising one or two children shall be paid a monthly benefit in the amount of LTL 93.75 (0.75 MSL) for each child from their birth to the age of 3, and a monthly benefit of LTL 50 (0.4 MSL) for each child between the ages of 3 and 7.

A family raising three and more children shall be paid a monthly benefit in the amount of LTL 137.50 (1.1 MSL) from the birth of each child to the age of three, and a monthly benefit of LTL 50 (0.4 MSL) for each child between the ages of 3 and 18 years and older who continue in full-time secondary, vocational, post-secondary or higher education, but no longer than until they reach the age of 24.

Considering the fact that the payment of child benefit until children reach the age of majority involves sufficient funds of the State budget, this provision is expected to be implemented on a gradual ba-

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2 For more information on the system of state benefits to families raising children effective before 1 July 2004, see Social Report 2004 / R. Lazutka, expert. Vilnius, 2005, p. 100
sis with due consideration to the financial situation of the State and following the procedure established by the Government; however, this provision must be implemented no later than on 1 January 2009.

Each child of conscript shall be paid a monthly benefit in the amount of LTL 187.50 (1.5 MSL) during the service of his/her father.

2005 saw the continuation of the payment of grants to families raising children born before 1 January 2005 established by Resolution No. 1117 of the Government of the Republic of Lithuania dated 2 September 2004. Thus, families who failed to apply in 2005, received compensation of the acquisition costs of baby diapers that became more expensive as a result of the imposition of VAT 18% on baby diapers.

A pregnant unemployed woman, who is not eligible for a maternity pay under the Law on Sick-ness and Marternity Social Insurance, shall be granted lump sum in the amount of LTL 250 (2 MSL) 70 days before a baby is due.

In order to protect children from socially dysfunctional families and to ensure the use of benefits for their needs, the applicable benefits should be provided according to the procedure established by municipal councils in the form of: food, clothing, footwear, personal hygiene items and other goods necessary for children; cards for buying in food stores; catering vouchers; payment for children's meals in schools and day-care centres; payments for maintenance of children in pre-school establishments; other ways established by the municipal councils. According to the data of the Municipal Services of Children's Rights Protection, in 2005, there were 16,400 socially dysfunctional families raising 36,500 children. Municipalities normally form commissions consisting of specialists representing various fields, and these commissions decide whether a family should be considered to be a socially dysfunctional family, and select the form of paying the benefits to this family.

4.1.1.2. Benefits to children under guardianship and persons who are placed under guard ianship (curatorship)

A child placed under guardianship in a family, social family or non-governmental guardianship institution, shall be paid a monthly guardianship (curatorship) benefit of LTL 500 (4 MSL) during the period of guardianship (curatorship). If upon the expiration of the child's guardianship (curatorship) due to attaining the legal age, emancipation (recognition of legal capacity by the court) or contracting a marriage, he/she continues in full-time secondary, vocational, post-secondary or higher education and is unemployed, he/she shall continue to receive the monthly benefit of LTL 500 while he/she studies, but no longer than until he/she reaches the age of 24. This benefit shall neither be granted nor paid to persons who enrol in a school of the same level more than twice or who enrol in a school of a lower level.

When a benefit recipient, receiving the guardianship (curatorship) benefit, receives an orphan’s pension and/or alimony, the amount of the guardianship (curatorship) benefit shall be equal to the difference between LTL 500 and the amount of the said orphan's pensions and/or alimony.

The person who is unemployed and whose both parents (lone parent) die while he/she continues in full-time secondary, vocational, post-secondary or higher education shall have the right to receive the guardianship (curatorship) benefit while he/she studies, but no longer than until he/she reaches the age of 24.

Upon the expiration of the child’s guardianship (curatorship) due to attaining the legal age, emancipation or contracting a marriage, persons placed under guardianship (curatorship) shall be given a grant amounting to LTL 6,250 (50 MSL) for the purchase of a dwelling or settlement. The grant may be used to acquire a dwelling, to redeem part of the loan for the acquisition or building of a dwelling (dwelling-house, apartment), to pay utility charges for a rented dwelling, to repair or renovate a dwelling, or to purchase furniture and domestic appliances.

Families raising children also receive support other than State benefits. Low-income families also receive other social support (social assistance, compensations for heating and for cold and hot running water, free meals for children in schools, support for the preparation of students for school, discounts on payments for the kindergarten, etc.).

When a permanent resident of Lithuania dies or when a stillborn baby is born, the person taking care of the funeral receives the funeral benefit of LTL 750 (6 MSL) established by the Law on Assistance in Case of Death. 4

4.1.2. Assistance in cash for low-income families and single residents

Since the Law of the Republic of Lithuania on Cash Social Assistance for Low-Income Families (Single Residents) 5 (hereinafter referred to as the Law) came into force on 1 April 2004 and certain provisions of the Law were specified on 1 October 2004, the country has been implementing the coherent scheme of social assistance in cash on the basis of income and property evaluation. The poor receive social assistance guaranteeing a minimum subsistence income to survive on and compensations for heating of a dwelling and cold and hot running water expenses (hereinafter referred to as compensations).

4.1.2.1. Terms and conditions for providing cash social assistance

Families and single residents who are unable to obtain by themselves enough funds for living shall be entitled to social assistance in cash. A family or a single resident applying for social assistance is required to first of all receive all the income that he/she can get on his/her own, i.e. to receive any benefits he/she is entitled to; family members capable to work are required to actively search for a job through territorial labour exchanges; it is required that the paternity of children of unmarried persons should be ascertained or established; the maintenance for these children and for children of divorced parents should be established by a court-approved contract or ordered by the court, etc. If no effort is made to have the maintenance of a child ordered by the court or to ascertain or establish the paternity, the family will not be left without support; in this case the social assistance will be granted to children.

In order to provide cash social assistance for the support of the poorest families and to avoid the support of residents earning illegal income, the cash social assistance is provided after the assessment of not only income but the existing property as well. Social benefit and compensations are awarded to families and single residents if the value of their property does not exceed the average property level set for their residential area 6.

When a family or a single resident applies for cash social assistance, the total value of property (registered residential or non-residential buildings, garden houses, parcels of land) of all the family members is calculated; the value is established on the basis of data provided by the Centre of Registers. The value of the property owned by a family or a single person is determined without taking into account low-value property, if it does not exceed amounts prescribed by the Law.

Municipalities shall have the right to replace cash social assistance to families and single residents who fail to perform their undertakings with services (buying products, organising free meals, etc.); also, if uncertainty arises regarding the provided data on the owned property and received income, to inspect living conditions, owned property and employment, to draw up a living conditions inspection report and use it as the basis for making a decision on the entitlement of the family or single resident to cash social assistance.

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6 Resolution of the Commission on the evaluation of property subject to registration is published on a quarterly basis in the Official Gazette.
Furthermore, municipalities may, in the manner prescribed by them, allocate to families or single residents cash social assistance from the municipal budgetary resources in other cases not provided for by the Law (to award onetime benefit or social benefit; to compensate dwelling maintenance expenses that are not specified in the Law; to compensate expenses for heating larger useful floor space than the ration fixed by the Law; to cover dwelling indebtedness, etc.).

Benefits to families and children, cash social assistance to low-income families and single residents, also the death grant prescribed by the laws is paid as special targeted grants by municipalities from the state budget.

As of 1 January 2005, the guardianship (curatorship) benefit (previously called as the orphan’s pension) payable to former foster-children and orphans who are students, also a pregnancy grant (previously called as the pregnancy benefit to students) are paid not by educational establishments but by municipal social assistance divisions. The award and payment of all benefits prescribed by the Law on Benefits to Children was entrusted to municipal administrations; thus, an efficient model of benefit administration is ensured.

4.1.2.2. Rations of cash social assistance established by the State

Families and single permanent residents of the Republic of Lithuania who receive per capita income not higher than the level of the state supported income established by the Government are entitled to a social benefit. It is equal to 90% of the difference between the state supported income earned by a family or by a single resident and a family’s or a single resident’s monthly income.

A family or a single resident is granted compensation for heating of the dwelling, which he/she has declared as his/her place of residence. One family member or a single resident is compensated expense for heating 38 m², and every remaining family member – for heating 12 m² of his/her dwelling. The compensation for the established useful floor space of dwellings guarantees assistance for the poor living in medium-sized dwellings, viz. a single resident is provided with compensation for heating a small one-room apartment, while a two-person family – for heating a two-room apartment. A family or a single resident pays for the heating of the dwelling the maximum of 25% of the difference between his/her income and 90% of the state supported income. The remaining cost of the heating of the dwelling is compensated from the State budget. This principle of calculation of the compensation safeguards residents from the increase in the cost resulting from the rise in energy prices and in public utility prices.

Each poor resident is guaranteed compensation for 1.5 m³ of hot running water and 2 m³ of cold running water consumed per moth to meet his/her basic personal hygiene needs. The part of the cost of cold running water exceeding 2%, and the part of the cost of hot running water exceeding 5% of the family’s or the single resident’s income is compensated.

The procedure and amounts of grants (in case of poverty, unemployment, sickness, disability, natural disaster, etc.) assigned from municipal budgets shall be established by municipalities for the residents of their territories, with due consideration to the budget.

4.1.2.3. Increase of state supported income (SSI)

In order to reduce social exclusion and the poverty risk and in order to increase social assistance to low-income families, the amount of the state supported income was increased from LTL 135 to LTL 155 per resident per month, effective as of 1 October 2005. This amount is used for the calculation of ask social assistance and for the provision of free meals to students of general education schools from low-income families.

State supported income has not been increased since 1998. Therefore, while income of employed persons grew and pensions as well as other social guarantees were increased, the social as-
sistance to low-income families remained stable. In 2005, an additional amount of LTL 9 million was allocated from the State budget for the increase of the SSI. The increase of the SSI resulted in the increase of social assistance from LTL 121.50 to LTL 139.5 per person with no income. As of 1 February 2006, the state supported income shall be increased to LTL 165. For this purpose the State budget allocated LTL 20.4 million.

4.1.2.4. Assistance to schoolchildren from low-income families

Schoolchildren from low-income families receive free meals in general education schools. Schoolchildren from families where monthly income per family member does not exceed LTL 232.5 (1.5 MSL) shall be entitled to receive free meals. These schoolchildren receive free lunch, while students from especially poor families receive free lunch and free breakfast. Up to LTL 3 are allocated for lunch of one schoolchild per day.

Considering the fact that at the start of a new school-year, low-income families need assistance for preparing their children for school, and in seeking that children growing in low-income families be developed irrespective of the social and financial situation of their parents, assistance is provided for preparing children of the poorest families for school. In recent years, prior to the start of a new school-year, funds from the State reserve fund or as a result of the revision of the State budget have been allocated in order to assist children from low-income families to prepare for school. Municipalities are in charge of the organisation of such assistance.

4.1.3. Changes in the scope of financing social assistance in cash and in the number of its recipients

Figure 4.1.3-1 shows the distribution of benefits to families raising children and of expenses of social assistance in 2005.

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Data show that benefits to families raising children paid regardless of family income make up the largest portion of the expenses of cash social assistance (66.2%). Social benefit and compensations paid on the basis of family income and property amount to 15.3% of the overall expenses of social assistance in cash.

The total amount of family and child benefits plus other assistance prescribed by the laws amounted to LTL 548.4 million in 2005, and, in comparison with 2004, fell by almost LTL 24 million.

See Table 4.1.3-1 for the recipients and expenses of social assistance in cash in 2004 and 2005.

The table shows that the expenses of the birth grant amounted to LTL 28.5 million in 2005. As compared to 2004, 28% more funds were used for the payment of this grant. This growth in expenditure was caused by the increase of the birth grant from LTL 750 to LTL 1,000.

In 2005, 29,500 children were awarded birth grants. Almost the same number of children – 29,600 – was awarded this grant in 2004.

In 2005, expenditure for benefits to families raising children increased 24% over 2004 and amounted to LTL 363.08 million. In 2005, benefits to children were paid to the average of 323,000 children (43% of all children of Lithuania) per month, and each month the payment of this benefit required the average of LTL 21.7 million.

### Recipients and expenses of family and child benefits and other assistance in 2004 and 2005

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<th>No.</th>
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<td>Number of recipients by thousand</td>
<td>Expenses in million LTL</td>
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<td><strong>Total (1+2+3)</strong></td>
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<td>1.</td>
<td>Benefits to families raising children, including:</td>
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<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Birth grant</td>
<td>29.6</td>
<td>22.2</td>
</tr>
<tr>
<td>1.2</td>
<td>Lump sum benefits for the compensation of the higher cost of baby diapers</td>
<td>29.3</td>
<td>5.08</td>
</tr>
<tr>
<td>1.3</td>
<td>Maternity benefit for studying women*</td>
<td>0.2</td>
<td>0.043</td>
</tr>
<tr>
<td>1.4</td>
<td>Pregnancy grant*</td>
<td>3.8</td>
<td>0.95</td>
</tr>
<tr>
<td>1.5</td>
<td>Family benefit**</td>
<td>87.1</td>
<td>47.3</td>
</tr>
<tr>
<td>1.6</td>
<td>Child benefit**</td>
<td>266.0</td>
<td>102.4</td>
</tr>
<tr>
<td>1.7</td>
<td>Benefit to a conscript’s child</td>
<td>0.037</td>
<td>0.074</td>
</tr>
<tr>
<td>1.8</td>
<td>Benefit to families raising three and more children***, including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>raising three children</td>
<td>33.7</td>
<td>28.4</td>
</tr>
<tr>
<td></td>
<td>raising four and more children</td>
<td>13.7</td>
<td>15.8</td>
</tr>
<tr>
<td>1.9</td>
<td>Guardianship (curatorship) benefit</td>
<td>9.5</td>
<td>50.4</td>
</tr>
<tr>
<td>1.10</td>
<td>Orphan scholarship</td>
<td>2.6</td>
<td>15.6</td>
</tr>
<tr>
<td>1.11</td>
<td>Settlement grant</td>
<td>1.7</td>
<td>5.4</td>
</tr>
<tr>
<td>2.</td>
<td>Benefits and other types of assistance for low-income residents, including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Social benefit</td>
<td>83.5</td>
<td>69.4</td>
</tr>
<tr>
<td>2.2</td>
<td>Compensation for the cost of heating and for the cost of hot and cold running water</td>
<td>x</td>
<td>64.4</td>
</tr>
</tbody>
</table>
* The maternity benefit for studying women was paid before 1 July 2004; since 1 July 2004 the pregnancy grant has been paid.

** The family benefit was paid before 1 July 2004; since 1 July 2004 the child benefit has been paid.

*** The benefit was paid before 1 July 2004.

Figure 4.1.3-2 demonstrates the movement of the recipients and expenses of child benefits in 2000-2005.

<table>
<thead>
<tr>
<th>2.4.</th>
<th>Free meals for schoolchildren</th>
<th>141.0</th>
<th>61.0</th>
<th>115.0</th>
<th>60.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5.</td>
<td>Assistance for the preparation for a new school-year</td>
<td>40.0</td>
<td>1.0</td>
<td>56.0</td>
<td>2.0</td>
</tr>
<tr>
<td>3.</td>
<td>Funeral grant</td>
<td>41.0</td>
<td>30.4</td>
<td>43.1</td>
<td>32.3</td>
</tr>
</tbody>
</table>

In 2005, the number of the recipients of the pregnancy grant has risen considerably, viz. to 8,100 women, which was twice as much as in 2004. However, the recipients and expenses of the benefit to a conscript’s child have decreased twice.

The growth in the number of foster children results in the growth of the number of the recipients and expenses of guardianship (curatorship) benefits. In 2005, guardianship (curatorship) benefits were paid on average to 11,300 people per month and they amounted to LTL 62.2 million, while in 2004 the respective numbers were 9,500 people and LTL 50.4 million.

As compared to 2004, in 2005, the number of the recipients of settlement grants grew from 1,700 to 2,200. Some LTL 7.5 million were used for the payment of this grant in 2005.

Expenses for cash social assistance to low-income residents decreased 24% in 2005. In 2005, social benefit, compensations and grants paid from municipal budgets amounted to LTL 90.2 million, including LTL 52.8 million for social, benefit, LTL 30.9 million for compensations (LTL 23 million for compensations for the cost of heating, LTL 6.5 million for compensations for the cost of...
hot running water, and LTL 1.45 million for compensations for the cost of cold running water), and LTL 6.5 million for grants. The decrease in the expenses for the assistance was caused by the decline in the number of recipients.

In 2005, social benefit was paid on average to 54,100 persons (1.6% permanent residents of Lithuania) per month. The average amount of social benefit paid per family member per month was LTL 81 (LTL 69.5 in 2004).

During the heating season of 2005, the average of 103,000 persons, i.e. 3.3% of all residents of Lithuania, received compensations for the cost of heating per month. The average amount of the compensation for the cost of heating was LTL 41 per person per month.

Compensations for the cost of hot running water were paid on average to 63,000 persons, and compensations for the cost of cold running water – to 32,000 persons per month. The average amount of the compensation for the cost of hot running water was LTL 8.6 per person per month, and for the cost of cold running water – LTL 3.7 per person per month.

Figure 4.1.3-3 demonstrates the movement of the recipients and expenses of social benefit in 1996-2005.

Movement of the recipients and expenses of the social benefit

Figure 4.1.3-3 shows that in 2005 the number of the recipients of the social benefit decreased 35% over 2004. Such decline in the number of the recipients was caused by a significant growth in the income of residents (increase in the minimum monthly wage, the average old-age pension and the average monthly wage), the decline in unemployment, the migration of the population and the application of a more targeted cash assistance provided after the assessment of not only the income but also of the property of the family.

In 2005, the same amount of funds as in 2004, viz. LTL 61 million, was allocated from the State budget for free meals for schoolchildren of general education schools, yet the number of schoolchildren eligible for free meals decreased by 26,000 due to the decline in the total number of schoolchildren and the growth of income of the population. In 2005, approximately 115,000 schoolchildren (22% of all of schoolchildren general education schools) per month received free lunch, while approximately 22,000 schoolchildren (4% of all schoolchildren of general education schools) were entitled to free breakfast.
In 2005, during summer holidays schools organised daytime recreation summer camps in which about 11,500 schoolchildren (2% of all schoolchildren of general education schools) received free meals. To this end, LTL 1.4 million allocated for free meals from the State budget was used.

In 2005, LTL 2 million, i.e. twice as much as in 2004, was allocated from the State budget for the preparation of schoolchildren from low-income families for a new school-year and provision with learning aids; therefore, assistance for the preparation for a new school-year was provided to about 56,000 schoolchildren (10.5% of all students of general education schools). On average each schoolchild received LTL 40, while in 2004 each schoolchild received approximately LTL 32. The average assistance per schoolchild ranged from LTL 19 to LTL 80 in different municipalities. Assistance was provided in the form of gift coupons to be exchanged into learning aids in the specified shop network, also by individually forming sets of learning aids, and by awarding grants used by for buying schoolchildren learning aids in shops. Schoolchildren were provided with various learning aids, such as stationery, textbooks, teaching literature (dictionaries, reference books), school bags and sportswear.

In 2005, the expenses of funeral grants amounted to LTL 32.2 million, which was 6% increase over 2004. The grant was paid in relation to 43,100 deceased persons.

4.1.4. The national demographic (population) policy strategy and measures for its implementation

In order to implement the National Demographic (Population) Policy Strategy approved in 2004 and covering family welfare, public health and migration of the population, in 2005 the Ministry of Social Security and Labour jointly with other ministries developed the 2005-2007 Action Plan for the implementation of the National Demographic (Population) Policy Strategy, which provided measures ensuring the implementation of the objectives of the Strategy and providing more favourable conditions for the demographic behaviour and the welfare of the population.

The Plan provides measures for the employment promotion of youth and the development of flexible forms of employment, provision of family members with the opportunity to co-ordinate vocational activities with family obligations, increase access to child benefits and assistance, implementation of the model improving education conditions of and services provided to children, development of the opportunities to choose housing, compensation of loan interest for young families raising children who took loans for the construction or acquisition of housing, development of the triennial programme for the development of the subsidised housing fund, compensation of a part of rent for low-income families who rent housing in the private sector and who are entitled to subsidised housing. It is also expected to gradually increase maternity (paternity) benefits for working parents (up to 100% of their wages), to extent the period of paying the child benefit of LTL 50 until the child reaches the age of majority, to legalise by law assistance to children from low-income families to get ready for school, etc.

4.1.5. Improvement of social assistance

State assistance for families will be continuously improved and raised in order to for it to reach its immediate target and perform its main function, viz. to help a family compensate expenses related to raising a child.

The reform of the assistance for families raising children, aiming at gradually extending the entitlement to each child under 18 years of age or older, while they are full-time schoolchildren of

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general education schools, will be carried on. The payment of the child benefit is expected to be extended to children less than 9 years of age, effective as of 1 September 2006. The State budget of 2006 is expected to allocate LTL 12 million for the implementation of this provision.

A draft law amending some of the articles of the Law on Benefits to Children has been developed. The law is expected to enforce a monetary assistance to adoptive families, assistance to children under guardianship who study in general education schools and reside in dormitories of art or sports schools (centres), also to grant the right to the recipient of the benefit to use the settlement grant for paying the utilities related to the owned housing, also as the payment for studies, for the acquisition of a PC or a parcel of land.

In order to guarantee state social assistance in cash to all low-income persons, the Law of the Republic of Lithuania on Cash Social Assistance for Low-Income Families (Single Residents) is expected to be reviewed and improved.

The Law on Social Assistance for has been schoolchildren drafted. Its objective is to establish types and amounts of social assistance for schoolchildren from low-income families, also the conditions and procedure of granting and financing such assistance. In order to increase the responsibility of municipalities for and interest in the efficient organisation of social assistance for schoolchildren, it is proposed to allocate the State budget funds only for the acquisition of products and schooling materials, with municipalities contributing funds from their budgets to the organisation of this social assistance.

Scientists from the Institute for Social Research help determine the major factors behind the natural decline of population. Opportunities for restoring the demographic balance in Lithuania are examined on the basis of demographic theories, the experience of other countries and the specific character, trends and results of the development of family assistance policy of East and Central European countries. After the examination, priority action directions for restoring the natural replacement will be formed and the outline of the Programme for the Maintenance of the Natural Replacement of Population will be made.

### 4.1.6. Conclusions

Since 1 July 2004 the scheme of the state benefits to families has been reformed on a complex basis; as a result, the system guaranteeing social security for all families raising children is being implemented. As a result of the solidarity of the public in compensating for a part of expenses related to raising each and every child, the scheme of the assistance for families has become more expedient. The assistance for families, irrespective of their income, does not prevent parents from looking for additional sources of living to support their children. Municipalities extended social work with social risk families to the organisation of the payment of benefits that these families are entitled to in kind, and the provision of social services directly to children; thus, municipalities ensure the expedient use of state benefits for children’s needs.

2005 saw further implementation of the coherent scheme of cash social assistance on the basis of income and property evaluation, aimed at rendering state assistance to residents who have low income because of objective reasons, by guaranteeing them the minimum subsistence income to survive on and to pay for basic public utilities. State supported income has been increased in order to increase cash social assistance awarded to low-income residents.

In 2005, benefits to families raising children paid regardless of family income make up the largest portion of the expenses of cash social assistance (74%). Child benefits were paid to 43% of children of Lithuania (i.e. 323,300 children). The growth of income of the population, decline in unemployment, migration of the population and the provision of assistance on the basis of income and property evaluation forced the decline in the number of beneficiaries of social assistance and the decrease of expenses related to this assistance.
Definite measures intended to settle demographic issues have been taken. The approved 2005-2007 measures for the implementation of the National Demographic (Population) Policy Strategy will help ensure the welfare of families, promote healthy lifestyle and healthy behaviour, and solve migration-related issues.

4.2. CHILD CARE

This section presents the key reasons why families raising children are included into the municipal register of socially dysfunctional families and why children are placed into care. Tendencies of child placement into care shall be briefly overviewed with due consideration to each age group too. Information about the tendencies of violence against children will be provided also. The key issues related to domestic and inter-country adoption shall also be discussed. The final subsection will present the most important issues related to 2005 youth policy.

4.2.1. Children raised in socially dysfunctional families

In 2005, the number of socially dysfunctional families in the country did not change over the previous year. In 2004, some 16,869 families raising 36,895 were included into the register of municipal Services of Children’s Rights Protection. In 2005, 36,535 children were raised by 16,361 socially dysfunctional families, and 30% of these children were between the age of 10 and 14. During 2005, 2,205 new socially dysfunctional families raising 4,704 children were added to the registers of socially dysfunctional families.

| Distribution of Children Raised in Socially Dysfunctional Families by Age in 2005 |
|----------------------------------------|-----|
| 15-17 y.                               | 8012|
| 10-14 y.                               | 10774|
| 7-9 y.                                 | 6684|
| 4-6 y.                                 | 6111|
| 0-3 y.                                 | 4954|

Alcohol abuse and bad parenting remain one of the main reasons for the entry of families into the register of socially dysfunctional families. Based on data supplied by municipal Services of Children’s Rights Protection (hereinafter referred to as the SCRP), in 2005, 2/3 of all the families entered into the registry of socially dysfunctional families (6,304 families out of 9,943), as a result of alcohol abuse, were living in the countryside. The majority of children from such families were subsequently placed under the foster care, usually temporary.

The table below provides information on reasons why these families came in a view of municipal SCRPs in 2005.
### Number of Socially Dysfunctional Families and Children Raised in these Families by Reason in 2005

<table>
<thead>
<tr>
<th>Reason</th>
<th>No. of families</th>
<th>Number of children in these families</th>
<th></th>
<th>4 - 6 y.o.</th>
<th>7 - 9 y.o.</th>
<th>10 - 14 y.o.</th>
<th>15 - 17 y.o.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total:</td>
<td>0 - 3 y.o.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alcohol abuse</td>
<td>9,943</td>
<td>23,008</td>
<td>2,873</td>
<td>3,689</td>
<td>4,173</td>
<td>6,967</td>
<td>5,306</td>
</tr>
<tr>
<td>Gambling</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of parenting skills</td>
<td>3,122</td>
<td>7,392</td>
<td>1,329</td>
<td>1,375</td>
<td>1,332</td>
<td>2,055</td>
<td>1,301</td>
</tr>
<tr>
<td>Abuse of children by parents</td>
<td>761</td>
<td>1,266</td>
<td>119</td>
<td>192</td>
<td>272</td>
<td>358</td>
<td>325</td>
</tr>
<tr>
<td>Improper use of family benefits provided by the state</td>
<td>537</td>
<td>1,291</td>
<td>126</td>
<td>253</td>
<td>281</td>
<td>385</td>
<td>246</td>
</tr>
<tr>
<td>Restriction of the parents’ authority for an unlimited period</td>
<td>283</td>
<td>468</td>
<td>153</td>
<td>105</td>
<td>65</td>
<td>91</td>
<td>54</td>
</tr>
<tr>
<td>Other</td>
<td>1,712</td>
<td>3,104</td>
<td>354</td>
<td>497</td>
<td>561</td>
<td>916</td>
<td>776</td>
</tr>
<tr>
<td>Total:</td>
<td>16,361</td>
<td>36,535</td>
<td>4,954</td>
<td>6,111</td>
<td>6,684</td>
<td>10,774</td>
<td>8,012</td>
</tr>
</tbody>
</table>

4.2.2. Violence against children

According to the data of municipal SCFRPs, 2,311 children suffered from violence in 2005. In comparison with 2004, this number was merely the same. In 2004, 2,359 cases of violence against children were recorded. It means that in 2005 about 0.27% of all children residing in Lithuania were exposed to violence. The largest incidence of violence against children was established in Vilnius County (0.54%) and in Utena County (0.32%) (see Table 4.2.2-1).

### Incidence of Violence Against Children in 2004-2005

<table>
<thead>
<tr>
<th>County</th>
<th>Total number of children</th>
<th>2005</th>
<th>%</th>
<th>2004</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total number of cases of violence</td>
<td></td>
<td></td>
<td>Total number of cases of violence</td>
<td></td>
</tr>
<tr>
<td>Vilnius</td>
<td>185,717</td>
<td>1,004</td>
<td>0.54</td>
<td>855</td>
<td>0.46</td>
</tr>
<tr>
<td>Kaunas</td>
<td>160,330</td>
<td>341</td>
<td>0.21</td>
<td>409</td>
<td>0.25</td>
</tr>
<tr>
<td>Klaipėda</td>
<td>93,748</td>
<td>159</td>
<td>0.16</td>
<td>364</td>
<td>0.38</td>
</tr>
<tr>
<td>Šiauliai</td>
<td>92,480</td>
<td>227</td>
<td>0.24</td>
<td>270</td>
<td>0.29</td>
</tr>
<tr>
<td>Panevėžys</td>
<td>72,574</td>
<td>145</td>
<td>0.19</td>
<td>144</td>
<td>0.19</td>
</tr>
<tr>
<td>Alytus</td>
<td>45,715</td>
<td>83</td>
<td>0.18</td>
<td>85</td>
<td>0.18</td>
</tr>
<tr>
<td>Utena</td>
<td>42,471</td>
<td>136</td>
<td>0.32</td>
<td>87</td>
<td>0.2</td>
</tr>
<tr>
<td>Marijampolė</td>
<td>49,441</td>
<td>86</td>
<td>0.17</td>
<td>82</td>
<td>0.17</td>
</tr>
<tr>
<td>Tauragė</td>
<td>36,201</td>
<td>75</td>
<td>0.2</td>
<td>13</td>
<td>0.03</td>
</tr>
<tr>
<td>Telšiai</td>
<td>49,273</td>
<td>55</td>
<td>0.11</td>
<td>50</td>
<td>0.11</td>
</tr>
<tr>
<td>Total:</td>
<td>827,950</td>
<td>2,311</td>
<td>0.27</td>
<td>2,359</td>
<td>0.28</td>
</tr>
</tbody>
</table>
According to the data of municipal SCRPs, the majority (63.34%) of all identified cases of violence against children was physical abuse, as it is easy to notice. Figure 4.2.2-1 demonstrates that boys are not only more likely to fall victims to violence than girls, but also more likely to become active abusers themselves. Girls are more likely to fall victims to sexual abuse.

![Incidence of Violence Against Children by Gender in 2005](image)

Children who are urban residents experience twice as much violence. However, the assessment of the incidence of violence in the population, rather than the total number of cases of violence, shows that the incidence of violence in urban and rural areas is almost the same. The activity of urban and rural population must also be considered. Polls, taken by the Ministry of Social Security and Labour show that rural residents are the most indifferent to violence against children in the neighbourhood. Many people think that children who are beaten or otherwise abused should get the help of a specialist; however, urban residents have a far better access to such specialists. Therefore, we may assume that quite a few cases of violence suffered in rural area simply remain unrecorded.

In providing legal assistance to children who suffered from violence in 2005, 233 children were taken from parents or other legal custodians, 243 records of administrative offences were drawn up against perpetrators and 1,458 criminal proceedings were instituted against perpetrators, including 252 proceedings which were started by SCRPs.

Municipalities organise assistance to children suffering from violence. Social support is extended to the family, and the child is consulted by a psychologist. The psychologist’s consulting is usually provided to urban children, while social support extended to families as well as ambulatory social, etc., services are mostly provided in rural locations. Even though the 2005-2007 National Programme for Prevention of Violence against Children and of Support for them was approved with the aim to providing short-term or long-term complex assistance to abused children, only a small number of abused children get such assistance. The key reason behind it – is lack of complex services (especially of psychological assistance), which are not available not only in major cities but in regions as well. An other reason – poor inter-agency co-operation.
4.2.3. Trends in child care

According to the data of the Department of Statistics Lithuania, in 2005, there were 746,300 children between 0 and 18 years of age in Lithuania, which amounted to 21.8% of all the residents. In 2005, 13,300 (or 1.8%) of children were in foster care.

Table 4.2.3-1 shows the distribution of children in foster care in 2004-2005 by the location of placement (foster family, a foster family home, a child care institution). Even though in 2005-2006 the total number of children in foster care changed insignificantly, the percentage of children raised in child care institutions is increasing. (In 2005, 41% of all children placed under guardianship were referred to child care homes; thus, 43% of all children were being raised in child care institutions in 2006). The largest percentage (as high as 76%) of all children raised in institutions is children between 0 and 3 years of age. Children of that age are mostly referred to five specialised infants’ homes under the jurisdiction of county health care authorities.

According to the data of municipal SCRPs, 3,209 children were placed under guardianship in 2005, while 3,267 – in 2004. Even though the absolute number of children in foster care decreased over the year, the ratio of the number of children in foster care and the total number of children increased 0.1% (in 2004 – 775,200:3,267; in 2005 – 746,200:3,209).

In 2005, trends in child care in many cities and regions basically remained the same. In comparison with 2004, the number of children in foster care increased in Pakruojis, Raseiniai, Švenčionys and Telšiai region, while the number of children in foster care decreased in Kaunas city and region, as well as Mažeikiai and Utena municipalities. As in previous years, the number of children in foster care decreased in municipalities that had children day care centres for children from socially dysfunctional families and that had the opportunity to provide additional employment and educational services for children and their parents.

Assessing these trends and the positive experience and developing the new draft of the Law on Social Services, a special attention was paid to the necessity of making the social work with socially dysfunctional families raising children more active. Considering this, it was intended to allocate targeted grants to municipalities for creating working places for social workers in neighbourhoods who would work with such families.

In 2005, more attention was paid to issues related to the institutional child care system. Having supplemented the Resolution of the Government of the Republic of Lithuania of 6 February 2003 on the assignment of the children’s rights protection to the Ministry of Social Security and Labour and on the identification of the authority of other Ministries, the Ministry of Social Security and Labour has been assigned the methodical governance of child care institutions, Ministry of Education and Science – the methodical governance of special boarding schools, effective as of 1 January 2005. Also, the adoption of the Order of the Minister of Education and Science on the reorganisation of boarding schools provided that as of 1 July 2005 these educational institutions no longer could perform social functions or provide foster care for children. This order has been co-ordinated with the Minister of Social Security and Labour and it has been agreed that co-ordinated solutions on the identification of a new guardians for the children who were placed in the specialized educational institutions should be revised by 31 August 2007.

Table 4.2.3-1 below shows trends of referring children deprived of parental care to different child care institutions in 2004 and in 2005. It is evident from the table that more than one third of all children are placed under guardianship in foster families, almost one tenth of all children are placed in infant’s homes, and several hundreds of children – in county or municipal child care institutions.
4.2.4. Adoption

4.2.4.1. Adoption by citizens of the Republic of Lithuania who are permanent residents of Lithuania

In 2005, citizens of the Republic of Lithuania adopted 88 children deprived of parental care. 65 children out of total number were adopted by a spouse of their biological mother or father. In comparison with the previous year, the number of children deprived of parental care who were adopted remained the same. Unlike in 2004, there were six couples (citizens of the Republic of Lithuania) who each adopted two children in 2005. Even though one of the key reasons behind adoption is infertility, as many as 12 out of 82 adoptive families from the Republic of Lithuania had biological children, and three families were raising adopted children. Adoption is mostly pursued by persons of 36-40 years of age with a steady job, fixed income and own housing. Citizens of the Republic of Lithuania most likely adopt children under three years of age, irrespective of whether prior to adoption the child was placed under the guardianship in the family of his/her adoptive parents or not. It should also be noted that the attitude of prospective adoptive parents towards the social origin and the health of the adopted child is also changing, even though citizens of the Republic of Lithuania usually desire to adopt a girl of 0-3 years of age.

In order to promote adoption in Lithuania, 2005 the Law on Benefits to Children was amended with the proposal to assign an Adoption Grant of 8 MSL (LTL 1,000) irrespective of whether the Birth Grant of the same amount has been paid or not. The Adoption Grant will be paid if an application is submitted within 12 months of the adoption date. Other proposals were made in order to facilitate the adoption by Lithuanian citizens.

4.2.4.2. Adoption by citizens of the Republic of Lithuania permanently residing abroad and by foreign nationals

The adoption of children who are citizens of the Republic of Lithuania by foreign nationals in 2003-2005 remains almost the same: in 2005, 76 families of foreign nationals and of the citizens of the Republic of Lithuania permanently residing abroad adopted 108 children (60 boys and 48 girls). Italy, USA and France remain the three states receiving the majority of children adopted from...
Lithuania. Such geographical distribution of adoption was mostly determined by the fact that both countries, Italy and France (just like the Republic of Lithuania), has signatory the 1993 Hague Convention on Co-operation in Respect of Intercountry Adoption. This makes the adoption procedure easier. Furthermore, prospective adoptive families from these countries are more active in a Special Programme assisting children with special needs (i.e. children with serious health issues, children who are older than 5 years of age, large sibling groups).

Figure 4.2.4.2-1 below shows the distribution of children adopted in 2005 by countries (data are presented in absolute numbers).

Before 2003, the majority of foreign families were adopting only one child. In 2005, as many as 7 families of foreign nationals and Lithuanian citizens permanently residing abroad (three families from USA, two families from Italy, and two families from France) adopted sibling groups each consisting of three siblings, and 18 families adopted sibling groups each consisting of two siblings.

Figure 4.2.4.2-2 shows that in 2004-2005 the number of adopted children under the age of 7 was decreasing, while the number of adopted children older than 7 years was growing. One of the reasons behind the decreased number of younger children adopted by foreign nationals, is the adoption of such children by Lithuanian families lining in Lithuania. Another reason is the special Programme for the adoption of children with special needs, implemented by the State Child Rights Protection and Adoption Service under the Ministry of Social Security and Labour. This programme aims at encouraging families to adopt older children, sibling groups, children with serious health problems.

The majority of children (66) adopted by foreign nationals and by Lithuanian citizens permanently residing abroad, in 2005 were living in child care institutions before the adoption. Out of 108 children adopted by foreign families, prior to adoption were raised in the Infant Homes for children with Development Disorders: from Vilnius County – 9, Alytus – 7, Klaipėda County – 8, Šiauliai County – 4, Kaunas – 3. Three children were raised by adoptive families, and seven were in foster care by guardians who agreed to adoption.
In order to ensure the transparency of the adoption procedure by foreign nationals, pursuant to Article 14 of the 1993 Hague Convention on Co-operation in Respect of Intercountry Adoption on 3 June 2005 a special rules on proceedings of authorization of foreign agencies to act on intercountry adoption in Lithuania were signed by the Minister of Social Security and Labour. It established the terms and conditions for granting, expiration, renewal, suspension or cancellation of authorisation for foreign agencies intending to engage in intercountry adoption in the Republic of Lithuania. A special committee to assist the State Child Rights Protection and Adoption Service was established by the Order of the Minister of Social Security and Labour.

Thirteen foreign institutions were accredited. During the period of September-December 2005, accreditation for intercountry adoption was given for 13 agencies from 6 countries: 6 - from USA; 3 - from Italy and one from Sweden, Germany, Spain and France. More information on this issue could be found on the website of the State Child Rights Protection and Adoption Service (www.ivaikinimaslt/akreditacija).

Majority of authorised foreign agencies select attorneys as their authorised representatives in Lithuania who represent families during the pre-trial adoption procedure, in the court after the referral of a child for adoption.

4.2.5. Conclusions and suggestions

1. Active social work with socially dysfunctional families raising children carried out in municipalities help families settle problems and decrease the need to place children in foster care. Therefore, preventive family assistance programmes must be developed and working places should be created for social workers on the neighbourhood and municipality level who would work with socially dysfunctional families and children.

2. In order to rationally reorganise the institutional child care system, the capacity of local governments and the existing infrastructure for the provision of day services for socially dysfunctional families and children with health or behavioural problems, and the access to child education, extra-curricula activities and health care services must be analysed. The reorganisation of child care institutions under the jurisdiction of state counties must ensure that part of child care services are provided in municipalities and financed from both municipal funds and target grants assigned by the state to municipalities. A network of complex services must also be developed on the county
level targeting children with behavioural issues or who experienced sexual violence or have various addition problems.

3. The attitude of the society towards adoption is gradually changing. This was positively influenced by the active position of the State Child Rights Protection and Adoption Service, and law amendments providing for additional financial and social assistance to prospective adoptive parents and to the adopted child.

4. While dealing with issues of violence against children, the lack of availability of short-term and long-term rehabilitation services to children falling victims to violence has been noted. Inter-agency co-operation in identifying violence and extending assistance to victims is also limited. Dealing with these issues requires the change of the attitude of the society towards violence against children, the implementation of modern parenthood training programmes for parents, and the improvement of the availability of psychological services to children and families in municipalities.

4.3. YOUTH POLICY

In November 2005, the Law amending Articles 2, 4, 5, 6, 7, 10 and 13 of and insertion of Article 7-1 into the Law of the Republic of Lithuania on Youth Policy Framework was adopted. The goal of this law is to reorganise the State Council of Youth Affairs (hereinafter referred to as the SCYA) into the Youth Affairs Department under the Ministry of Social Security and Labour, and to approve the nominal composition and work regulations of the advisory body, i.e. the Council of Youth Affairs (advisory body).

In March 2005, the European Council adopted the European Youth Pact. The European Youth Pact is a part of the Lisbon Strategy that would help achieve the objectives of this strategy faster and more efficiently, viz. increase of employment, strengthening of economic reforms and social cohesion in the knowledge-based economy. The European Youth Pact seeks to improve the education, teaching, mobility, occupational integration and social inclusion of EU youth by providing conditions for harmonisation of occupational activities and family life. This Pact should ensure the sustainability of initiatives in these fields and should give impetus to active and continuous mobilisation of efforts for the good of the youth.

In November 2005, the National Youth Conference organised by the Ministry of Social Security and Labour, the State Council of Youth Affairs and the Council of Lithuanian Youth Organisations was held in Vilnius. It was the first time that young people from all over Lithuania, either participating or do not participating in the activities of youth organisations, discussed the Lithuanian Youth Policy and its development, and the perspectives of the EU Youth Policy. More that 150 young people attended the conference. Top-level statesmen heard their opinions, proposals and problems. The conference contributed to the development of new programmes for youth.

Since 2000 Lithuania has been participating in the 7-year EU programme YOUTH, and since 2004 – in the activities of the information network EURODESK. 2005 saw the development of the Youth in Action programme, which should continue the Youth programme. The new programme intends to expand the age limit of youth who can participate in the programme to 13-30 years of age. Previously, persons aged between 15 and 25 years could participate in the programme.

The main objective of the Youth in Action programme is to promote young people’s active citizenship in general and their European citizenship in particular; to develop young people’s solidarity to reinforce social cohesion in the European Union; to strengthen the understanding among the nations through young people; to contribute to developing the quality of support systems for youth activities and the capabilities of civil society organisations in the youth field; to foster European cooperation in youth policy.
4.4. SOCIAL SERVICES AND SOCIAL WORK IN 2005

In 2005, greatest emphasis in the system of social services was placed on the improvement of legislation regulating organisation and provision of social services and social work: drafting and coordination of the draft Law on Social Services and secondary legislation drafts relating to financing and planning of social services, payment for social services, qualification and training of social workers, as well as developing social care norms (standards). Therefore, although this chapter starts with a brief overview of the development of social services during the recent years, it further focuses on legislation that was drafted with the view of improving the system of social services.

4.4.1. The Development of Social Services

According to the data of the Department of Statistics, in 2005, social services were provided for more than 100 000 persons in social care establishments and at home in Lithuania. Moreover, another 115 000 inhabitants were provided with other general social services organised by municipalities – free meals, provision with foodstuff and the most necessary items, organised services for personal hygiene and transport.

The number of recipients of social services who were provided the services in institutions and assistance at home has grown by 1.6 times over the recent two years. Meanwhile, the number of recipients of social services in stationary social care institutions has been reducing. More and more persons receive social services in their homes or houses of temporary accommodation. There was a particularly large increase in the number of persons who receive services in day care centres: in 2002, day care centres were attended by 34 000 persons, whereas in 2005 – by more than 70 000 persons.

Data of the Department of Statistics at the Government of the Republic of Lithuania Figure 4.4.1-1
The proportion of the number of recipients of non-stationary social services and the number of recipients of stationary social services was 85:15 percent in 2005, whereas in 2003 this proportion was 75:25 percent.

In 2005, social services provided in stationary social care institutions in their residential area could be received not in all municipalities: 19 municipalities did not have their founded child care institutions or could not use the services of institutions established by non-governmental organisations, and 11 municipalities did not have or could not use the services of social care home for old persons. 4 municipalities did not have any social care institutions. These municipalities directed their inhabitants for social services to the institutions of county subordination.

The funds allocated by municipalities for social services are of great significance for the development of infrastructure of social services. In 2005, the Ministry of Social Security and Labour collected data from municipalities about the funds from municipal budgets allocated for social services. According to the data submitted by municipalities, in 2004, municipalities allocated LTL 88.8 million, which made about 2.13 percent of the overall budget of municipalities. Although initially LTL 94.5 million, or by 6 percent more, had to be allocated in 2005, the share of funds allocated for social services was not bigger. Municipalities allocated the bigger share of municipal budget funds (86 percent) for maintaining institutions established by municipalities, about one-tenth – for procurement of services from NGOs or other institutions, and about 5 percent – for funding the programmes of social services.

### Distribution of the funds of municipal budgets allocated for social services, percentage

- For maintaining institutions founded by municipalities: 86%
- For funding social services programmes: 5%
- For procurement of services from NGOs or other institutions: 9%

Data of the Ministry of Social Security and Labour

The share of municipal budgets allocated for social services fluctuates from 0.1 percent to 6 percent in individual municipalities. It is evident that the funds allocated for social services are bigger only in those municipalities that have developed an entire infrastructure of social services and that use neither child care nor old persons’ care institutions of county subordination.
As can be seen from Figure 4.4.1-3, most municipalities allocated from 1.1 percent to 3 percent of municipal budget funds for social services. Ten municipalities allocated more than 4 percent of funds, whereas nine municipalities allocated up to 1 percent of municipal budget revenue for social services.

The development of social services was mainly affected by the Programme for the Development of Social Services Infrastructure. In implementing the Programme in 2005, priority was given to those projects that provided for the development of social services in family support institutions, child day care centres, temporary living accommodation, community centres, and self-support houses.

**The programme for the development of social services infrastructure**

The Ministry of Social Security and Labour together with counties and municipalities have been implementing the Social Services Infrastructure Development Programme (hereinafter referred to as the Programme) since 1998. Over eight years, more than LTL 34.5 million were allocated for the implementation of the Programme and the funds were intended to be used for reconstruction and repair works of social services institutions, and covering expenses for the purchase of the main equipment and other items. This Programme seeks to develop advanced forms of providing social services in a community through establishing a network of social services in municipalities and regions and through ensuring the provision of social services for the most vulnerable groups of population: families and children at social risk, the disabled, elder people, and adults at social risk.

During the period 1998–2005, 161 projects of the development of social services institutions were financed, after implementing whereof social services were provided for averagely 6 126 persons per month, and more than 750 new workplaces were created. Projects were implemented in 48 municipalities.

In 2005, LTL 4.8 million in total were allocated from the state budget for the implementation of the Programme. Pursuant to Order No A1-23 on the Implementation of the Social Services Infrastructure Development Programme in 2005 as of 31 January 2005 of the Minister of Social Security and Labour, a new tender for the selection of the Programme projects was announced at the beginning of 2005. Total number of projects concerning the development of social services institutions submitted for the tender was 104. Overall amount of the projects of the 2005 programme reached LTL 10.96 million.

60 projects for the development of social services institutions in 39 municipalities were selected by tender from the funds allocated for the Programme in 2005. 19 of these projects concern
families and children at social risk, 9 – the disabled, 6 – adults at social risk, 3 – elderly people, and 23 projects concern the development of multiple social services.

After the projects were implemented, 60 social services institutions were established or modernised, and they started providing employment, informing, counselling, hygienic, work therapy and other versatile social services, as well as vocational, cultural, social and psychological rehabilitation.

The Programme helped to reduce the disparities in the development of social services infrastructure in separate regions, improved quality and access to social services, since the bigger part of the projects were implemented in small and remote Lithuanian municipalities such as Telšiai, Kalvarija, Jurbarakas, Pagėgiai, Akmenė, Visaginas, Biržai, Raseiniai and other municipalities, which have felt shortage of social services so far. Through the provision of social services, municipalities started cooperating more closely with non-governmental organisations.

4.4.2. LEGAL ACTS AND DRAFTS

4.4.2.1. Improvement of legal acts regulating work of social workers

The Ministry of Social Security and Labour prepared and submitted to the Government a draft amending resolution on Resolution No 511 on the Improvement of the Remuneration Procedure for Employees at Budgetary Institutions and Organisations as of 8 July 1993 of the Government of the Republic of Lithuania, which was adopted on 28 June 2005. The amendment revised the rates of wages of social workers, which allowed increasing social workers’ wages by about 20 percent as of 1 November 2005. The state budget allocated about LTL 2 million additionally for this increase in 2005, and LTL 11.4 million in 2006. In 2005, municipal budgetary institutions employed more than 2 700, and institutions of county subordination – more than 2 100 social workers and assistants to social workers.

The description of the remuneration procedure for social work employees was drafted and approved by order of the Minister of Social Security and Labour in 2005. This description regulates the size of rates of official wages, payment of personal premiums, and other remuneration conditions of social work employees at budgetary institutions, taking into account the nature of work at those institutions, their size, employees’ length-of-service of social work, education and the qualification category acquired by social workers during their assessment.

A new version of the Assessment Procedure of Social Workers was approved by Order No A1-218 as of 27 July 2005 of the Minister of Social Security and Labour. This procedure regulates upgrading qualification of social workers, assessment of their personal competence and practice, as well as granting qualification categories. The assessment procedure establishes that qualification categories shall be granted for social workers who have acquired education of social work profile, and they shall be renewed for social workers who have not acquired education of social work profile but who acquired qualification categories by 31 May 2004 (these employees shall be able to renew their qualification categories for not longer than until 31 December 2010).

The list of employees who will have to be assessed in accordance with the Assessment Procedure of Social Workers was approved by the order of the Minister of Social Security and Labour on 3 August 2005. Pursuant to this list, employees of the enumerated occupations shall be calculated the length-of-service of social work and duration of holidays.

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4.4.2.2. Law on Social Services

In 2005, the new draft Law on Social Services was deliberated, discussed and coordinated with non-governmental organisations, municipalities, county governors, representatives of social services establishments, communities, other concerned institutions, and it was improved having regard to the received notes and proposals. The Seimas of the Republic of Lithuania approved of the draft Law on Social Services on 19 January 2006. The Law came into force on 1 July 2006, and the provisions relating to the application of methodology of planning and financing of social services and application of social care norms (standards) will become effective as of 1 January 2007.

Drafts of secondary legislation that are very important for the development of social services were prepared in 2005. The main provisions of each of them are presented below.

- **Description of the procedure of payment for social services**. Before coming into force of the Law on Social Services, payment for social services was set forth in accordance with Resolution No 111 on the Approval of the Principles and Procedure of Payment for Social Services as of 1 January 1998 of the Government of the Republic of Lithuania. This procedure does not reflect regulation of payment according to the new types of social services and new maximum amounts of payment provided in this Law, also it does not provide a possibility to fix the amount of payment for long-term social care, taking into account an individual’s property, it does not regulate payment for social services for certain social groups of persons and their families, it does not elaborate on the types of income included when calculating payment for social services and payment sources, it does not provide the procedure of evaluating financial possibilities of an individual (family).

  The purpose of the draft resolution of the Government is to regulate payment for social services in accordance with the provisions of the Law on Social Services. The draft provides for elaborating on the establishment of the amounts of payment for separate social groups depending on the received type of social services, legitimating the establishment of differentiated amount of payment for long-term social care taking into account not only an individual’s income, but also property, elaborating on the types of income and property that are included when establishing the amount of payment for social services, laying down other possible payment sources, establishing the ratio of the property value and elaborating on its calculation, also laying down the procedure of evaluating financial possibilities of an individual (family).

- **Description of the procedure for estimating of an individual’s (family’s) need for social services and granting thereof, methodologies for estimating the need of social care for a child deprived of parental care, a child with disability, a child at social risk, an adult with disability, an elder person, an adult at social risk**. This draft legislation approved by orders of the Minister of Social Security and Labour was prepared having regard to the provisions of the Republic of Lithuania Law on Social Services. The purpose of the description of the procedure for estimating of an individual’s (family’s) need for social services and granting thereof is to define the main principles and criteria of estimating of an individual’s (family’s) need for social services, bodies estimating the need of social services, rules estimating the need of social services for an individual (family), individuals’ rights and duties, regulate the procedure of the assessment of the need of social services for an individual (family) and making the decision of granting the services, also regulate suspension and termination of the provision of social

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services, storage of information about persons receiving the services and the procedure of appealing the estimate of the need.

The purpose of methodologies for estimating the need of social care for separate social groups is to assess a person’s individual capacities for independent living, his or her need for social care financed by the municipality with its own budget funds or with special target grants of the state budget to municipal budgets. These methodologies are applied when, after assessing an individual’s need for services, it turns out that the amount of general social services and social care provided for an individual is insufficient.

- **Qualification requirements for social workers and assistants to social workers**. The draft establishes value attitudes of social workers and assistants to social workers, defines their professional activities, knowledge, skills and personal qualities necessary for performing professional functions. Starting with 2010, social worker shall be applied the requirement of higher education in social work or equivalent education. Assistant to social worker shall not be applied the requirement of education, he or she shall work according to the directions of a social worker. Assistant to social worker without education shall attend the introductory training course and regularly upgrade his or her professional qualifications.

- **The procedure of upgrading professional qualification of social workers and assistants to social workers and the description of the procedure of assessment of social workers**. The description of the procedure of upgrading qualification of social workers will elaborate on the forms of upgrading professional qualification of social workers established in the procedure of assessment of social workers, also on the bodies (companies, organisations), that will organise qualification upgrading of social workers, selection of qualification upgrading programmes, financing of qualification upgrading of social workers, etc. This description will for the first time regulate upgrading qualification of assistants to social workers and employees equivalent to social workers (public servants who work in social support units at municipalities and child rights protection offices, as well as social affairs units at county governors’ administrations). The description will establish the forms and duration of qualification upgrading of these workers, the bodies (companies, organisations) organising qualification upgrading, coordination of their qualification upgrading programmes, dissemination of good practice of social work, etc.

- **Catalogue of social services**. The draft Law on Social Services regulates new types of social services provided in the Catalogue of Social Services approved by the order of the Minister of Social Security and Labour. The Catalogue of Social Services defines the types of social services, they are described according to characteristics, and it also presents the types of social services institutions.

- **Methodology for financing social services and calculating funds**. The purpose of this methodology is to regulate financing of social services in accordance with the provisions of the newly adopted Law on Social Services. The draft resolution of the Government will elaborate on financing sources of social services, financing particularities of general social services, social attendance and social care, calculation of funds for social services, establishment of the price for social care and organisation of social services procurement.

- **Methodology of planning social services**. The purpose of the methodology is to regulate planning of social services in accordance with the provisions of the newly adopted Law on Social Services. The draft resolution will set up the principles of planning social services in the municipal-

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ity, the bodies of planning social services, the procedure of drawing a plan of social services, the
structure and content of the plan, and the procedure of considering, coordinating and implementing
the draft plan.

- **Social care norms (standards).** The purpose of social care norms (standards) is to regulate
the system of assessing the quality of provision of social care for all social groups in accordance with
the provisions of the newly adopted Law on Social Services. The draft social care norms (standards)
seek to ensure the life quality of social care recipients, both when receiving social care at institutions
and at home, and regulate qualitative requirements not only for buildings, premises, catering, etc.,
but also for the protection of rights of those persons. As of 2010, social care shall be a licensed activ-
ity. Social care norms (standards) shall be one of the major conditions of the licensed activity.

With a view to preparing for licensing, social care norms (standards) proposed by the draft
shall become effective as of 1 January 2007. Social care norms (standards) shall apply for all social
care institutions, regardless of their subordination, social families and foster families.

### 4.4.3. CONCLUSIONS

After the Law on Social Services and secondary legislation become effective, the basics of
organisation and management of social services, the conditions of providing, granting and receiving
social services, and the principles of social services control and surveillance, financing of and pay-
ment for social services will basically change.

After municipalities are imposed obligations to organise the provision of social services for
their inhabitants, their financial opportunities to organise social services in a community through
allocating the state grants for certain groups will strengthen.

The state target grants for municipal budgets will create equal opportunities for the munici-
palities to organise services. This will improve access of social services for the country’s population.
Also, the funds of the state budget for social services will be used more rationally. The state target
grants for municipalities will induce them searching for the forms of services alternative to station-
ary care and cheaper. When municipalities develop such forms of services alternative to long-term
institutional social care as day social care at home or in a day care centre, or short-term social care,
the conditions will be created for the families that take care of the disabled or elder persons at home
to participate in the labour market.
4.5. SOCIAL INTEGRATION OF THE DISABLED

4.5.1. Major indicators characterising disability

According to the data of the Ministry, in 2005 there were 248,260 of persons in the country who received pensions or benefits for lost capacity (disability) and about 2 thousand of persons who did not have the right to receive any pension or benefit of lost capacity (disability), i.e. Lithuania has the total of 7% of persons deemed disabled.

In 2005, 22.3 thousand of working age people were deemed disabled for the first time. As compared to 2004, their number increased by almost 5% and per 1,000 of working age people there were 10 disabled. Women accounted for 47% of persons deemed disabled for the first time, and men – for 53%.

The number of disabled in our country is in line with the data of the United Nations Organisation that in the world people with disabilities make about 10% of the entire population. As seen in Figure 4.5.1-1, the largest part of the disabled are people with 30-40% of capacity level, or Disability Group II – 148,586; these persons account for as many as 60% of the total number of the disabled. The gravest disabilities are in people whose capacity level is set at 0 to 25%, of Disability Group I, and they make 14% of the total number of the disabled. In 2005, the number of the disabled with 45-55% of capacity level, or Disability Group III, was 50,035, or 20% of the total number of the disabled; there were 16,002, or 6% of children with disability under 18.

The society ageing process influences the increase in the number of the disabled – with the increase in the number of elderly people, their relative share in the total number of the disabled is also increasing. According to the data of the Ministry of Social Security and Labour, as many as 36% of the disabled are persons of retirement age. Persons of working age who has certain level of capacity or disability group set make about 58%, children with disability – about 6% of the total number of the disabled.

Most often children are deemed disabled for the reason of diseases of the nervous system and sensation organs. Elderly people are deemed disabled most often because of diseases of the circulation system (in 2004 – 29%) and musculoskeletal system (19%) and malicious tumours (13%).
The data in Figure 4.5.1-2 shows that the number of the disabled is increasing slightly. Comparing growth in the number of children with disabilities in 2005 and in 2004, one can notice that in 2005 the number of children with disabilities decreased by 0.7%. The number of persons whose capacity level is set at 45 to 55%, or Disability Group III, did not grow in 2005 either. The number of people whose capacity level is set at 0 to 25%, or Disability Group I, grew by 2.9%. Observing the increase in the number of the disabled, one can state that in 2005 the number of the disabled grew the least since 2002, i.e. only by 1.9% as compared to 2004 while in 2004 as compared to 2003 this growth was 6.2%.
Disabled persons whose capacity level, disability level or disability is set become entitled to receive pension for lost capacity (disability) which is paid to socially insured persons from the State Social Insurance Fund (hereinafter referred to as SODRA) and to socially uninsured persons – from the state budget (benefits and social pensions). As seen from the data in Figure 3, changes in the number of persons receiving benefits for lost capacity (disability) are not significant and as compared with 2002 the number of such persons increased by 6,515 and now makes 36,738. This can be explained by the fact that pursuant to the amendment to the Law of the Republic of Lithuania on Social Integration of the Disabled, since 14 April 2004 disability in children is set not until 16 years of age but until 18 years of age. However this cannot be said about persons receiving SODRA pensions for lost capacity (disability). This number is slightly increasing every year and as compared with the data of 2002, in 2005 the number of such persons was 19,308 bigger, i.e. 210,662. The increase in the number of people of this category was conditioned by high unemployment rate, high requirements on the labour market and prolonged retirement age. If to compare data of 2005 and 2004, the number of recipients of SODRA pensions for lost capacity (disability) grew just slightly, i.e. by just 1.9% and made 210,662.

4.5.2. Key provisions of the law on social integration of the disabled

On 11 May 2004, the Seimas of the Republic of Lithuania passed a new Law of the Republic of Lithuania on Social Integration of the Disabled (hereinafter referred to as the Law), which became effective from 1 July 2005. The main goal of this Law is to ensure equal rights and opportunities for the disabled in the society, to define principles of social integration of the disabled, to determine the system of social integration, the preconditions and terms, as well as the institutions in charge of the implementation of social integration of the disabled, the assessment of disability and working capacity level, the provision of services in vocational rehabilitation, and the principles for the identification and meeting of special needs of the disabled.

The Law incorporates new concepts and definitions, introduces new definitions of the ‘disabled’ and ‘disability’, substituting the old ‘invalid’ and ‘invalidity’. All discriminative provisions highlighting the exclusiveness of an individual with disabilities were removed. The procedure and methodology for the assessment of disability for children and adult persons was changed. The model of social integration of the disabled was set closer to models of the EU Member States, thus legally enforcing equal rights and opportunities of the disabled in the society.

The Law provides for new approaches and principles concerning social integration of the disabled, and defines the system of social integration of the disabled, explaining what social integration of the disabled is in general and what components are involved. Principal preconditions and terms concerning social integration of the disabled are also defined in the Law – what is absolutely necessary for smooth implementation of such integration aimed at ensuring the quality of life of the disabled.

The Law envisages the introduction of the new assessment system of disability and working capacity level. The assessment of working capacity instead of previously used invalidity assessment test will create more possibilities to assess an individual capacity to work in a more objective way, get medical and vocational rehabilitation services and benefits. Differentiation of disability level for individuals under 18 will set more favourable conditions for families bringing up and nursing children with severe and moderate disabilities.

The assessment of the disability and working capacity level is delegated to one institution, i.e. the Disability and Working Capacity Assessment Authority under the Ministry of Social Security and Labour. The broader description of the activities of this authority is given in the following section of this chapter.
Having received the conclusion of the Authority confirming the need for vocational rehabilitation, the person in question shall have to apply to the Local Labour Exchange Office in the place of residence. This institution shall make an individual plan of vocational rehabilitation for the person and issue a reference to the institution providing vocational rehabilitation services. Here an individual vocational rehabilitation programme shall be tailored and the scheduled services provided. When the vocational rehabilitation programme is completed, the person will return to the Disability and Working Capacity Assessment Authority for the final assessment of the working capacity level.

Permitting individuals with disabilities to participate in vocational rehabilitation programmes will increase their possibilities to integrate into labour market, to facilitate their independent living, and therefore fewer funds will be spent on social assistance.

One of the most important protective measures in the system of contemporary social security system is the right of an individual to appeal the decision he is not satisfied with. Investigation of disputes concerning the decisions made by the Authority is also regulated by this Law. Disputes shall be investigated and judged by the Commission of Disputes at the Ministry of Social Security and Labour. The broader description of the activities of this Commission is given in the following section of this chapter.

With the view to ensuring better satisfaction of special needs of the disabled, the new Law systematises meeting of special needs by providing special assistance aids to the disabled. Special assistance aids are the means to meet the special needs of individuals with disabilities aimed to ensure equal possibilities for to the disabled to seek education, occupation, social and full-fledged integration into the society.

Special needs shall be assessed and satisfied irrespective of the age of an individual, the level of disability or working capacity seeking to ensure equal rights and opportunities in all spheres of life. Special needs shall be met by providing special assistance measures: technical aids and appliances, financial support and social services in the main sphere of activities of the disabled (in everyday and private life, training and education, working activities and public life). The broader description of the procedure of establishing and meeting special needs is given in the following section of this chapter.

4.5.3. Disability and working capacity assessment authority under the Ministry of Social Security and Labour

Pursuant to Article 18 of the Law of the Republic of Lithuania on Social Integration of the Disabled, from 1 July 2005 the reorganised State Medical Social Expertise Commission under the Ministry of Social Security and Labour was replaced by the Disability and Working Capacity Assessment Authority under the Ministry of Social Security and Labour (hereinafter referred to as the Authority).

The Authority is a public administration institution establishing the level of disability for persons under 18 and the level of working capacity for persons under 18 who are (were) insured with social insurance and for persons older than 18 until the retirement age.

Tasks of the Authority are:

- to participate in implementation of the policy of social integration of the disabled;
- to organise the assessment of the need for professional rehabilitation services and general initial assessment of special needs of persons under 18 with the level of disability, persons under 18 with the level of working capacity who are (were) insured with social insurance persons older than 18 until the retirement age;
- to submit proposals to the Ministry of Social Security and Labour of the Republic of Lithuania with regard to improvement of legal acts relating to assessment of the disability level and working capacity level and the need for professional rehabilitation.
The Authority makes decisions concerning:
• the disability level, the cause and starting time of disability and its duration;
• the working capacity level, the cause and starting time of disability and its duration;
• the need for vocational rehabilitation services for individuals under 18, who are (were) insured by the state social insurance, and for individuals over 18 years of age;
• the nature of work and conditions for the disabled;
• the general initial assessment of special needs of the disabled.

Following the provisions of the Law, the level of working capacity shall be assessed taking into consideration the health status of a person and his capability to perform tasks according to the acquired qualification, to acquire a new qualification or to perform unskilled jobs after all other possibilities of medical and vocational rehabilitation have been used, including special assistance measures. Working capacity of an individual shall be assessed in percentage and the level shall be estimated in 5 points intervals, i.e.:
• if an individual is assessed to be of 0-25% working capacity, he is considered incapable of work;
• if an individual is assessed to be of 30-55% working capacity, he is considered partly capable of work;
• if an individual is assessed to be of 60-100% working capacity, he is considered capable of work.

When a person addresses the Authority concerning the assessment of working capacity, first of all, it will be estimated, referring to certain criteria if it is reasonable for the person to participate in the vocational rehabilitation programme.

When assessing the level of working capacity or disability of a person, special needs of the person are also assessed, i.e. special need for constant care, special need for constant assistance (supervision), special need for compensation of transport expenses and special need for compensation of expenses on purchase of a passenger car. Given the above special needs, compensations of the amount set in the legal acts are allocated for the person.

4.5.4. Commission of disputes under the Ministry of Social Security and Labour

Pursuant to Article 23 of the Law of the Republic of Lithuania on Social Integration of the Disabled and the Regulations of the Commission of Disputes approved by Order No. A1-50 of the Minister of Social Security and Labour of the Republic of Lithuania of 22 February 2005, the Commission of Disputes under the Ministry of Social Security and Labour (hereinafter referred to as the Commission) was established on 1 July of this year and function as an institution in charge of mandatory preliminary non-judicial investigation of appeals. The Commission is a public legal entity where the Minister of Social Security and Labour incorporates it, sets the number of the Commission members, regulations thereof and the procedure of investigation of appeals.

Tasks of the Commission:
• to consider and settle disputes between a person, an institution paying pension or benefit and the Authority;
• to collect, systemise and summarise problems posed in applications of the disabled and by submitting proposals to the Ministry of Social Security and Labour to contribute to the improvement of the policy of social integration of the disabled;
• to draft reports about activities of the Commission.

When considering disputes between the applicant and the Authority, the Commission follows the Constitution of the Republic of Lithuania, the laws of the Republic of Lithuania, resolutions of the Government of the Republic of Lithuania, orders of the Minister of Social Security and Labour
and the Minister of Health regulating assessment of working capacity level, disability level and
general initial assessment of special needs of the disabled, the description of the Procedure for
Considering Disputes Concerning Assessment of Disability Level and Working Capacity Level and
other legal acts.

The Commission makes one of the following decisions:
• to reject the complaint (application) and leave the decision of the Authority unchanged;
• to satisfy the complaint (application) and oblige the Authority to change the decision within
the period of time set by the Commission.

The decision of the Commission may be appealed against to court in due course.

4.5.5. Vocational rehabilitation system

The Law on Social Integration of the Disabled regulates an important link of the system of social
integration of the disabled – vocational rehabilitation. In the Law vocational rehabilitation is defined
as restoration of a person’s capacity to work, professional competence and capacity to participate in
the labour market or increase thereof by educational, social, psychological, rehabilitations and other
means. The following vocational rehabilitation services are provided: vocational guidance, consulta-
tions, assessment of professional capacities, restoration or training to acquire new skills, retraining.

The purpose of vocational rehabilitation is to develop or restore working capacity of the disa-
bled and increase their employability. It is implemented through several stages. First, the need for
vocational rehabilitation services is established. The Disability and Working Capacity Assessment
Authority that performs this functions assesses medical, functional, professional and other criteria
of every person addressing the Authority for assessment of working capacity level that influence the
person's vocational rehabilitation and employability.

Having received the conclusion of the Authority confirming the need for vocational rehabili-
tation, the person in question shall have to apply to the Local Labour Exchange Office in the place
of residence. This institution in presence of the person and consulting the institution providing vo-
cational rehabilitation services drafts the person’s individual vocational rehabilitation plan. When
drafting it the territorial labour exchange, if need be, cooperates with the current or future employer
of the person, institutions providing vocational rehabilitation services and municipal institutions
and establishments. The territorial labour exchange having drafted the individual vocational re-
habilitation plan issues a reference to the institution providing vocational rehabilitation services.
Here, based on the individual vocational rehabilitation plan, an individual vocational rehabilitation
programme is drafted for the person and the scheduled services are provided. When the vocational
rehabilitation programme is completed, the person returns to the Disability and Working Capacity
Assessment Authority for the final assessment of the working capacity level.

In many foreign countries vocational rehabilitation means return of a person to the labour
market after a period of temporary disability due to a disease or trauma – to the previous job, and
where it is impossible – to another job. This is why we have followed the provision that the primary
purpose of vocational rehabilitation services would be to help persons to return to the labour market
where they have participated before the disease or disorders of health or body functions. So when
drafting the description of assessment criteria to establish the need for vocational rehabilitation
services, criteria that would show real possibilities for the person to return or enter the labour mar-
ket after vocational rehabilitation were selected. The need for vocational rehabilitation services is
assessed based on the following criteria: medical (basic working capacity of the person); functional
(number of hours that the person can work); professional (education, professional qualifications,
work experience and working skills); age of the person and motivation for vocational rehabilitation
and working activities. So the need for vocational rehabilitation services is established not for all
people of working age.
The need for vocational rehabilitation services is not established for persons whose working capacity (functional activity) is 3 and fewer hours a day (or 2 and fewer days a week); who require constant care, assistance or supervision; who suffer from a severe, rapidly progressing incurable disease when vocational rehabilitation and work are impossible; when strict treatment restrictions are imposed during acute stages of the disease. Vocational rehabilitation does not apply to persons whose health condition does not hinder professional activities or it is expected to improve very soon only due to treatment and/or effect of health care measures and with minimal adjustments of relevant technical aid means, the workplace or work conditions the person will be able to return to work. Vocational rehabilitation services are not provided to persons having no motivation (who disagree to participate in the programme).

Persons participating in the vocational rehabilitation programme receive a vocational rehabilitation benefit. It is allocated and paid irrespective of other income received.

The vocational rehabilitation benefit is paid monthly starting from the first day of participation in the programme but for no longer than 180 calendar days.

The amount of this benefit depends on whether the person is insured with all kinds of state social insurance or not. Where the person participating in the vocational rehabilitation programme is insured, the amount of the vocational rehabilitation benefit paid thereto by the State Social Insurance Fund and the payment procedure are set out in the Law on Sickness and Maternity Social Insurance. Where the person participating in this programme is not insured by the state social insurance or is insured only by the state social pension insurance, they receive a vocational rehabilitation benefit in the amount of 2 basic pensions of the state social insurance in accordance with the procedure set out by the Government.

4.5.6. Assessing the level of special needs and meeting special needs

After the new Law of the Republic of Lithuania on Social Integration of the Disabled coming into force, for retirement age persons (hereinafter referred to as persons) the working capacity level is not established. The level of special needs is assessed for such persons and their special needs are met.

Municipalities are assigned to establish the level of special needs of the disabled. The level of special needs for these persons is set based on information provided by other services within their competence (e.g. physicians – based on approved disease or condition criteria, it can be established whether there is a special need for constant care or constant supervision (assistance), or the need for purchase of a specialised passenger car and compensation for technical adjustment thereof or compensation of transport expenses) and the special needs identified, interview with the person and scope of the necessary specialised aid means to meet the special needs.

Based on the approved disease or condition criteria, only a special need for constant care or only the special need for constant supervision (assistance) may be identified for one person. The special need for compensation of transport expenses and/or the special need for purchase of a passenger car and compensation of expenses on technical adjustment thereof may also be established. With regard to every such need, a separate certificate of the set form is issued to the person by the consultative commission of physicians (CCP) of the health care institution where the person is registered. The person having received one or several of the above certificates and willing to have their level of special needs assessed must file an application to the municipality unit of their place of residence in charge of assessment and meeting of special needs. It is usually the Social Assistance Division.

The Social Assistance Division of the Municipality having assessed the person’s special needs makes a decision with regard to assessment and meeting of the person’s special needs. This person upon establishing a high, average or low level of special needs is issued the certificate of a disabled person entitling them to have privileges provided for in the legal acts. In 2005, the level of special
needs was assessed for 788 persons, of whom 585 had a high level of special needs, and 203 – average level of special needs.

What is very important is that the provisions of the new Law also foresee preservation of the rights and guarantees to the disabled who are deemed such before the Law has come into force. This Law and other legal acts relating to this Law should not worsen the material and social standing of persons who have been deemed disabled according to the procedure valid before this Law coming into force.

4.5.7. Main programmes in the sphere of social integration of the disabled in 2005

**Provision of technical aids and appliances to the population** With the view of implementing the Law of the Republic of Lithuania on Social Integration of the Disabled and improving medical, vocational and social rehabilitation, as well as provision of medical, social and technical services to the disabled, the Ministry of Social Security and Labour is implementing a programme on provision of technical aids and appliances to the population. The major task of this programme is to provide technical aids and appliances to disabled persons and repair them.

The Centre of Technical Aid for Disabled People under the Ministry of Social Security and Labour (hereinafter referred to as the Centre) is in charge of the performance of this function. In 2004 the Centre carried out its activities in line with the goals projected in the Strategic Action Plan for 2004-2006 implementing two separate programmes, i.e. Provision of Technical Aids and Appliances to the Population, and Development and Implementation of the System for effective provision of technical aids and appliances to the population in the regions.

**Programme on Provision of Technical Aids and Appliances to the Population** In 2005, as in every previous year, the procedure for public procurement of technical aids and appliances was followed and carried out. The State budget allocated LTL 6,200,000 for the implementation of this programme.

In 2005, 4,052 units of technical aids costing over LTL 500 each were purchased including 3,354 units of technical aids for adults, 27 electric wheel-chairs and 698 units of technical aids for children.

In 2005, 21,888 units of technical aids costing up to LTL 500 each were purchased including 21,423 units of technical aids for adults and 465 units of technical aids for children.

1,823 units of various technical aids were received as assistance.

Under agreements on repairs and customisation executed the repairs services of the value of LTL 283,840 were provided and 2,341 units of various technical aids were customised.

In 2005 technical aids and appliances were provided to more than 22 thousand of people. The need for compensational technical aids is met by about 90%.

**Programme on the Development and Implementation of the System for Effective Provision of Technical Aids and Appliances to the Population in the Regions** Aiming at meeting the needs of the disabled to acquire technical aids and appliances in a more efficient and rational way, the Ministry of Social Security and Labour worked out the strategy (logistics) for providing technical aids and appliances to the disabled in the period of 2004-2010. The goal of the strategy is to build up a solid legal, economic and organisational system based on rational use of the State budget funds and aimed at improving the provision of technical aids and appliances to individuals with movement disorders, visual and auditory impairments, and facilitating medical, social and vocational rehabilitation. This strategy shall apply to the Centre, municipalities, health care institutions, and public organisations of the disabled.

Principal guidelines for the implementation of the strategy:

- to improve legal system aimed at meeting the needs of the disabled in acquisition of technical aids and appliances in the most efficient way;
• to assess and improve the quality of services provided to the disabled in separate counties, establishing local subdivisions within the country;
• to spend the state budget funds in a more rational way.

Following the implementation of the strategy, two regional technical assistance centres for the disabled in Vilnius and Kaunas started their activities in 2005. All in all in 2005, 4 regional centres were functioning: in Šiauliai, Klaipėda, Vilnius and Kaunas Counties.

4.5.8. Implementation of measures under the national programme of social integration of people with disabilities

In 2005, the Lithuanian Council for the Affairs of the Disabled under the Government of the Republic of Lithuania (hereinafter referred to as the Council) carried out the Programme of Social Integration of People with Disabilities (hereinafter referred to as the Programme), which was prepared following the measures in the National Programme of Social Integration of People with Disabilities. The aim of this Programme is to create the conditions and equal opportunities for the disabled to participate in public life. The state budget allocated LTL 30,008,000 for the implementation of this programme in 2005. LTL 115 thousand were allocated from the reserve of the Government of the Republic of Lithuania.

In 2005, the following programmes of social integration of the disabled according to 7 priority components of the programme were funded: rehabilitation (vocational, psychological and social, development of skills for independent living), social services, accessibility of the environment (adjusting the public physical environment, housing and living environment and information environment), training, employment (finding a job and other forms of employment), public education, culture, sports and recreation.

<table>
<thead>
<tr>
<th>Use of Funds Allocated for the Programme of Social Integration of the Disabled in 2005 (LTL thou)</th>
</tr>
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<tbody>
<tr>
<td>Date of the Council</td>
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<tr>
<td>---------------------</td>
</tr>
<tr>
<td>rehabilitation; 5060</td>
</tr>
<tr>
<td>social services; 8042</td>
</tr>
<tr>
<td>accessibility of environment; 5931</td>
</tr>
<tr>
<td>training; 1377</td>
</tr>
<tr>
<td>employment; 5510</td>
</tr>
<tr>
<td>public education; leisure; 2036</td>
</tr>
<tr>
<td>1937</td>
</tr>
</tbody>
</table>

It can be seen in Figure 4.5.8-1 that in 2005 the biggest attention was given to the issues of provision of social services, accessibility of the environment, employment and rehabilitation of the disabled.

Programmes under 7 priority components were implemented by 30 organisations of the disabled, 7 health care, vocational rehabilitation, vocational training and educational institutions, the Lithuanian choir of the blind Vilnius and the Council proper. Funds received to implement programmes were used in a targeted manner subject to approved estimates.
As the funds are insufficient for ensuring integration of the disabled into various fields and the need is met only partially, funds from other sources are attracted (foundations, municipalities and sponsors). The amount allocated by municipalities and counties in 2005 for maintenance of services and institutions established at the community level and attracted by programme implementers attracted from other sources for the programme implementation was LTL 11,192,770.

**Social services.** The aim of programmes on social integration of the disabled in the sphere of social services is to meet the special needs originating from disability by providing social services on the community level. For this purpose, the funds were allocated for the implementation of one major measure – social services. Over 33,000 of disabled persons received social services through the implementation of the funded programmes.

**Accessibility of the environment.** The aim of social integration programmes for people with disabilities in the sphere of accessibility of the environment is to adapt public, housing and information environment to the needs of people with incapacities. Three major programmes received funding for this purpose – adaptation of public outer surroundings, adjustment of housing and living settings, and arrangement of information environment. The outcome of the implementation of the funded programmes results is adaptation of 302 objects (buildings, flats) including 262 flats and 40 public objects; more than 6,000 of the disabled used the customised information and communications means.

**Employment.** The aim of programmes on social integration of the disabled in the sphere of employment is to involve persons with disabilities into the labour market facilitating placement into jobs, developing outwork and patent work possibilities, making use of modern information technologies, introducing general and individual programmes, and to ensure alternative forms of employment – labour therapy, general employment. For this purpose three major measures were funded – placement on the free labour market conditions, labour therapy and general employment. In total over 7,800 disabled persons found jobs, were involved in labour therapy programmes or other forms of employment through the implementation of the funded measures.

According to the data of the State Social Insurance Fund, the number of working disability pensioners increased from 28.7 thousand at the beginning of 2005 to 29.4 thousand at the beginning of 2006. In 2005 27.5 thousand of working age disabled people and 1.9 thousand of retirement age persons with disability were working.

According to the data of the Lithuanian Labour Exchange, in 2005, 8,817 disabled persons were registered with the territorial labour exchanges. Among the registered unemployed, persons with disability accounted for 5.4%, and among the persons receiving additional assistance on the labour market – 14.1%.

In 2005 the number of the disabled with higher education registered was 553, with college education – 1,637, with secondary education – 2,053 or with basic education – 861 and with elementary education – 273.

In 2005, 3,206 persons with disability were employed, of them the number of those employed under termless employment contracts was 2,577 (at vacant jobs – 981, by incorporation quotas – 23, to subsidised workplaces – 644, self-employed – 203), under employment contracts for a limited period of time – 629. As compared to 2004, the employment rate of the disabled grew by 17%.

To increase the possibilities of the disabled to integrate into the labour market, more and more attention is given to their involvement into active labour market programmes. Programmes involved 6,806 persons with disabilities, i.e. 1.6 times more than in 2004 (4,133): vocational training – 478, labour clubs – 2,753, public works – 1,832, subsidised workplaces – 644, supported work – 254. 310 persons with disabilities acquired a business certificate with the recommendation of the labour exchange.

**Rehabilitation.** The aim of these programmes is to restore bio-social functions of the disabled by successive application of rehabilitation (vocational, independency skills, psychological and
social) measures, increasing independence, re-establishing occupational (working) capacities or training in some new skills. For this purpose, three major measures were funded: psychological and social rehabilitation, the development of skills for independent life, and vocational rehabilitation. After the implementation of the funded programmes, over 6,750 individuals with disabilities received rehabilitation services and restored their independence, and 5,286 persons with sight and hearing impairments were provided with compensational technical aids.

**Education.** The aim of programmes in the sphere of education concerning social integration of the disabled is to develop education of disabled children, young people and adults (with special needs) and to ensure customisation of training programme and provision of social services necessary for the educational process. For this purpose, two major programmes were funded – training of disabled children and young persons (with special needs) and informal training of the disabled. Over 8,300 individuals with disabilities participated in the training process.

**Public education.** The aim of programmes in the sphere of education concerning social integration of the disabled is to improve public understanding in the issues of social integration of people with disabilities, state policy, incapacities, preventive measures and services. Four major programmes received funding for this purpose – publishing, conferences, seminars, training and other public education measures, policy making and implementation of social integration of the disabled. Due to the funded programmes, public information and other relevant information on disabilities, diseases, preventive measures, rehabilitation, social services, training, employment and legal issues reached over 38 thousand disabled persons.

### 4.5.9. Conclusions

Disability is a long-term impairment of health status of a person due to disorders of individual body structure or functions or adverse interaction of environmental factors leading to decreasing possibilities to participate in public life and other activities.

Disabled persons enjoy the same rights as other members of the society, they are provided with the same opportunities for education, employment, recreation, participation in public, political and community life. Only in cases when the same conditions and measures are ineffective, special measures are designed for improving the situation of the disabled.

The number of disabled persons in Lithuania is increasing from year to year amounting to 7 per cent of the population in total. Among the major reasons leading to disabilities, diseases of circulatory failure, connective tissue and musculoskeletal system, tumours, traumas and mental disorders may be prioritized.

On 11 May 2004, the Seimas of the Republic of Lithuania passed a new Law of the Republic of Lithuania on Social Integration of the Disabled, which became effective from 1 July 2005. The main goal of this Law is to ensure equal rights and opportunities for the disabled in the society, to define principles of social integration of the disabled, to determine the system of social integration, the preconditions and terms, as well as the institutions in charge of the implementation of social integration of the disabled, the assessment of disability and working capacity level, the provision of services in occupational rehabilitation, and the principles for the identification and meeting of special needs of the disabled.

From 1 July 2005 the reorganised State Medical Social Expertise Commission under the Ministry of Social Security and Labour was replaced by the Disability and Working Capacity Assessment Authority under the Ministry of Social Security and Labour (hereinafter referred to as the Authority).

The Authority is a public administration institution establishing the level of disability for persons under 18 and the level of working capacity for persons under 18 who are (were) insured with social insurance and for persons older than 18 until the retirement age.
The Commission of Disputes under the Ministry of Social Security and Labour (hereinafter referred to as the Commission) was established on 1 July of this year and function as an institution in charge of mandatory preliminary non-judicial investigation of appeals. The Commission is a public legal entity where the Minister of Social Security and Labour incorporates it, sets the number of the Commission members, regulations thereof and the procedure of investigation of appeals.

Municipalities are assigned to establish the level of special needs of the disabled. The level of special needs for these persons is set based on information provided by other services within their competence (e.g. physicians – based on approved disease or condition criteria, it can be established whether there is a special need for constant care or constant supervision (assistance), or the need for purchase of a specialised passenger car and compensation for technical adjustment thereof or compensation of transport expenses) and the special needs identified, interview with the person and scope of the necessary specialised aid means to meet the special needs.

In the Law vocational rehabilitation is defined as restoration of a person's capacity to work, professional competence and capacity to participate in the labour market or increase thereof by educational, social, psychological, rehabilitations and other means. The following vocational rehabilitation services are provided: vocational guidance, consultations, assessment of professional capacities, restoration or training to acquire new skills, retraining.

The purpose of vocational rehabilitation is to develop or restore working capacity of the disabled and increase their employability.


For the implementation of the programme on Provision of Technical Aids and Appliances to the Population, the Government allocated LTL 6,200,000 from the state budget. 22 thousand of inhabitants were provided with technical aids within the year 2005. The need for technical aids was satisfied by about 90%.

The implementation of the Programme on the Development and Implementation of the System for Effective Provision of Technical Aids and Appliances to the Population in the Regions resulted in opening two regional offices of the Technical Assistance Centre for the Disabled which started their activities in Vilnius and Kaunas in 2005.

In 2005 the Lithuanian Council for the Affairs of the Disabled under the Government of the Republic of Lithuania implemented a Programme of Social Integration of Individuals with Disabilities, which was drafted following the measures under the National Programme of Social Integration of People with Disabilities. The aim of this programme is to create the conditions and equal opportunities for the disabled to participate in the public life. For the implementation of this programme, the state budget allocated LTL 3,000,800 in 2005. In the year 2005, considerable attention was paid to the spheres of provision of social services to the disabled and the adaptability of the environment, employment and rehabilitation.

The required legislation regulating the rights of the disabled is developed in Lithuania in line with the national economic capacity and meeting the needs of the disabled.
4.6. SOCIAL SECURITY OF VICTIMS OF OCCUPATIONS AND IMPLEMENTATION THEREOF

Social security of victims of occupations is guaranteed by special laws and other legal acts. Allocation and payment of compensations and lump-sum benefits to victims of occupations was carried out following the documents approved during the previous year that were improved in 2005. These are various benefits with a view to compensating for the damage done during the years of occupation to victims and their family members when participating the resistance movement, serving the mandatory period of military service in the Soviet Army, liquidating the consequences of the accidents at Chernobyl Nuclear Power Plant, fighting for the freedom of the Republic of Lithuania on 11-13 January 1991 and during the aggression period on behalf of the USSR. The Programme on Return of Political Prisoners and the Exiles and their Family Members to Lithuania for 2002-2007 was also carried out.

Families of killed resistance movement participants and injured participants of the armed resistance process – volunteer soldiers and burials of volunteer soldiers using the state funds continued receiving state assistance in accordance with the Law of the Republic of Lithuania on State Assistance to Families of Killed Participants of Resistance to Occupations in 1940-1990 and the Law of the Republic of Lithuania on State Assistance to Participants of Armed Resistance. In 2005, LTL 2,559,000 were used to implement the provisions of these Laws, and assistance was received by 140 families.

Lump-sum compensations to persons having fallen ill and been injured during the military service in the Soviet Army as well as for persons killed were started to be paid in accordance with the Law of the Republic of Lithuania on Social Assistance to Persons Injured During Mandatory Military Service in the Soviet Army and Families of Persons Killed Therein (22 Jul 1945-31 Dec 1991). Pursuant to Article 8 thereof such compensations were to be paid out within two years, i.e. from 1 January 1995 to 31 December 1996 (later this period was prolonged until 1 August 1997). Families of killed persons or persons who died later of diseases relating to military service received lump-sum compensations of LTL 14,400, people with disabilities of Group I – LTL 7,200, people with disabilities of Group II – LTL 5,670, people with disabilities of Group III – LTL 4,320, and injured persons – LTL 2,880 if those persons applied for compensation within the period from 1 January 1995 to 1 August 1997. When drafting the Law, the amount planned for those benefits was about LTL 12 million of the state funds but to implement the Law LTL 30,250,000 were allocated from the state budget funds. Assistance was provided to 1,600 families of the killed persons and about 2,300 injured and disabled persons.

Having regard to the fact that not all residents of Lithuania having incurred damage while serving in the Soviet Army have used the opportunity to receive compensations, the Seimas of the Republic of Lithuania made a decision to renew payment of compensations from 1 January 2005. In 2005 assistance was provided to more than 400 persons, and LTL 3,248,000 were allocated and paid out from the state budget funds.

4.6.1. Improvement of legalisation concerning social security of victims of occupations

In 2005 most efforts were targeted at coordinating the effective legislation in this area with the provisions of the Law of the Republic of Lithuania on Social Integration of the Disabled that came into force on 1 July 2005. Various benefits to compensate for the damage done during the years of occupations to victims are mainly related to diseases, mutilation because of damage and death. Having regard to the fact that since 1 July 2005 groups of disability do not apply any longer and they are replaced with the level of working capacity of working age persons (in per cent) and no working capacity level is set for retirement age persons, the above laws and other accompanying legal acts were amended accordingly, and based thereupon municipalities allocate compensations and benefits to victims. At the same time the Laws provided that municipalities were allocated funds to cover administrative expenses, and thus municipality administration were provided with an opportunity to perform state functions delegated thereto with good quality. At the same time the goal was to regulate problems arising when applying provisions of the laws in force in practice.

As an important legal act based whereon transition was made from benefits by groups of disability of persons to benefits by the level of working capacity, the draft Law of the Republic of Lithuania on Participants of Armed Resistance, the draft Law on Social Assistance to Persons (22 Jul 1945-31 Dec 1991), the draft Law on Recognition of the Legal Status of Defenders of the Independence and Persons Having Suffered from the USSR Aggression on 11-13 January 1991 and Afterwards, the draft Law on the Amendment and Supplement of the Law on Additional Social Guarantees to Families of Persons Having Suffered While Fighting for the Freedom of the Republic of Lithuania, from the Aggression on 11-13 January 1991 and Afterwards, the draft Law on the Amendment and Supplement of the Law on Additional Social Guarantees to Families of Persons Having Suffered While Fighting for the Freedom of the Republic of Lithuania, from the Aggression on 11-13 January 1991 and Afterwards (approved by Law No. X-295 of 30 June 2005; in force since 14 July 2005). By the way, the amendment to the Law provides that since 1 January 2006 compensations to families of defenders of the Independence having suffered from the USSR aggression on 11-13 January 1991 and afterwards for public utility and other services are allocated not from municipalities but from the specialised targeted subsidy of the state budget given to municipal budgets.

To implement the above goals, drafts of the following legal acts approved by the Government of the Republic of Lithuania were also drafted:

draft Resolution of the Government of the Republic of Lithuania Regarding the Amendment to Resolution No. 1004 of the Government of the Republic of Lithuania of 19 August 2004 Regarding the Approval of the Description of the Procedure of Payment of Lump-Sum Compensations to Persons Injured While Serving Mandatory Service in the Soviet Army and Families of Persons Killed Therein (approved by Resolution No. 999 of 13 September 2005);

draft Resolution of the Government of the Republic of Lithuania Regarding the Amendment to Resolution No. 177 of the Government of the Republic of Lithuania of 12 February 1998 Regarding the State Assistance to Participants of Armed Resistance – Volunteer Soldiers (approved by Resolution No. 1000 of 13 September 2005);

4.6.2. The Programme on Return of Political Prisoners and the Exiles and their Family Members to Lithuania for 2002-2007

In 2005 implementation of the Programme on Return of Political Prisoners and the Exiles and their Family Members to Lithuania for 2002-2007 approved by Resolution No. 320 of the Government of the Republic of Lithuania of 5 March 2002 Regarding the Approval of the Programme on Return of Political Prisoners and the Exiles and their Family Members to Lithuania for 2002-2007 and the Procedure for Provision of Accommodation for Lease to Political Prisoners and the Exiles Returning to Lithuania for Permanent Residence and Their Family Members (hereinafter referred to as the Programme) was continued.

In 2005 there was an opportunity created for 124 families of political prisoners and the exiles to return and flats were provided thereto. To purchase flats for those persons, LTL 2.66 million were allocated. The state assistance from the state budget funds of the Republic of Lithuania when implementing the measures of social integration into the public provided for in the programme reached LTL 1.344 million. This assistance to returning persons was allocated: to cover moving expenses; to cover expenses on transportation of disabled persons returning to Lithuania; to pay out lump-sum settlement benefits; to finance courses of the Lithuanian language; to pay for professional development or retraining courses; to cover expenses on heating in temporary accommodation for the returning exiles; to provide financial assistance when transporting the remains of repressed persons who died or were killed in the locations of imprisonment or exile in the territory of the former USSR to Lithuania, etc.

During the period of 1992-2005 the total amount of LTL 76.01 milliob was allocated and used for purchasing flats for returning persons: of it LTL 47.91 million were of the state budget funds, and the share of the loan of the Development Bank of the Council of Europe amounted to LTL 28.10 million. Using those funds, flats were provided to 1,719 families of returning persons (Figure 4.6.2-1).

As of 1 February 2005 the municipal lists registered 750 families of political prisoners and exiles willing to return to Lithuania and receive accommodation (Figure 4.6.2-2). As seen from the chart, the most are families waiting for accommodation in Vilnius (applications for being included into the lists of returning persons in accordance with the procedure set out by the municipality were accepted until 31 December 2005).
So as seen from the charts, after the restoration of the Independence the Lithuanian state for already the second decade is providing big assistance by paying regular and lump-sum benefits from the state budget mainly to its citizens having suffered from occupations – political prisoners and the exiles, families of defenders of the Independence having suffered from the USSR aggression on 11-13 January 1991 and afterwards, persons injured during mandatory military service in the Soviet Army and having suffered while liquidating consequences of the accident at Chernobyl Nuclear Power Plant as well as participants of the resistance to occupation movement – volunteer soldiers and fighters for freedom. The Lithuanian state budget still is not capable of providing more generous compensation to all people of Lithuania having experienced illegitimate repressions and moral or other violence during the war and occupations as the Russian Federation as the successor of the rights and duties of the former USSR unfortunately has not paid and does not pay any compensations to Lithuania and its population for the damage done.

4.7. SOCIAL SECURITY OF SOCIAL RISK GROUPS AND ITS IMPLEMENTATION

Social security policy of social risk groups includes three programmes aimed at implementing the integration of social risk groups into the society, and improving legislation for providing social support to social risk groups. The programmes are as follows:
1. Programme on Social Adaptation of Convicts and Ex-prisoners for 2004–2007;

The year 2005 saw further improvement of the support for social risk groups. An overview on the improvement of legislation regulating this area, achievements of each implemented programme and further activity guidelines are presented below.
4.7.1. Programme on Social Adaptation of Convicts and Ex-prisoners for 2004–2007

In 2005, the Ministry of Social Security and Labour participated in the process of adaptation and rehabilitation of convicts and ex-prisoners through further implementation of the appropriate measures of the Programme on Social Adaptation of Convicts and Ex-prisoners for 2004–2007¹, the purpose whereof is to improve the system of adaptation and rehabilitation of convicts and ex-prisoners, during which they are re-integrated into public life and they are provided with the opportunities to live independently.

When implementing education of convicts regarding the issues of prevention of addictive disorders, treatment and rehabilitation, LTL 30.8 thousand were used out of LTL 50 thousand allocated. In 2005, convicts were instructed on the harm of consuming drug substances on physical and mental health, possible negative legal and social consequences, ways of spreading of HIV/AIDS, as well as ways and measures to prevent infection, etc. During 2005, the number of the participants of the programme was 3 600 convicts in imprisonment institutions; 266 convicts recorded in corrective institutions and 1 309 convicts in imprisonment institutions attended lectures. Overall number of convicts who were instructed on the issues of prevention of addictive disorders, treatment and rehabilitation was 5 175.

Measure “To assess the benefit of training of convicts” (after analysis of the data of questionnaires was performed) was implemented in Vilnius 1st house of correction. According to convicts, education helps them decide not to consume or not to start to consume any substances that affect psychics, they learn what, when and where they can receive aid they need. This survey was evaluated as pilot.

LTL 50 thousand were allocated and used for measure “To train employees of imprisonment institutions and corrective inspectorates”. In 2005, the Training Centre of the Department of Prisons organised 5 seminars regarding social adaptation of convicts and ex-prisoners, and they were attended by 125 officers of corrective institutions and 64 officers of corrective inspectorates.

When implementing the measure “To upgrade qualification of social workers at municipalities and non-governmental organisations or re-train them”, Social Analysis and Consultation Centre organised a training seminar “Social-psychological work with persons who have returned from imprisonment”. 37 employees were trained during the seminar, and LTL 20 thousand were used for implementing the measure.

The Lithuanian Labour Market Training Authority, through implementing the measure “To organise psychological and occupational counselling of the convicts including vocational training”, carried out psychological and occupational counselling in Panevėžys house of correction and Pravieniškės medical and corrective institution, and organised vocational training in Panevėžys house of correction.

In 2005, 66 convicts participated in the programmes of psychological and occupational counselling in Panevėžys house of correction and Pravieniškės medical and corrective institution. LTL 20 thousand were utilised for the implementation of these programmes.

In 2005, 61 convicts were trained in Panevėžys house of correction, and LTL 67.5 thousand were assimilated according to the following training programmes: sewer-operator – 20 persons (LTL 19.7 thousand), sewer of light clothing – 20 persons (LTL 25.4 thousand), embroiderer – 21 persons (LTL 22.4 thousand).

Vocation teachers working in Panevėžys house of correction have long experience in training convicts. Particular emphasis of the training process was placed on practical tasks, which allowed the trainees – after they improved their integration capabilities and returned from imprisonment – compete in the labour market.

Training in the house of correction provides an opportunity to acquire a speciality so that after returning from imprisonment it is easier to adapt, feel self-confident and find employment. The questionnaire of women who returned from imprisonment and registered within Panevėžys Labour Exchange showed that all of them search for and choose a job according to a vocation acquired in Panevėžys house of correction.

When implementing measures “To provide vocational training to ex-prisoners” and “To employ ex-prisoners”, the Lithuanian Labour Exchange implemented measures of vocational training and employment of ex-prisoners in four local labour exchanges (Kaunas, Klaipėda, Panevėžys and Vilnius) and directed thirty three persons to vocational training programmes, of whom twenty five (75.8 percent) completed training and acquired professional qualifications.

During 2005, LTL 42.5 thousand were allocated for vocational training of ex-prisoners. Over the mentioned period, LTL 39.4 thousand were actually used, and distributed as follows: LTL 29 thousand – for training programmes, LTL 10.3 thousand – for training allowances, LTL 0.1 thousand – for travelling to a training establishment. Not utilised funds – LTL 3.1 thousand – were returned to the state budget.

25 persons acquired professional qualifications. About 64 percent of persons directed to vocational training acquired the first professional qualification. 36 percent of trainees upgraded their qualification by assimilating the basics of computer literacy and acquiring higher category of the driver’s license. 22 persons, or 88 percent of those who completed training, were employed immediately after the completion of training.

In 2005, almost 1.8 thousand persons who returned from imprisonment contacted their local labour exchanges, which was by 44 percent less than over 2004. 866 ex-prisoners were employed, 727 of them were employed according to open-ended employment contracts.

Over the accounting period, 1,413 (76.7 percent) registered persons of this target group took part in active labour market policy measures. Employment promotion programmes were attended by 25 percent of unemployed of this target group, or 461 ex-prisoners, of which: 288 – for restitution of working skills in the programme of public works, 93 – for mastering of working skills in the programme of works supported by the Employment Fund, and 80 ex-prisoners were employed in the subsidised workplaces.

With a view to granting and upgrading professional and general qualifications and skills of ex-prisoners, occupational or psychological counselling was organised when choosing or changing profession. In order to acquire professional qualification and extra professional competencies, these persons are directed to vocational training programmes. Their professional and general qualifications and skills are consolidated through the supported employment. Employment promotion works were organised, business licenses were issued, and consultations on business organisation were provided to persons who acquired professional qualifications.

When implementing Measure 4.1. “To support organisation projects aimed at social rehabilitation of convicts and ex-prisoners and their integration into the society”, an open tender was announced in 2005, and 29 projects were supported. LTL 200 thousand were used for the implementation of projects. Services were provided for 1,028 convicts and 877 ex-prisoners. Projects were implemented almost in all counties.

When implementing the aforementioned measure, services were rendered to 1,028 persons. 51 percent of convicts were provided such services as pastoral-psychological aid, art therapy, assistance of religious nature, lecturing on the issues of addictive disorders, correspondence, group activities. 41 percent of convicts received information and counselling services. Psychological assistance was rendered for 30 percent, and social work services – for 17 percent of project participants. The smallest share of convicts received occupational counselling and vocational training, occupation and work therapy, legal counselling and intermediation services – respectively 5 percent, 2 percent, 1.7 percent, and 0.3 percent of all convicts who participated in projects within the accounting period.
Ex-prisoners were provided with services by 26 of 29 project administrators. Services were rendered for 877 persons. The largest share of ex-prisoners was provided with meals, and information and counselling services – respectively 72 percent and 68 percent of all ex-prisoners. Comparatively large shares were rendered social work services and were provided with the most necessary items – respectively 43 percent and 37 percent of all persons. Almost equal shares were provided with individual healthcare services and psychological assistance – respectively 27 percent and 26 percent, also almost equal shares were provided with occupational counselling and vocational training, as well as other services (visiting project participants in their places of residence, assistance of religious nature, lecturing on the issues of addictive disorders, group activities, mutual assistance groups, search for housing, organisation of camps, etc.) – respectively 23 percent and 22 percent of all ex-prisoners. Almost 20 percent received occupation and work therapy, 18 percent – intermediation services. The smallest shares were provided with services of temporary accommodation and legal counselling – respectively 15 percent and 10 percent of all ex-prisoners who participated in the project.

Moreover, a portion of funds provided for this measure was allocated to co-finance projects implemented according to the activity area “Social integration of convicts and ex-prisoners” of Measure 2.3 “Prevention of social exclusion and social integration” of the Lithuanian Single Programming Document for 2004–2006. In March 2005, 7 contracts were signed for financing 7 projects, total value whereof is LTL 6.8 million. These 7 projects concern social integration of convicts and ex-prisoners.

The Ministry of Social Security and Labour collected information from municipalities about respective support provided by them to ex-prisoners in 2005. Received applications for lump-sum benefits were approved to the maximum extent, while the amount of lump-sum benefits granted differed and ranged from LTL 40 to LTL 125. Such type of support was provided most often. Over 2005, Lithuanian city and district municipalities allocated LTL 194.34 thousand for lump-sum benefits, approved of 2 322 applications (average lump-sum amounted to LTL 80), there were 1 755 cases of provision with meal services, and 957 ex-prisoners were employed.

When implementing the programme, certain problems showed up. Most employers are not inclined to trust ex-prisoners. Even when employed, these persons do not retain a workplace due to low level of education, lack of self-confidence and a break in working. There is great shortage of workplaces in rural areas. Addictive disorders also aggravate job search. Motivation of ex-prisoners to change their lifestyle is very weak. Since many of them do not maintain any relationship with their families, the housing problem is solved by lodging them in temporary lodging-houses.

When working with socially vulnerable groups, preparation of workers and inter-institutional cooperation is very important with a view to providing most effective and most target-oriented assistance.


In implementing the National Programme on Drug Control and Prevention of Drug Addiction for 2004–2008 approved by Resolution No IX-2110 as of 8 April 2004 of the Seimas of the Republic of Lithuania (Official Gazette, 2004, No 58-2041), funds were allocated for partial financing of 26 projects of psychological and social rehabilitation of drug addicts (hereinafter referred to as Projects) selected by tender.

During 2005, administrators of 26 projects used LTL 719.501 thousand for implementation of Projects. Averagely LTL 27.67 thousand were used for the implementation of one project.

The biggest share of funds used for the implementation of Projects is comprised of expenditure for the so-called “other” services (remuneration for specialists, consultants, expenditure relating to
organisation of activities, camps, hikes, etc., expenditure relating to holding seminars, trainings, expenditure relating to website maintenance, etc.) – 42 percent of all allocated funds. It could be stated that remuneration for services performed to various specialists would make a bigger share of expenditure for other services because one of the main purposes of these Projects is to provide services of social and psychological rehabilitation for convicts and ex-prisoners. 12 percent of all funds were allocated for nourishment. Expenditure for remuneration and social insurance contributions make 11 percent. 8 percent of all funds were used for public utilities (electricity, heating, water supply, sewerage). Expenditure for transport maintenance comprise 7 percent, other items (stationery, sports facilities, tools for work therapy, hygienic articles, household articles, domestic articles, etc.) – 6 percent. 4 percent of all funds were allocated for permanent repair. Equal portions were used for communication services and publications – 3 percent of all funds allocated. The smallest share of funds was used for clothing and bedding, medications, business trips and upgrading qualification.

Distribution of projects by place was wide: Vilnius, Kaunas, Utena, Alytus, Telšiai, iauliai and Panevėžys counties.

As of 2006, implementation of programme measures was transferred from the Ministry of Social Security and Labour to the Drug Control Department.

### 4.7.3. Programme for the prevention and control of Trafficking in Human Beings for 2005–2008

In 2005, the Government of the Republic of Lithuania approved of the Programme for the Prevention and Control of Trafficking in Human Beings for 2005–2008, which is a follow-up of the Programme for the Prevention and Control of Trafficking in Human Beings and Prostitution for 2002–2004. The purpose of this Programme is to develop and introduce a purposive, long-lasting and complex system of measures of the prevention and control of trafficking in human beings in the Republic of Lithuania. The Programme has been developed having regard to the implementation results of the previous programme, the need to continue the measures that have justified, difficulties encountered when implementing some of those measures, thus the necessity to specify the programme aiming at a more effective impact of concrete measures of the prevention and control of trafficking in human beings and prostitution.

This Programme further provided support for the projects of governmental and non-governmental organisations on social assistance to victims of forced prostitution and their re-integration into the society.

In 2005, 11 projects on social support for victims of trafficking in human beings, on their protection and re-integration into the society were selected by tender and financed. About LTL 400 thousand were used for the implementation of projects.

Distribution of projects by place encompassed Vilnius, Kaunas, Klaipėda and Alytus counties. The biggest number of project administrators falls on the Vilnius county, the smallest – on Klaipėda and Alytus counties.

During the accounting period, 287 victims of trafficking (all women) participated in the projects, 73 of them were provided services in asylum, and 214 – services outside asylum. Project administrators indicated that out of 287 victims of trafficking in human beings who participated in the projects, 76 acquired general and/or vocational education, 63 integrated into the labour market, and 107 re-integrated into the society.

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2 Resolution No 558 as of 19 May 2005 of the Government of the Republic of Lithuania.
Most victims of trafficking in human beings who participated in the projects were comparatively young girls and women – almost 70 percent of all participants were under 26 years of age.
7 of 11 project administrators provided services for victims of trafficking in human beings who were granted asylum. Services were rendered for 73 women, of whom 41 women had children. All these temporarily lodged women were provided with meals, almost all of them were rendered social work, information and counselling services – 98 percent and 97 percent respectively, and comparatively significant share was provided with the most necessary items (86 percent of all women). 79 percent of women were provided occupation and work therapy services, almost equal shares received medical and psychological aid – 73 percent and 70 percent of all women respectively. Slightly more than half of victims of trafficking in human beings who participated in the projects received aid as regards integration into the labour market. 48 percent were rendered occupational counselling and vocational training services. 45 percent received other services and assistance (mutual assistance groups, restitutions of relationship with family members, group activities, document management, etc.). The smallest share of victims of trafficking in human beings received legal assistance and aid related with victim protection – respectively 40 percent and 38 percent of all women who received services and assistance in asylum.

The biggest number of project administrators provided victims of trafficking in human beings with information and counselling services, as well as assistance as regards integration into the labour market. 8 of 11 project administrators provided psychological assistance, medical aid, legal assistance, provision of meals, social work, occupation and work therapy services. The smallest number of project administrators – 5 project administrators – provided assistance related with the protection of victims of trafficking in human beings.

15 seminars and 12 discussions were held, 10 meetings with partners of project administrators, students, etc., and 6 conferences were organised.

3 835 persons attending the events organised by project administrators.

Various information and publicity means were used for project dissemination and preventive work. Most project administrators used booklets (33,700 units) and websites (9 websites) for dissemination of information. Equal number of project administrators made use of announcements and articles in local or regional newspapers and magazines, participated in radio broadcasts (12 broadcasts). 5 project administrators used posters and the same number of them participated in television broadcasts (7 broadcasts). The smallest number of project administrators used brochures (1,215 units), stands or other publicity and information means (informational cards and leaflets – 2,000 units).


In upgrading qualification of employees on the issues of the prevention and control of trafficking in human beings and prostitution, an agreement concerning organisation of training was concluded with the Social Workers Training Centre. During the qualification upgrading courses, 18 employees from various social services establishments, secondary schools and police units were trained.
4.7.4. Programme for social integration of foreigner who were granted asylum in Lithuania

Programme for Social Integration of Foreigners Who Were Granted Asylum, the duration whereof was 12 months, was implemented in 2005, in accordance with Order No A1-238 “On the approval of the description of the procedure for the provision of the State of Lithuania support for the integration of foreigners who were granted asylum in the Republic of Lithuania” as of 21 October 2004 of the Minister of Social Security and Labour of the Republic of Lithuania.

The guidelines for social integration of foreigners who were granted asylum are the following:
- To provide temporary housing (to rent accommodation for the period of the implementation of the programme, to organise acquisition of necessities and primary commodities for the allocated lump sum settlement grant);
- To organise education (Lithuanian language courses of 190–290 hours for adults, education for pre-school and school age children);
- To organise employment (to mediate in finding jobs, getting re-training, etc.);
- To ensure social security (monthly benefit for necessities);
- To ensure health protection (allocate funds for the compulsory health insurance);
- To raise public awareness about foreigners who were granted asylum with a view to preventing their isolation and xenophobia in the society, and promoting tolerance.

In 2005, social support for the integration of foreigners who were granted asylum was further continued according to the abovementioned guidelines.

In 2005, 41 cooperation agreements were signed with municipalities and organisations concerning social integration of foreigners who were granted asylum, and 84 agreements were extended. In comparison with 2004, it should be noted that the number of new agreements signed increased: in 2004, 39 cooperation agreements were signed and 63 agreements were extended.

Distribution by age of foreigners who were granted asylum and participated in 2005 integration activities

Data of the Department of Audit and Supervision of Social Establishments at the Ministry of Social Security and Labour

Distribution of foreigners who were granted asylum by the countries of origin is as follows: the largest group of foreigners was from the Russian Federation (in 2005 – 250 persons), and the second largest group – from Afghanistan (18 persons).
In 2005, LTL 1 200 thousand were allocated for the implementation of the Programme for Social Integration of Foreigners Who Were Granted Asylum, LTL 1 107.4 thousand were utilised, and averagely 280 foreigners who were granted asylum participated in the provision of support for the integration.

82 foreigners who were granted asylum were moved from the Refugees Reception Centre to the places of social integration under the programme.

<table>
<thead>
<tr>
<th>Number of foreigners who moved to municipalities for participation in social integration activities in 2005</th>
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<tbody>
<tr>
<td>Kaunas</td>
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<tr>
<td>20</td>
</tr>
</tbody>
</table>

On 1 January 2006, Minister of Social Security and Labour approved Order No A1-13 “On amending the approval of the description of the procedure for the provision of the State of Lithuania support for the integration of foreigners who were granted asylum in the Republic of Lithuania”, which replaced Order No A1-238 “On the approval of the description of the procedure for the provision of the State of Lithuania support for the integration of foreigners who were granted asylum in the Republic of Lithuania” as of 21 October 2004 of the Minister of Social Security and Labour.

The purpose of this amendment is to distribute the functions between the Department of Audit and Supervision of Social Establishments at the Ministry of Social Security and Labour and the Refugees Reception Centre in providing state support for the integration of foreigners who were granted asylum in the Republic of Lithuania.

In accordance with the prior effective procedure, the key functions in providing state support for the aforementioned foreigners such as organising the implementation of social integration of foreigners who were granted asylum in the territory of municipalities, administrating the funds allocated for this purpose, concluding agreements with the institutions implementing integration activities on the provision of support for the integration of foreigners, and being in charge of appropriation of funds for integration were performed by the Department of Audit and Supervision of Social Establishments at the Ministry of Social Security and Labour. In accordance with the new version of the description of procedure, the enumerated functions were assigned to the Refugees Reception Centre.
4.8. SOCIAL ASSISTANCE INFORMATION SYSTEM

4.8.1. Development of the Social assistance information system

Planning and organisation of national social support has to be proportionate to the available resources and, for achieving this goal, a continuous monitoring of the process in providing and organising social support at municipalities is necessary, as well as data collection and analysis, and control of resources used. For successful development of the social support system on the national and on the municipal levels, a single mechanism for collecting data and exchange of information between the Ministry of Social Security and Labour (hereinafter referred to as the MoSSL) and municipalities has to be created.

Based on information received, it will be possible to design such a social assistance development strategy that would properly justify and distribute resources for separate kinds of social services and allowances and create opportunities for people to receive the necessary social assistance. Receiving such information will enable municipalities to make more effective plans for social development, to carry out evaluation of such development and to identify the need for social assistance more precisely and provide for the most effective ways of provision of social assistance. Information received from municipalities about social assistance provided to persons and families should serve as grounds for the MoSSL when forming the national social policy and evaluating the results of implementation of the social assistance system.

To implement these goals the project financed using the means of the Republic of Lithuania and the World Bank (the International Bank for Reconstruction and Development) entitled Strategic Partnership Agreement. The project was started in 1997 and completed in May 2005, and since 1 July 2005 municipalities started registering social assistance actions (monetary benefits, social services, protection of children’s rights) in the new Social Assistance Information System (hereinafter referred to as the SPIS).

This system was developed in the following stages (some objectives were solved simultaneously, which is why periods of implementation of stages may overlap):

**Stage I** (May 1997- May 2003). The concept of the Social Assistance Information System is formed. The list of social assistance indicators is compiled.

The initial concept of the Social Assistance Information System was drafted and implemented during 1998. The implementation assessment report revealed drawbacks in the system:

- data collection, systemising and processing methodologies are not properly drafted and there is no proper software to realise that;
- the insufficiently developed hardware network of municipalities does not allow collecting data on social assistance relevant for the situation.

Based on this assessment report, a new concept of the Social Assistance Information System and methodologies for collection and processing of social indicators were formed.

**Stage II** (March 2003- May 2005). Development of application software.

This unified software functioning on the SYBASE data management platform is used in municipalities to register information about social benefits, social services, family members of beneficiaries, extended families, reasons and course of imposition of care, families at social risk, social institutions providing services. Information received using this application software should serve as grounds for the MoSSL when forming the social policy and evaluating the results of implementation of the social assistance system. The application software was tested during the pilot installation period in two municipalities – Trakai Region and Panevėžys Town.
Stage III (December 2004- January 2005). Purchasing of hardware for the departments and centres of social support and agencies for the protection of children’s rights at municipalities (hereinafter referred to as the VTAT).

The purpose of hardware purchased is to ensure functioning of the computerised network meeting the needs of the SPIS at municipalities and to achieve proper collection of data on social support provided in each municipality: social services, benefits in cash, compensations and social allowances. This network also covers agencies for children’s rights protection, which are responsible for accumulation of information on social risk families and children in need of social support and various social services. Thus, the municipal social support departments and centres, the VTAT and the MoSSL are connected to the same information network.


By signing the agreement the MoSSL undertook:
1. to create, review and develop the Social Assistance Information System which the municipality administration would use to organise social assistance and analyse the results of provision of such assistance;
2. to provide units of the municipality administration in charge of provision of social assistance and protection of children’s rights with necessary hardware and software;
3. to train the staff of the municipality administration to supervise the SPIS and use the new equipment;
4. to draft methodological directions for social assistance indicators and accounting thereof, to provide methodological help relating to the SPIS use (seminars, methodological materials, etc.);
5. to analyse quantitative and qualitative differences of provision of social assistance between municipalities and propose measures to the municipality administration to reduce them;
6. to carry out general analysis of social assistance data and ensure that results thereof would be available to the municipality administration in the web-site of the MoSSL.

Every municipality undertook:
1. to collect and submit data to the SPIS about provision of social assistance to the municipality population;
2. to prepare the premises of units of the municipality administration in charge of provision of social assistance and protection of children’s rights according to the requirements set;
3. to ensure connection to the secure state data transmission network;
4. to ensure the SPIS functioning in the municipality administration;
5. to create opportunities for the staff of the municipality administration to participate in the seminars organised by the MoSSL on the issues of implementation of the Strategic Partnership Agreement.

Stage V (December 2004- March 2005). Installation of hardware in the departments and centres of social support at municipalities and VTAT. Hardware was installed in all municipalities.

Stage VI (April-May 2005). Installation of software and training of staff. 360 specialists in allowances, social services, protection of children’s rights and information technologies from all municipalities of the country were trained.

Stage VII. Commissioning of the SPIS. Data were first submitted to the central database on 1 July 2005.
4.8.2. Structure of the Social assistance information system (SPIS)

The estimate value of the project Strategic Partnership Agreement was LTL 3.386 million. Of them the value of purchasing of software development, central database server, municipality database servers and other hardware the list whereof is given in Table 4.8.2-1 was LTL 3.26 million.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Quantity</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Central database server</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Large database servers</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Small database servers</td>
<td>54</td>
</tr>
<tr>
<td>4</td>
<td>Workstations</td>
<td>295</td>
</tr>
<tr>
<td>5</td>
<td>Network laser printers</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Laser printers</td>
<td>144</td>
</tr>
<tr>
<td>7</td>
<td>Programmes and licences</td>
<td>847</td>
</tr>
</tbody>
</table>

Based on the above software and hardware, the SPIS was developed. The system comprises workstations where the staff of municipal social assistance units register applications of people and other relevant documents concerning provision of social assistance, the course of consideration of applications, decisions made and further procedure of satisfying the application. The system also registers events and actions relating to children’s rights registered by the staff of the municipality VTAT (lists of allowances, events relating to children’s rights and social services registered with the SPIS are given in Annex 6.7). All these events and processes are linked on the basis of the SPIS – data about families of social assistance beneficiaries. Thus information about various forms of social assistance provided to persons is united into a single information structure. Information is transmitted from workstations to the local database server of the municipality, and then via the secure information network lines – to the central database server. Information received in the central database is checked and registered. The above information flows are illustrated in Figure 4.8.2-1.
Every municipality can use the accumulated information in two ways – by taking and analysing data from the local database or from the central database. The MoSSL uses the information accumulated in the central database and may perform analysis of summarised data both at the municipal and at the national level. It must be pointed out that the SPIS still has some programming and system drawbacks, which is why information in local databases and the central database is not always identical.

### 4.8.3. Development of the Social assistance information system (SPIS)

While still implementing the project and consulting the experts of the World Bank, provisional information system restrictions were formed. They were conditioned by:

- insufficient financial resources;
- planned amendments to the legislation on the social assistance system;
- insufficient level of preparation for working with municipal and other institutions to work with a complicated information system.

The system drawbacks of the SPIS were removed first of all. The experience of the SPIS use revealed various circumstances that were concealed when developing the initial version of the project software (there were some legal amendments introduced, organisational structures of social support changed, registration of dynamic changes in the family structure were not provided for, differences between the declared and factual place of residence of social assistance beneficiaries, etc.).

An additional SPIS software module was developed to account detailed information about compensations for accommodation heating, cold and hot water and beneficiaries thereof. The plan was that during the first quarter of 2006 municipalities would coordinate information flows with public utility companies (suppliers of heat, hot and cold water) and the SPIS would account compensations of these services in detail.

The additional SPIS software module is developed to provide information about registration of technical aids for the disabled. After the installation of this module (as planned, in the third quarter of 2006) the SPIS will be connected with the database of the Centre for Technical Aids for the Disabled and at the same time with the accounts of beneficiaries of such aids in municipalities.

Additional software tools for registering provision of social assistance to pupils from poor families are developed (as planned, in the third quarter of 2006).

Terms of reference are drafted for connection of the SPIS with other national registers (the Register of Residents, the Register of Administrative Units, Residential Settlements and Streets, the Register of the Board of the State Social Security Fund, the Register of the Labour Exchange, the Register of the Cadastre of Real Property, the Register of Road Vehicles and the Register of the National Payment Agency) in 2006-2007. The possibility of data exchange with other registers will significantly simplify the procedure of receipt of social assistance, enable to realise the “one-stop-shop” principle and at the same time improve the targeted nature and effectiveness of provision of social assistance.

The current module for registration of social services is to be expanded taking account of the new Law on Social Services and implement additional functions that would allow improving the accounting of social services. The SPIS will also presumably register beneficiaries of services provided by institutions of social services.
To make provision of social assistance closer to the municipality population, the SPIS will be expanded creating an opportunity for neighbourhoods of municipalities to join the information system.

Development of the information system requires to rapidly increase administrative and information capacities of municipalities and neighbourhoods, which is why already in 2006 professional development seminars will be organised for social workers.
5. INTEGRATION INTO THE EU AND INTERNATIONAL COOPERATION

5.1. ACTIVITIES RELATED TO EU MEMBERSHIP OF THE REPUBLIC OF LITHUANIA

5.1.1. The most topical issues on the European Union agenda concerning employment and social policy

It falls within the competence of The Ministry of Social Security and Labour to take part in the EU political agenda setting and decision making process in one of the most sensitive fields of social policy which has recently taken a very important place in the European discussion.

General EU strategy and policy issues, and decisions outlining general guidelines for the EU long-term strategy influence decision-making processes in the fields of employment and social policy. This section comprises a review of the most relevant horizontal issues on the EU’s agenda.

5.1.1.1. Globalisation and the EU social model

Over the last few years, there have been wide-ranging discussions both at European and national levels on how to preserve the vitality of the EU social model, how to modernize and adapt it to fast-changing situations. Considering the goals set out in the EU strategic documents, European states and the EU itself have been faced with a difficult task: in this globalisation process, how to combine the promotion of competition and economic growth on the one hand with social justice on the other. All the EU member states acknowledge that the social dimension should remain at the centre of the European debate. The issue was discussed at the Informal meeting of Heads of States and Governments of all the EU countries in Hampton on 20 October 2005 during the UK’s EU Presidency, where the European Commission proposed the document on how the European values should be preserved and cherished in the globalized world¹.

It is stated in the document, that all social policy models of member states shall be based on common European values that comprise the basis of all European economic and social policies. Despite a great variety of social policy systems in the EU, they share common features and principal values that are to be preserved.

When talking of sustainability of the European social model we agree that the main challenges in broad sense are globalisation and Europe’s ageing population. A more open market and international competition provide for more opportunities to generate economic dynamism, competition and high quality job creation. However, loss of jobs in less competitive sectors is another unavoidable result of globalisation which may arouse negative views about globalisation and reluctance to support trade liberalization and market-opening in society. Therefore, the need to take appropriate measures against negative consequences of globalisation, especially taking into consideration the citizens who

have faced a danger of being deprived of all employment and subsistence due to increased competition and market-opening, is globally acknowledged in the EU.

Demographic trends constitute yet another danger. Pursuant to the Commission’s data\(^2\), the current demographic trends suggest that in 2050, the present European Union will be smaller and older, partially due to low birth-rate, whereas the tendency of longer lifespan will continue. By 2050, life expectancy will reach 81 years for men and 86 years for women. Despite high immigration into the EU during the latter years, in the long run it will not suffice to counterbalance the low birthrate and the ageing population.

In order to combat the adverse effects of current trends, the integrated approach is required. Firstly, more individuals should be included in the labour market by using active labour market measures. Migration could contribute substantially to this end, however, it should be exploited to its fullest potential and all the emerging risks should be reduced. In the globalised world which faces the risk of ageing, the freedom of movement inside member states and across their common borders will become increasingly important in terms of better opportunities for employment, education and possibility of practicing newly acquired skills. Secondly, work efficiency and productivity should be increased. This requires investments in education and lifelong learning in order to motivate people to adjust themselves to labour market changes. And thirdly, social welfare systems should be modernised and balanced to address the adverse effect of ageing.

The introduction of important retirement pensions and early-retirement reforms have been started at the national level in many member states. With the implementation of reforms in other areas which were agreed upon in the Lisbon agenda, long-term results for economic activity are likely to improve as the important discussions on what political measures can be adopted by governments and social partners to encourage “active ageing” and improve work–life balance.

There has been a need for such reforms since 2000, when the Lisbon strategy was developed and started to be implemented. It became even more obvious during the review of the Lisbon strategy in 2004-2005 and has been one of the most relevant issues in general discussions about the future of the EU. It is commonly agreed upon that the high Social Security standards set by the EU are not a stumbling-block, but rather an advantage that ensures welfare in our globalised world and the Nordic countries which maintain high social security standards and manage to dovetail them with economic growth, competition and low unemployment levels are the best example of that.

### 5.1.1.2. Lisbon Strategy Implementation

After a mid-term review of the Lisbon strategy in 2005 a new period of Lisbon strategy implementation started with the emphasis on integrated guidelines for growth and jobs. Within the framework of the guidelines which were presented by the Commission to discuss by the ministers of member states and approved by the European Council in June 2005, member states have developed their National reform programmes. In order to summarise the activities of member states at the European level the Community Lisbon programme was initiated.

On 25 January 2006, after evaluating the implementation of both programmes the European Commission published its first annual progress report\(^3\).

The Commission evaluated national programmes and singled out four priority actions that are to be taken to ensure growth and job creation, i.e. to pursue the objectives of the revised Lisbon Strategy:

1. Investing more in knowledge and innovation.
2. Unlocking the business potential, particularly of small and medium-sized enterprises (SMEs).

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\(^2\) Ibid P.9.
3. Developing response to the challenges of globalisation and ageing population.

4. Moving towards an efficient and integrated EU energy policy.

The action most closely linked to social policy and employment areas is the response to the challenges of globalisation and ageing population. The following areas of activity are singled out thereto:

• In reforming their pension systems states should provide financial incentives for older workers so as to keep them employed; build a closer link between the entitlement to pension and life expectancy at the moment of retirement. Also, the care systems of disabled, health care and long-term care systems should be reorganised.

• Member states should strive toward providing young people with more opportunities to enter the labour market, ensuring their families a better work-life balance and encouraging older people to continue their careers.

• Member states should adopt a unanimous opinion regarding flexicurity.

• The current social security system should include the necessity to encourage the labour market mobility and ensure a decent income. Member states should promptly examine the possibility of removing all their restrictions on labour force mobility.

5.1.1.3. Review of the Sustainable Development Strategy (SDS)

In June 2005, the European Council adopted Declaration on Guiding Principles for Sustainable Development based on four key objectives:

1. Environmental protection.
2. Social equity and cohesion.
3. Economic prosperity; and
4. Meeting international responsibilities.

In December 2005, the European Council noted the presentation of the Commission’s communication on a renewed EU SDS for the next five years and looked forward to adopting in June 2006 an ambitious and comprehensive strategy, comprising targets, indicators and an effective monitoring procedure, which should integrate the internal and external dimensions and be based on a positive long-term vision, bringing together the Community’s sustainable development priorities and objectives in a clear, coherent strategy that can be communicated simply and effectively to citizens.

On the basis of the Commission’s SDS Review Package and debates in different Council formations, Austrian EU Presidency prepared a draft for a reviewed EU SDS, which was approved by the European Council at its June 2006 meeting. During the meeting a comprehensive renewed EU SDS was adopted which shows how the EU is going to fulfil its long-standing commitments to meet the challenges of sustainable development.

The Strategy reaffirms the need for global solidarity and recognises the importance of strengthening our work with partners outside the EU, including those rapidly developing countries which will have a significant impact on global sustainable development. The overall aim of the renewed EU SDS is to identify and develop actions to enable the EU to achieve continuous improvement of quality of life both for current and for future generations through the creation of sustainable communities able to manage and exploit resources in an efficient way and to tap the ecological and social innovation potential of the economy, ensuring prosperity, environmental protection and social cohesion.
5.1.2. Meeting of EU ministers

In continuation of the review on the decisions adopted by the EU Employment and Social Policy Council at their sessions, presented in the Social Report 2004, we shall provide an overview of the sessions held in 2005 and decisions taken.

5.1.2.1. The EU Employment and Social Policy Council

Issues discussed in the Council session of 3 March 2005:

• Preparation for the spring European Council focusing on the revision of the Lisbon Strategy. The ministers discussed and approved a set of key messages that were presented to the meeting of the European Council of 22-23 March 2006 as the contribution of The Employment, Social Policy, Health and Consumer Affairs Council to the debates over the implementation of the Lisbon strategy. In those key messages to the European Council, the EU Employment and Social Policy Council pointed out that in pursuance of the goals of the Lisbon Strategy member states face three challenges: globalization and technological development, ageing of the population and inequalities between member states. Although economic growth and creation of more and better jobs are the key elements in strengthening the European Social Model, modernization of social security, fight against poverty and social exclusion and promotion of sustainable development are necessary in pursuance of higher employment and economic growth, and remain key factors to strategic success. Also, the stress was laid on the importance of financial instruments, especially the European Social Fund and the PROGRESS programme. The EU Employment and Social Policy Council also called for the application of the open method of coordination (with simplification of the instrument) to the areas of social protection and social inclusion.

• Ministers were provided with information on action programmes of the Committee on Employment and Social Affairs for 2005.

• The conclusions of Council of Ministers concerning the social dimension of globalisation were approved. When approving the document, the Council of the EU emphasised the importance of the report of the ILO World Commission on the Social Dimension of Globalisation “A Fair Globalisation: Creating Opportunities for All”.

• A partial agreement on the Proposal for a Decision of the European Parliament and of the Council Establishing a Community Programme for Employment and Social Solidarity – PROGRESS, was reached. Under this draft legislation in 2007, four Community Action Programmes currently supporting the implementation of the employment and social policy will be integrated into a single programme by unifying and coordinating efforts in order to achieve the Lisbon Strategy goals in the areas of employment and social policy. The programme for the period 2007 – 2013 will be divided in 5 sections corresponding to the 5 main fields of activities:
  1) Employment.
  2) Social protection and inclusion.
  3) Working relations and working conditions.
  4) Anti-discrimination and diversity.
  5) Gender equality.

The Council of Ministers of Employment and Social Policy approved the draft decision excluding its financial part. Financial issues (programme’s budget, funding distribution between areas) will continue at an expert-level. Under agreement, no definite sums for the programme will be discussed until there is a clear new financial perspective for 2007-2013.

• The information on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/88/EC concerning certain aspects of the organisation of working time was passed. The debates on this Directive will continue at the next meeting of the Council of Ministers.

Issues discussed in the Council session of 6 June 2005:

• Integrated economic and employment guidelines: Proposal for the Council Decision on guidelines for the employment policies of the member states. Ministers approved the Council Decision on guidelines for member states’ employment policies, which alongside with the Commission’s recommendations on broad guidelines of the economic policies of member states and the Community comprise the Integrated Guidelines for growth and jobs. Integrated guidelines will serve as a priority-setting basis for drawing up the national action programmes for implementation of the Lisbon strategy and the Community Lisbon programme which will be prepared by the European Commission. The resolution includes the following Employment guidelines:
  - Implement employment policies aiming towards full employment, improving quality and productivity at work, and strengthening social and territorial cohesion (integrated guideline No.17);
  - Promote a life-cycle approach to work (integrated guideline No.18);
  - Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive (integrated guideline No.19);
  - Improve matching of labour market needs (integrated guideline No. 20);
  - Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners (integrated guideline No. 21);
  - Ensure employment-friendly labour costs developments and wage-setting mechanisms (integrated guideline No.22);
  - Expand and improve investment in human capital (integrated guideline No.23);
  - Adapt education and training systems in response to new workplace requirements (integrated guideline No.24);
  - The integrated guidelines package was approved at the meeting of the European Council on 16-17 June 2005.

• Ministers reached political agreement on a Draft Council Directive on the agreement between the European Rail Community (ERC) and the European Transport Workers’ Federation (ETF) on certain aspects of the working conditions of mobile workers assigned to interoperable cross-border services in the railway sector.

• Political agreement was reached on the Proposal for a Council regulation replacing regulation (EC) No 2062/94 establishing a European agency for safety and health at work (Bilbao) and the proposal for a Council regulation replacing regulation (EEC) No 1365/75 on the creation of a European foundation for the improvement of living and working conditions (Dublin). The approved amendments to the regulations of both agencies were similar in nature and were initiated in view of increased number of representative agencies of member states in the governing institutions in order to make activities of agencies more efficient and flexible, to strengthen the strategic role of the Governing Board, to bring the staff rules into line with the staff rules within the EU agencies.

• Ministers held a discussion on Green Paper on an EU approach to managing economic migration. They emphasized the importance of the issue and the multiple problems it had created. Although the majority of member states noted a value of dealing with certain migration problems at the EU level, the opportunity to take specific decisions depending on the situation, however, should remain a national competence. Many of the new member states noted that the principle of free movement of persons was not fully applied in the EU as some of the old EU countries imposed restrictions on integration of labour force from the new member states into the labour market. At the end the
conclusions were drawn that the migration issues require an integrated solution, migration should become an integral part of broad economic, social and cultural policies.

- Ministers approved the general approach on the Proposal for a Regulation of the European Parliament and of the Council establishing a European institute for gender equality. The draft regulation suggests that the European institute for gender equality should be established with the aim to help the Community Institutions, and especially the Commission, as well as all member states to fight against discrimination on the basis of sex, to promote gender equality and to draw the attention of the EU citizens to these issues. Lithuania had suggested Vilnius as the seat of the European institute for gender equality and repeated its suggestion at the Council meeting. The intention to establish the seat of the European institute for gender equality was also declared by some other EU member states such as Slovenia, the Czech Republic and Slovakia. The draft regulation will further be presented to the European Parliament’s debate.

- Ministers endorsed the conclusions on the review of the implementation by the member states and the EU institutions of the Beijing Platform for Action. It is stated in the conclusions that the Council acknowledging that gender equality is a fundamental principle of the European Union and that the human rights of women are integral and indivisible part of universal human rights, confirmed its commitment to the full and effective implementation of the Beijing Declaration and Platform for Action and the Outcome Document of the twenty-third special session of the UN General Assembly taking into consideration the Declaration adopted by the Commission on the Status of Women, to promote gender equality, to fight against discrimination on the basis of sex at its forty-ninth session; emphasized the importance of a social dialog, encouraged member states to improve collection and dissemination of impartial and reliable information on gender equality issues, to strengthen institutional mechanism, bearing in mind the UN convention on elimination of all forms of discrimination against women and its optional protocol, Cairo Programme of Action, the Copenhagen Declaration and Programme of Action, and the Millennium Development Goals.

- Ministers held a political discussion on the proposal for a directive replacing directive 2003/88/EC of the European Parliament and of the Council concerning certain aspects of the organisation of working time. Discussions on a draft Directive had been continuing since the middle of 2004; different responses were received and compromise proposals were made by presiding states and other member states, but no agreement was concluded by expert working groups or by the Council of Ministers. The core of disagreement was the directive amendments proposing the application of the so-called “opt-out” (work more than the 48-hours limit a week). The Parliament also delivered its opinion on the issue. On 11 May 2005, the members of the European Parliament voted to end an individual employee’s right to opt out of a maximum 48-hour working week. The coalition made up of Socialists, Communists, the Greens and Christian Democrats voted to strict EU working time rules that limit the working week expressing concern over the health and security of working people. Such a decision, however, was opposed by the UK in particular. The Council held a closed discussion (with only ministers taking part in it) during a lunch break and the conclusions reached in the discussion were presented by the chairperson at the plenary session:

1) The majority of member states do not approve of the EU proposals; therefore both parties should seek a compromise.

2) The situation resulting from the existing directive should not continue, as a case has been brought before the Court of Justice of the European Communities which is obliged to respond to it and make appropriate amendments in the directive.

3) Although the Commission is willing to reach a compromise, member states had no opportunities to get better acquainted with the proposal that was presented on the eve of the session and were not able to state their positions.

4) The main area of disagreement remains the opt-out. Member states have taken sides: one group of member states is in favour of free choice for the individual worker being free to opt-out of
the working time limit and economic growth provided by the opt-out while the other group holds that the opt-out approach should not be applied, as working time is flexible enough even without it and annual working time records are kept.

5) Practical problems are mostly associated with health care sector and they arise from work culture, e.g. when workers work long hours and have several contracts. These problems need to be addressed.

6) The Commission acts as a mediator whose role is to coordinate the positions of the Council and of the Parliament, however, the Commission’s proposal contains no specific criteria whereby member states are allowed to apply the opt-out approach (the essence of the proposal is to allow member states to apply the opt-out during a certain transitional period (3 years under the primary proposal) after which it should be abolished except for special cases upon a reasoned request by a member state and with the Commission's approval.

7) Though having different opinions, member states share a common desire to reach a compromise. The draft project was further presented for discussions in working groups and to the Committee of Permanent Representatives (COREPER).

Issues discussed in the Council of Ministers session of 8 December 2005:

• Ministers held a discussion on demographic problems and human resources development. The discussion was based on the issues discussed in the Green Paper on the future of the EU demographic policy and the EU Employment Committee report on human resources. Ministers exchanged their ideas and experience as regards taking measures in the EU member states in pursuance of increasing working-age population employment levels and employment opportunities for youth, older people and social risk groups. The following measures for increasing employment levels were highlighted in their speeches:
  • To attract and retain more people in employment;
  • To retain experienced workers in the labour market as long as possible;
  • To enhance work attractiveness;
  • To implement new methods of work organisation;
  • To encourage professional and territorial mobility of population;
  • To increase investments in people and decrease structural unemployment;
  • To carry on long-term forecast for a need for professional qualifications in labour market, and to bring education, training and curricula up-to-date.

Ministers also shared their experience on the specific employment-creating measures applied in their respective countries, which might be effective as regards individual persons or groups and discussed the key barriers in pursuance of attracting population into the labour market.

• The discussions on the proposal for a directive of the European Parliament and of the Council replacing Directive 2003/88/EC concerning certain aspects of the organisation of working time further continued. The discussion was generated on the basis of compromise proposals by the UK Presidency of the EU; nevertheless, no political agreement was reached. The opt-out clause which permits member states not to abide by a 48-hour working week if there is the worker’s agreement was once again the main sticking point. Ten member states including Sweden, France, Portugal, Spain, Belgium, Greece, Cyprus, Finland, Luxemburg, and Hungary were against the proposals by the UK which held the Presidency of the EU, as they considered that there should be a fixed date to abolish the opt out, whereas the UK took a different position. Efforts had been made to reach the agreement on the issue at the Council meetings during the Netherlands and Luxemburg presidency (the second half of 2005 and the first half of 2006 respectively).

• A decision-making procedure on the Proposal for a Decision of the European Parliament and of the Council establishing a Community Programme for Employment and Social Solidarity PROGRESS continued. It was stated that a partial political approval of the decision text which also includes the replacements proposed by the EU Parliament was granted.
A political approval of the Proposal for the Directive of the European Parliament and of the Council of the implementation of the principle of equal treatment for men and women in matters of employment and occupation was gained. The text of the directive which included amendments proposed by the European Parliament was approved. The approved directive is aimed at simplifying, modernizing and improving the right of equal treatment between men and women in the Community by joining together the provisions of several interrelated directives in pursuance of clarity and effectiveness of the Community Law. The text of the directive included the Case-law of the Court of Justice of the European Communities, in particular the rules of equal payment, of equal treatment in respect of an occupational pension scheme, and the legal protection of pregnant workers. The draft incorporates the Directive 75/117EEC on the principle of equal pay for work of equal value, the directive 76/207 EEC and the Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions, the Directive 79/7/EEC on the progressive implementation of the principle of equal treatment for men and women in matters of social security (statutory schemes), the Directive 86/378/EEC on the implementation of the principle of equal treatment for men and women in occupational social security schemes, the Directive 86/613 EEC on the application of the principle of equal treatment between men and women engaged in an activity, including agriculture, in a self-employed capacity, and on the protection of self-employed women during pregnancy and maternity, and the Directive 97/80 EC on the burden of proof in cases of discrimination based on sex, the provisions and the consolidated text was further supplied.

The Ministers were provided with information on the Proposal for a Directive of the European Parliament and of the Council on improving the portability of supplementary pension rights. The representatives of the Commission and the Presidency introduced the draft Legislation, its provisions and the prospects of its adoption. The aim of this Directive was to facilitate the exercise of the right of workers to freedom of movement and to facilitate occupational mobility within the same member state, by reducing the obstacles created by certain rules governing supplementary pension schemes in the member states. It was highlighted that the Directive would ensure the working force mobility within the same member state as well as between member states. The Directive is still under consideration at the expert level in the EU Council working group on social affairs.

5.1.2.2. The EU Education, Youth and Culture Council

The Council configuration sessions are usually attended by several ministers from each of the EU member states as the issues discussed at cover three areas: education, culture and youth policy. The Ministry of Social Security and Labour is the authority responsible for youth policy issues.

At their session of 21 February 2005, the ministers approved the Council conclusions on Youth in the framework of the Mid-Term Review of the Lisbon Strategy (the Youth Pact). As this document comprises guidelines on further activities, the ministers voiced their opinions on which areas the Youth Pact should aim at setting specific goals, what was the role of ministers in the context of the Youth Pact and how to engage youth in preparing and implementing the document at both the national and the EU level. Most ministers of national governments hailed the initiative of the Youth Pact and highlighted that it would produce a new quality of the youth policy in both the EU and within member states. Ministers pointed out the following issues as the most important to youth: job opportunities and social integration, education, learning, mobility and citizenship; balancing one's personal and professional life (a person should have not a personal/family life or career but a personal/family life and career).

Ministers pointed out that youth, youth organisations, and national bodies representing youth should be engaged in preparing and implementing the Youth Pact. Consulting with youth is one of the aspects that ensure the importance and effectiveness of the process.
Issues discussed and decisions taken in the Council of Ministers session of 24 May 2005:

- Ministers adopted the Council resolution on implementing the common objectives for youth information.
- Ministers adopted the Council resolution on increasing participation by young people in the system of representative democracy.
- Ministers adopted the Council resolution on the evaluation of activities conducted in the framework of European cooperation in the youth field.
- Ministers held a discussion on the correlation between sectorial policies concerning youth and the new Lisbon process implementation at both the European and the national levels. Ministers once again highlighted the political importance of the Youth Pact which brings the youth closer to the EU institutions, processes, objectives and goals, and pointed out the role of youth ministers as coordinators in implementing the Youth Pact and the integrated guidelines for growth and employment. The attention was drawn to the importance of horizontal inter-institutional co-operation, and the method of open coordination was discussed. Ministers suggested that the method of open co-ordination should be applied to the areas such as employment, social integration, education and other youth concerns. Ministers agreed that while preparing youth related Lisbon action plan, consultations of various youth organisations are of great importance.

Issues discussed and decisions taken in the Council of Ministers session of 14-15 November 2005:

- Ministers approved the Council resolution on addressing the concerns of young people in Europe – implementing the European Youth Pact and promoting active citizenship.
- In the discussion on bringing Europe closer to its young citizens ministers spoke on youth concerns in different member states related to the development of the EU, and what measures at both the national level and the European level should be taken in order to bring the EU closer to all its young citizens. Ministers once again emphasized the importance of youth policy as intersectorial policy pointing out that good education and work facilities as well as favourable social environment for young people should be ensured. The EU Youth programme and Youth in Action programme occupy a significant role in bringing Europe closer to youth. Greater youth mobility which offers youth opportunities not only to experience different cultures but also to enjoy the direct benefit of membership is one of the core aspects of the programme. Ministers also highlighted the importance of education and dissemination of information about the EU as well as research that should be conducted in order to identify youth needs and concerns.

5.1.3. Coordination of EU affairs

In pursuance of implementing commitments arising from the accession negotiations and taking an active part in the works of the EU institutions and in adoption and implementation processes of legislation it is essential that national institutions should ensure effective coordination of EU affairs. In 2005, the procedural works to ensure the effectiveness of coordination of EU affairs at inter-institutional level and developing cooperation between the ministry departments, subordinate institutions, and with the Permanent Representation of the Republic of Lithuania in Brussels continued further. This year the legal basis for coordination of EU affairs was finally established. The rules for coordination of EU affairs were dovetailed with the amendments to the law proposed by the Government and the Statute of the Seimas (the Parliament) of the Republic of Lithuania adopted by the Seimas in November 2004 and thereby the validation of procedures of dealing with the EU affairs in Lithuania was completed. The new version of the rules for coordination of EU affairs and the appropriate amendments to rules of procedure of the Republic of Lithuania were adopted by the Government on 29 April 2005. After the amendments were accepted, the procedures of cooperation
with the Seimas in the field of integration into the EU were formulated. These amendments thereby established rules that govern how the government makes decisions or puts forward resolutions for endorsement the positions of the Republic of Lithuania on proposals to adopt the EU legislation, as well as procedures for submission, debate and adoption of other EU documents; elaborated the rules for preparing Lithuania’s positions (including Lithuania’s positions in relation to the cases brought to the judicial authorities of the European Union) and the rules for coordinating the transposition and implementation of the EU law into the national law.

These documents shall govern how the Department for International Relations and European Integration organises coordination of EU affairs within the sphere of the Ministry’s competence.

5.1.3.1. Preparation and presentation the position on EU legislation to the EU Institutions by the Republic of Lithuania

The position of the Republic of Lithuania on the EU draft legislation and other documents is being prepared and presented in accordance with the rules of coordination of EU affairs mentioned above and internal rules of procedure of coordination of EU affairs approved by order No A1-97 of 15 April 2004. Both the positions on the EU draft legislation and other topical documents of the Republic of Lithuania are being prepared pursuant to these documents. It is essential to prepare and present an elaborate, reasonable and well-grounded national position in the working groups of the EU Council and committees of the Commission and in order to ensure an appropriate representation of the interests of the Republic of Lithuania.

Positions on specific issues discussed in the EU Institutions are prepared and coordinated by a ministry team in cooperation with the Department of International Relations and European Integration and Social Security and Labour attaché. Written and oral consultations are provided with social partners or other stakeholders if need be. In order to prepare, coordinate and present positions to the interested institutions the Information System for Lithuania's Membership of the EU (LINESIS) is used. In 2005, the system was further developed and the scope of its application expanded. With a view to adjusting to the new needs as regards amendment of rules on coordination of EU affairs and taking into account the needs of users from other institutions, the subsystem of coordination of the EU positions was developed. Among the essential amendments, the implementation of a new form of Lithuania’s position and the improved comment-making function as regards the translation of the EU documents should be noted. In 2005, a procedure for registering opinions, conclusions and recommendations as regards the EU documents adopted by the Seimas and positions of Lithuania was developed and introduced.

During 2005, the employees of the Ministry of Social Security and Labour participated in 92 sessions of the Committees and working groups of the Council of the European Union during which Lithuania's position on the issues discussed was expressed: 48 sessions of the working group on social issues, 14 sessions of the working group on youth issues and 14 sessions of the Employment Committee, 10 sessions of the Social Security Committee, 5 sessions of the working group on technical coordination and 1 session of the working group on settlement services were attended. Among the most important issues, the negotiations on the revision of the directive on certain aspects of the organisation of working time; implementation of the programme PROGRESS; amendments to the regulation on the coordination of social security systems; regulation on establishing a European Institute for Gender Equality; directive designed to protect workers from exposure to optical radiation; integrated guidelines for growth and jobs; new Social Agenda for the period 2006-2010; and the Green Paper on an EU approach to Managing Economic Migration should be noted.

Committee sessions organised by the Commission, which supervise the implementation of various strategies and programmes, also saw the active participation of employees of the Ministry of Social Security and Labour. On the whole, 43 such sessions were attended. For the most part, those were coordinating meetings organised by the managing authorities of The European Community initiative EQUAL with the support of the European Social Fund. Also, an active part was taken in the work of the European Refugee Fund Advisory Committee, Refugee Working Group, high-level working groups on Corporate Social Responsibility, high-level working group representing disabled persons, Administrative Commission and Advisory Committee on Social Security for Migrant Workers, Advisory Committee on Enhancing Employment, expert working group on personal security measures, Advisory Committee on Equal Opportunities for Men and Women, Advisory Committee on Freedom of Movement for Workers and other institutions.

Likewise, Lithuanian representatives took part in European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety and Health at Work Executive Council sessions.

5.1.3.2. Lithuania’s preparation for presidency of the European Union

In 2005, the preparation works for the Lithuania’s presidency of the EU started. On 13 December 2004, the EU General Affairs Council approved by common accord the new timetable of rotating presidency of the EU which envisages the Lithuania’s presidency alongside with Ireland and Greece for the period January 2013 – June 2014 with Lithuania assuming individual responsibility for coordination of collective actions in the second half of 2013. This is the procedure set forth in the EU Constitution, which has not been ratified yet. In case the EU Constitution is not adopted until Lithuania takes over the EU presidency, Lithuania will preside over the EU alone in the second half of 2013.

When planning preparational works for the presidency over the EU, it was decided to divide the preparational period into two stages: (1) preliminary stage of preparation for presidency over the EU (2006-2009), during which there will be a focus on the development of general administrative skills of institutions of the Republic of Lithuania; and (2) the stage of elaborate planning of (2010-2013), during which the key principles of the process organisation should be formulated and specified measures ensuring smooth work taken. The decision was taken that the state employees of various ministries and other state institutions should attend the EU working groups’ sessions more actively. This recommendation was taken into consideration by the order of Minister of Social Security and Labour when approving the list of representatives in the EU institutions; alongside with permanent representatives, alternative representatives were assigned to every EU working group. Hereby, more state employees can familiarize with the specifics of the EU institutions and acquire more experience which will be very useful during Lithuania’s presidency of the EU.

On 3 October 2005, under the ordinance of the Prime Minister of the Republic of Lithuania, an inter-department working group was founded which would develop action plan for the first stage of preparation for presidency of the EU for the period 2006-2009 which was approved by the Resolution of the Government of 12 April 2006. The plan envisages measures for selection and training of civil servants who shall take on the essential load of presidency of the EU, innovation of teaching programme designed to represent the interests of Lithuania in the European Union institutions, language teaching programmes, seminars on preparation for the Presidency of the EU, tackling of infrastructure development issues, development of bilateral relationship between appropriate ministries and the EU institutions of member states, etc.

5.1.3.3. Preparation and implementation of plans for transposing EU Directives and implementing EU Law

Since the introduction of the information system LINESIS the plans for transposing and implementation of the EU law previously approved by the order of minister have been carried out and administered with the help of this system. A subsystem of the LINESIS system aimed at the coordination of the implementation of the EU law started functioning fully in 2005.

With the help of this system the Department for International Relations and European Integration of the Ministry is being regularly provided with information on newly adopted EU legislation falling within its competence and the terms of implementation of an EU legislative act with the reference to its text. In cooperation with the departments of the Ministry proposals as regards transposition and implementation of the EU law are prepared which later registered and stored in LINESIS data base and the review of the EU legislation is conducted. The ongoing monitoring of implementation of registered measures, i.e. once per month the Ministry presents to the Office of the Government of the Republic of Lithuania standardised information on implementation of measures. The implementation of the subsystem of the LINESIS aimed at the coordination of the implementation of the EU law ensured better access to information and control effectiveness, and provided possibilities for in-depth analysis and presentation of information on implementation of measures.

The Ministry of Social Security and Labour notifies the European Commission on directives and other EU legislation transposed into national law within its field of competence by means of notification database designed to allow the electronic notification of national implementation measures.

5.1.3.4. Bilateral Cooperation and International Projects

The Ministry of Social Security and Labour deals with different issues in the field of social welfare and employment relevant to the EU as a whole in cooperation with respective institutions in other countries.

The Ministry of Social Security and Labour takes part in the activities of the Cooperation Programme between the Government of the Republic of Lithuania and the Government of Flanders for the years 2006-2008. The specialists of the ministry are scheduled to pay study visits to respective institutions in Flanders aimed at exchanging their knowledge and experiences in the field of employment policy, professional training and social dialogue building. Moreover, Flanders on its part is ready to share its experiences and knowledge in planning, administrating and implementing the support coming from the EU structural funds.

The cooperation with the Ministry of Employment and Social Policy of the Republic of Poland also retains its relevance. A new cooperation project with the Ministry has been developed. Under agreement of both parties such areas as employment, improvement of working conditions, social insurance, family benefits and social assistance, social risk group problem management, social rights, implementation of the European Commission’s C legislation, and NGOs work have been chosen for cooperation. Seminars and bilateral consultations of experts shall be held.

On 9 May 2005, the Agreement of Cooperation on Children and Youth Policy between the Ministry of Social Security of the Republic of Lithuania and the Ministry of Children and Family Affairs of the Kingdom of Norway was signed in Oslo. Under the cooperation agreement, through mutual consultations action plan for 2005-2007 was prepared and signed on 13 December 2005, which envisaged the exchange of information and experiences on the issues of children and youth between Lithuanian and Norwegian experts. Moreover, meetings of Municipality representatives from both countries were to be held to discuss different situations and to share good practice in addressing children and youth related issues. The meetings were aimed at promoting closer cooperation between the Municipalities of both countries.
On 29-31 March 2006, Vilnius saw the first visit of Norwegian delegation to discuss the issues of children rights and youth policy.

The Norwegian delegation comprised 10 representatives from Oslo, Kvam, Oppergård, Mandal Municipalities and the Ministry of Children and Equality of Kingdom of Norway (prior to 1 January 2006, called the Ministry of Children and Family Affairs of the Kingdom of Norway).

During the visit different meetings and seminars were organized which were also attended by representatives from Alytus, irvintai, Marijampolė, and employees of the Children's Rights Protection Service of Vilnius Municipality, National Youth Council, and the Ministry of Social Security and Labour.

The representatives of Norwegian Municipalities visited the respective municipalities in Lithuania where they got acquainted with the work of Children's Rights Service and activities of Municipality in addressing the youth related issues.

Pursuant to this action plan on 6-10 June 2006, the State Council for Youth Affairs organized a seminar on youth engagement, entrepreneurship and initiatives in Vilnius.

During the years 2005-2006 Swedish National Labour Market Board continued the Work-life development program project. The Project consisted of 4 programmes:

1. Labour market forecast and analysis;
2. Labour market programmes;
3. IT and employment services;
4. Rehabilitation – return to work/ageing of labour force.

The new EU countries along with Bulgaria, Romania and Turkey had a great deal of opportunities to improve knowledge and practical measures in meeting European employment strategy objectives and thereby contributing to the attainment of the Lisbon objectives.

During the years 2005-2006 the Ministry of Social Security and Labour took part in implementation of the Labour Market program. Three seminars on evaluation of Labour Market Program were organized in Lithuania. Swedish experts shared their experiences and knowledge on the methods of monitoring and evaluation of labour programs, especially related with the European Social Fund, allowing Lithuanian specialists to improve the quality of Labour Market programmes by evaluating the effectiveness of promotion of employment measures.

Lithuanian experts also took part in a study visit to Sweden on the issues of social dialogue at local level. During the visit they were introduced the Swedish regional and local social partnership framework. They also took part in the meetings of the representatives of Swedish trade unions, employers, organizations of disabled and shared their good practices.

Lithuanian specialists went to seminars on establishment of Consulting Units held in Malta. During the seminars Swedish introduced a five-step consulting model and demonstrated the ways of client motivation.

The Program was financed by the Government of Sweden.

Swedish National Labour Market Board intends to maintain the continuity of the projects alike. Presently different topics for a new Work Life Mobility Program are being discussed. The initiation of the program is scheduled for 2007.

During the period of independence of Lithuania, the Ministry of Social Security and Labour gained valuable experience in carrying out reforms in the fields of employment and social policy. Therefore the countries going through similar reforms are increasingly showing their interest in and desire to learn from it.

In compliance with the EU-Ukraine action plan, Lithuania has been involved in mutual Lithuania-Ukraine cooperation. The Action Plan was developed in the framework of European neighbourhood policy. The plan envisages priority goals the implementation of which could contribute towards the establishment of democracy and the rule of law in Ukraine and to accelerate the process of approximation of Ukraine’s legislation with the EU legislation thereby laying down the foundation
for further economic and social integration which will bring Ukraine closer to the EU. There are specified projects ready to be implemented in the areas of equal opportunities, trade-union rights and basic labour standards, employment and social policy, poverty reduction, workers’ mobility, coordination of social security systems, the Youth program, and implementation of which is approved by the Ministry of Social Security and Labour, according to the competence, and the experts from the Ministry are ready to offer their expert help.

The Ministry of Social Security and Labour of the Republic of Lithuania and the Ministry of Labour and Social Protection of the Population of Republic Kazakhstan have developed the draft letter of intent on cooperation in the field of social integration of disabled persons which is due to be signed in the second half of 2006. The letter makes provisions for the exchange of information and experience in the areas of social and vocational rehabilitation of the disabled, the provision of social services for the disabled and employment, evaluation of the degree of loss of professional working capacity and cooperation between the disabled and NGOs.

There has been considerable interest recently in Lithuanian experience in implementing reforms, especially in the areas of social services and protection of children’s rights. In 2005-2006 specialists from the Ministry of Social Security and Labour received several delegations from Russia, Kyrgyzstan and Tadzhikistan.

On 25-30 July 2005, a delegation from the Republic of Tadzhikistan visited Lithuania to get acquainted with the institutional care reform in Lithuania. The delegation met not only specialists from the Ministry of Social Security and Labour and Vilnius Municipality, but also the representatives of NGOs, and they visited both the Day and the Rehabilitation Centres.

On 16-18 August 2005, a delegation of the Department of Labour and Social development in Vologda Oblast (Region), Russian Federation visited Lithuania. The aim of the visit was to get familiarised with Lithuanian system of Social Services. Meetings with the employees at Vilnius Mother and Child Home and the specialists of methodological centre “Parama”, working with individuals addicted to psychotropic substances, and of methodological centre “Mes”, working with mentally disabled, were organized.

On 30 November 2005, a delegation headed by Deputy Minister of the Ministry of Social Security of the Republic of Kyrgyzstan Mrs. Uktomkhan Avazovna paid a visit to the Ministry of Social Security and Labour of the Republic of Lithuania which showed an interest in Lithuanian Social Protection system as well.

On 10-17 September 2005, a visit of a delegation representing the state institutions of the Republic of Kyrgyzstan followed where the experience of Lithuania in carrying out reforms in Family and Child Welfare policy was introduced and the issues of development of social work with the at-risk children were also discussed.

On 29 March 2006, a delegation of the Republic of Tadzhikistan showed a great interest in the social service system in Lithuania as well as in cooperation between social service providers, NGOs and national authorities both at local and national levels, and the legal basis of such cooperation.

In 2005, the Ministry of Social Security and Labour concluded the PHARE program project Support for the Ministry of Social Security and Labour in implementing free movement of workers and developing coordination of social protection systems at central and municipal levels. The project helped to strengthen administrative capacities of Lithuanian Institutions in terms of ensuring free movement of individuals as one of fundamental freedoms guaranteed by the EC Treaty.

After joining the EU in 2004, Lithuania is entitled to the EU support for two consecutive years in line with the Transitional Facility for Institutional Development, aimed at further development and strengthening of its administrative capacities for implementation of Community legislation and ensuring its execution, as well as promotion of good practice exchange, i.e. furtherance of the work initiated by PHARE programme during the pre-accession period. It is estimated that Lithuania will assimilate 24 million Euros in the period of 2004-2006.
The instruments for implementation the Transitional Facility for Institutional Development remained very much alike to the instruments used in PHARE Twinning and short-term Twinning projects, and technical assistance and provision contracts. As in case with PHARE program, all the components of investment project shall be allocated no less than 25% of total financing. Eligible for support under the Facility is strengthening of public administration in terms of needs that are included in the Commission’s comprehensive monitoring report and are not covered by structural funds.

All the projects presented should comply with the areas eligible for support under the Facility and the priorities drawn in the European Commission’s monitoring report on implementation of negotiation commitments. All the projects have to be prepared in compliance with the priorities set up by the Government of the Republic of Lithuania and the commitments assumed in the EU accession negotiations, and National Programme of Preparation for Membership in the European Union etc.. The focus should be given to the Facility coordination along with other support instruments – actions supported by Transitional Facility should not overlap with the support being provided by PHARE programme and the expected Structural Funds and Cohesion Fund support.

In 2005, the Ministry of Social Security and Labour prepared and submitted to the Ministry of Finance which acts as the National Aid coordinator pursuant to the Transitional Facility for Institutional Development, a proposal on 8 month simplified Twinning project in the area of strengthening the administration of social security system (the Project value amounts to 0.25 million Euros). The Project shall give a special emphasis on training the Judges of Administrative Court to work Social Security cases. After successful selection procedure the Twinning partner was selected – the Ministry of Social Affairs and Employment of the Netherlands. The Project is due to begin in September 2006.

5.1.4. Free movement of workers

5.1.4.1 Implementation of the free movement of workers

Free movement of workers is one of the fundamental freedoms guaranteed by Accession Treaties of the European Union (hereinafter referred to as the EU) and the EU Acquis. Exercising this freedom the citizens of Lithuania, as a member state, can move freely within the EU with certain exceptions (for more information see the Website of the Ministry of Social Security and Labour www.socmin.lt and the Website of Lithuanian Labour Exchange www.ldb.lt).

On 1 May 2006, Greece, Island, Portugal and Finland opened their labour markets to Lithuania along with other 7 new EU Member States (Ireland, United Kingdom and Sweden opened their labour markets on 1 May 2004) and in August 2006, Italy followed their example, consequently the citizens of Lithuania have now free access to employment in 9 countries of European Economic Area (EEA). The “old” member states impose minor restrictions basically in order to avoid violation of employees’ rights to good working conditions and decent remuneration, and protect sensitive labour market segments (See figure 5.1.4-1). Basically, only Germany and Austria impose strict requirements for entering their labour markets. Most countries have taken the decision to impose transitional restrictions in accordance with the European Commission’s report on transitional arrangements restricting the free movement of workers and after consultations with their social partners or after hearings in their respective National Parliaments.
## Restrictions imposed on workers from Lithuania after the EU accession

<table>
<thead>
<tr>
<th>Country</th>
<th>Until 30 April 2006</th>
<th>Since 1 May 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>Labour market is open.</td>
<td>Labour market is open.</td>
</tr>
<tr>
<td>Greece</td>
<td>Restricted access to labour market.</td>
<td>Labour market is open.</td>
</tr>
<tr>
<td>Island**</td>
<td>Due to decision made by neighbouring countries and 1/4 migrant workers arriving from new member states Island limits access to its labour market</td>
<td>Labour market is open.</td>
</tr>
<tr>
<td>Spain</td>
<td>Restricted access to labour market.</td>
<td>Labour market is open.</td>
</tr>
<tr>
<td>Italy</td>
<td>The ordinance of Prime Minister fixes yearly quota. Simplified work permits are issued by the request of employer.</td>
<td>In late June 2006, announces the opening of its labour market.</td>
</tr>
<tr>
<td>United Kingdom (Great Britain)</td>
<td>Labour market is open, but citizens of new member states within the 30 day period after the date of employment are obliged to register.</td>
<td>Labour market is open, but citizens of new member states within the 30 day period after the date of employment are obliged to register.</td>
</tr>
<tr>
<td>Portugal</td>
<td>Restricted access to labour market.</td>
<td>Labour market is open.</td>
</tr>
<tr>
<td>Finland</td>
<td>Restricted access to labour market.</td>
<td>Labour market is open.</td>
</tr>
<tr>
<td>Sweden</td>
<td>Labour market is open.</td>
<td>Labour market is open.</td>
</tr>
<tr>
<td>Belgium</td>
<td>Restricted access to labour market.</td>
<td>Will restrict access to its labour market; No restrictions in respect to “critical” professions (in need of workers); Work permit shall be issued in the period up to 5 working days.*</td>
</tr>
<tr>
<td>Denmark</td>
<td>Denmark allows seeking job while inside the country up to 6 months, but after being employed one has to acquire simplified work permit for full-time job only in registered enterprise under equal working conditions and payment that doesn’t constitute a breach of collective contract of employment.</td>
<td>Intends to gradually ease-up conditions for employment, i.e. enterprises covered by collective contracts of employment will be entitled for up-front work permits (employee shall not need to have a work permit; Moreover, Denmark intends to recall the requirement to have a work permit for the sectors in great need of workers. *</td>
</tr>
<tr>
<td>Norway**</td>
<td>EU citizens receive simplified work permits, if they work under standard working conditions and are paid sufficient salary.</td>
<td>Shall continue with the same restrictions.*</td>
</tr>
<tr>
<td>The Netherlands (Holland)</td>
<td>Workers have access only to those sectors, where according to the Labour and Income Centre evaluation, there is a need for workers. In the sectors there is no 5-week waiting period; a working permit issue time is only 2 weeks.</td>
<td>The Government is due to submit a proposal on labour market opening from the beginning of 2007 in November (initial proposal was submitted in April, but the Parliament remitted it motivating that it was to early to take the decision).*</td>
</tr>
<tr>
<td>France</td>
<td>Restricted access to labour market.</td>
<td>Intends to gradually lift the restrictions taking into account a lack of workers in specific sectors. In the sectors of construction, Hotel and Catering, agriculture, trade, manufacturing industry and cleaning permits are issued without restriction.*</td>
</tr>
</tbody>
</table>
As migration is increasingly becoming an issue in Lithuania it has reached the Government level. On the basis of the data provided by the Ministry of Social Security and Labour and taking into consideration the labour market situation and migration trends, in February 2006, the Government of the Republic of Lithuania considered the issue of free movement of workers within the EU and adopted Lithuania’s position on the matter specifying that Lithuania’s citizens should be ensured the same rights of free movement and employment as the ones enjoyed by other EU citizens, i.e. to move freely and get access to employment. In its position Lithuania expressed its belief that the EU states imposing restrictions will open their labour markets or at least create conditions for and encourage legal work of the citizens of Lithuania in their labour markets. Legal work will allow citizens of Lithuania to secure their rights and have a chance to legally pay their taxes with the prospect of getting pensions in the future. It was emphasized in the position that effective management of migration flows by the measures of domestic policy and growth of economic activeness of Lithuania’s population is the main target of Lithuania. With a view of achieving this goal Lithuania intends to prepare an integrated national economic migration strategy and adopt its implementation measures in such fields as business environment, labour market, education, health, etc.

Under the Ordinance of Prime Minister No 63 a working group headed by Mr. Rimantas Kairelis, State Secretary, the Ministry of Social Security and Labour, was formed to prepare a project for Economic migration management strategy (programme) by 1 October 2006.

If a person resolves to work and study in other EEA country, he or she can take advantage of services provided by EURES (the network of European employment services) that enables him or her to retain an enormous amount of information about all vacancies available in EEA and Switzerland. The portal of Lithuanian Labour Exchange, the service provider in Lithuania, offers information in Lithuanian on how to write a CV, on living and working conditions in different EU countries, study opportunities in Lithuania and within the EU. Furthermore, EU citizens at present can seek not only jobs available only to migrant workers within the EU (indicated by a EU country flag) but also those jobs that previously were available only for local workers.

<table>
<thead>
<tr>
<th></th>
<th>Restricted access to labour market.</th>
<th>Intends to restrict access to labour market, but will adopt simplified procedure of issuing working permits in agriculture sector. To be reviewed in one-year time.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxemburg</td>
<td>Restricted access to labour market.</td>
<td>Will continue restricting access to labour market.*</td>
</tr>
<tr>
<td>Austria</td>
<td>Restricted access to labour market.</td>
<td>Will continue restricting access to labour market.*</td>
</tr>
<tr>
<td>Germany</td>
<td>Restricted access to labour market.</td>
<td>Will continue restricting access to labour market.*</td>
</tr>
<tr>
<td>Switzerland***</td>
<td>Restricted access to labour market. Restrictions to be reviewed by 31 May 2007, when Switzerland will take a decision whether to continue with the restriction until 31 May 2009.</td>
<td></td>
</tr>
</tbody>
</table>
5.1.4.2 Events and Meetings on Workers’ Mobility Issues

On 29-30 June 2005, at the meetings of the Technical Committee and the Advisory Committee on free movement of workers in Brussels the representatives of the European Commission presented important information on topical issues relating to free movement of workers. Firstly, at that time EURES portal was already posting full list of vacancies available in 19 member states. It means that in February 2005, EURES databank contained 19,000 vacancies whereas in April, after aforesaid changes as many as 250,000 vacancies. Another novelty was that job search according to desired criteria could be performed not only in one, but in all member states. Secondly, it was pointed out that the Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the member states that should have entered into force in member states (i.e. its provisions should have been transposed into national law) by 30 April 2006, can present a great challenge, because under its provisions the EU citizens will no longer require a residence permit which will be replaced by a Permanent Residence Certificate. Taking the fact into consideration by the order of Minister of the Interior an interdepartmental working group was formed (the working group also included a representative of the Ministry of Social Security and Labour) to prepare a draft Law on the Legal Status of Aliens and other related draft laws which would ensure appropriate transposition of the provisions of aforementioned and other related directives. In January 2006, the draft laws were approved by the Resolution of the Government of the Republic of Lithuania and presented to the Seimas of the Republic of Lithuania.

On 16 September 2005, the first meeting of the newly formed Group of Representatives of Governments of Member States on transitional arrangements for free movement of workers from the new member states was held in Brussels. The group was formed in response to the need of exchanging the information and assessing the experience during the transitional period due to proximity of the second stage beginning 1 May 2006, when the old EU member states introducing transitional measures will have to decide whether to extend it or not (transitional period formula 2 + 3 + 2 years). The European Commission was especially keen to know if the transitional period proved right. All the social partners representing trade unions and employers who participated in meeting voice their opinions on practical and technical aspects of the introducing a transitional period. Majority of the participants spoke about their ungrounded fears and that the transitional period created basis for inequality and produced two classes of workers. The majority of representatives of trade unions spoke against introduction of transitional period. The representatives of employers from the old member states differed in their views: some maintained that transitional measures were somewhat helpful in preventing the increase in unemployment and competition; others believed that these measures limited the possibilities to find lacking manpower.

The statements of the representatives of the governments of the old member states suggested that they preferred to adopt the following positions (to be officially approved by the spring of the following year):

- In favour of further extension of transitional period – Austria;
- The decision on extension of the transitional period not adopted – Belgium, the Netherlands, Portugal, France, Finland and Germany;
- Considers the possibility of lifting the transitional period (application) – Spain.

In reference to the necessity of the transitional period, majority of the representatives based their preliminary opinions (not officially approved by their Governments and Parliaments) on recent considerable increase in unemployment and in growing numbers of new small businesses in their respective countries. At the time such debates in majority of the countries were just starting.

Most of the countries emphasized that their decision as regards a transitional period will be influenced by the European Commissions’ report on migration flows within all 25 EU member
states based on the data provided by the National Bureaus of Statistic which is to be presented in the beginning of 2006.

On 22-23 February 2006, at the meeting of the Technical Committee and the Advisory Committee on free movement of workers in Brussels the European Commission’s Report on the Functioning of the Transitional Arrangements on free movement of workers was discussed. Majority of representatives from member states welcomed the authors for their well prepared and impartial report, nevertheless, the representatives of Germany and Austria were not willing to agree with some of the conclusions of the report considering them superficial. The representatives of both states disapproved the conclusions of the European Commission considering that geographic position of states was ignored and put forward a rhetorical question what could have happened if they had not introduced restrictions when even with restrictions their countries saw an enormous influx of working power coming from the new member states. The members of the Free Trade Association as the members of EEA do not agree to include this directive in the supplements to the EEA Agreement and make it compulsory within EEA as it is related mostly to the EU citizenship, the European Commission announced. However, the European Commission relates the Directive with the free movement of workers and aims at achieving this objective.

On 28 March 2006, a meeting of high-level group on the transitional provisions was held in Brussels. At the meeting the representatives of the European Commission noted that free movement of workers should not be feared as it helps to boost the economies of states. According to the European Commission’s Report on the Functioning of the Transitional Arrangements on free movement of workers a short-term migration occurred, therefore quantitatively migration rate was not high. Only Ireland and Austria encountered considerable flows of immigrants from the new EU states but the migrants supplemented the already existing labour force of the old EU countries rather than replaced it. Moreover, the restrictions boosted the increase of posting of workers and undeclared work. Social partners emphasized at the meeting that restrictions applied to free movement of workers should be unbiased and well grounded and the rights of workers effectively protected. The position of Lithuanian was also presented in a nutshell at the meeting.

On 9-10 June 2005, a seminar on possibilities of statistical evaluation of workers’ mobility in the EU was held in Riga by CEIES, a division of EUROSTAT (the Department of European Commission) in cooperation with Latvian Government. The participants of the seminar agreed that the intended general census of population 2010 carried out by the institutions responsible for collecting statistical data should also include migration issues.

On 20-21 February 2006, a conference “Workers’ Mobility: a right, an option, an opportunity?” was held in Brussels where high-level representatives of the European Commission and member states gave their speeches. The relevance of workers’ mobility was highlighted in the conference in the context of the ageing EU population and the example of the United States was mentioned, where workers’ mobility was even greater and it had a positive impact on economy. A special presentation to celebrate the new EURES portal containing information on more than 1,000,000 job vacancies in the whole EU was also held. The Conference formulated the idea that mobility was an option rather than necessity.

It should be noted that the year 2006 were declared European Year of Workers’ Mobility and many events were planned to be held in the EU.

5.1.4.3. Migration Research

Taking into account considerable emigration flows of Lithuanian citizens, a research “The Measures to facilitate the return of Economic Migrants to their Homeland” was carried out in the end of 2005. According to the researchers, the policy of the state in pursuance of addressing the problems of emigration from Lithuania should cover several areas:
a) Lowering of emigration;  
b) Maintaining relationship with emigrants;  
c) Facilitating the return of migrants;  
d) Attracting labour force from abroad.

The study developed a conceptual model with the view to substantiate the state intervention in facilitating the return of migrants to Lithuania. This model indicates that the government should intervene when standard market factors do not work. Following this logic, it could be reasonably stated that a country should adopt certain measures to increase access to and quality of the information on the return of migrants and ensure the rights of persons who returned to their Homeland to the state aid and guarantees. A specific action plan aimed at facilitating the return of economic migrants to their homeland and the framework for institutional coordination of these measures were presented. The research will be of great value for the working group preparing the project for Economic migration management strategy (programme).

5.1.4.4. Integration of Aliens

Presently there has been an increasing flow of aliens immigrating into Lithuania, therefore Lithuania along with other EU member states has to ensure their integration. The Ministry of Social Security and Labour being responsible for social integration of refugees and aliens who were granted temporary humanitarian asylum represents the interests of Lithuania in integration of national contact persons at informal meetings within the framework of European Union. In carrying out this task the questionnaires on the situation of aliens and their integration in Lithuania are conducted, and meetings and seminars are held to address these issues in cooperation with other related national institutions, agencies and NGOs. On 25-26 July 2005, a seminar was held on Integration of immigrants into the labour market in Rome. Later seminars on other topical issues such as “Development of alien integration is a key measure of success” and “Integration infrastructure: how integration of migrants should be organized” were conducted. Taking into consideration the experience of the old member states in the field of alien integration, when the state basically takes responsibility of promoting the learning of the state language and private enterprises and NGOs are engaged in facilitating the integration of migrants into other spheres of life, it should be noted that in Lithuania there is a definite need to share these practices with employees. With the help of the European Commission and their advisers a new 4-volume Integration Guide based on seminar material is being prepared for publishing. All its parts shall include the examples of best practices and conclusions in accordance with the theme. The Integration Guide is due to be translated into all official languages of the EU.

5.1.5. Application of provisions on coordination of Social security systems

From the very beginning of the membership in the European Union the specialists of the Ministry of Social Security and Labour were directly involved in the activities of the Administrative Commission for Migrant Workers and in preparation of the new legislation of the European Union regulating the coordination of social security systems.

Proposals for replacement Annex IIa of the Regulation No 1408/71/EEC. Proposals of the Republic of Lithuania for replacing Annex IIa of the Regulation No 1408/71/EEC which shall include special non-contributory social insurance benefits payable by the EU and EEA member states to which the principle of export do not apply were put before the Administrative Commission. Annex IIa of the Regulation No 1408/71/EEC envisages that the provisions of the Regulation do not apply to social assistance pensions payable in accordance with the Law of 2004 on State
Social Benefits, and to compensation for transportation expenses to the disabled with impaired motor function in accordance with the Law on Transport Privileges.

A proposal recommends inserting in Annex IIa of the Regulation No 1408/71/EEC a relief compensation as determined in accordance with the Law of 2004 on State Social Benefits. This type of benefits is equal in status to non-contributory benefits – it is of mixed type bearing the elements of social security and social support; it is also non-contributory and is financed from the State budget.

It might be added, that for the remaining benefits (orphan’s social assistance pensions and target compensations for nursing or attendance (assistance) expenses) determined by the Law on State Social Benefits the provisions of the Regulation No 1408/71/EEC shall be applied in full.


**Modernisation of Regulation No 574/72/EEC.** When modernising Regulation No 574/72/EEC, a particular attention was given to consultations with stakeholders and outcome evaluation. In order to prepare a specific proposition on how to organise a day-to-day cooperation between the institutions of member states more effectively, so as to achieve better service delivery for persons, member states held many consultations with social security specialists. Several working groups responsible for different social security risks, e.g. illness, accidents at work, disability, old age and applicable law, etc., were founded. Moreover, the Administrative Commission of the European Communities on Social Security for Migrant Workers would continuously consult the specialist appointed by member states.

In accordance with reports of the working groups a resumptive report was prepared, were the Regulation No 574/72/EEC guidelines for modernisation were presented. Most of the guidelines were used for the proposition of a new implementing regulation.


The draft was presented and debated in the meetings of the EU Council working groups on social issues, which were attended also by the Ministry representatives. In the first half of 2006, the working group deliberated upon chapter 1 and chapter 2 of the draft, article by article. The core of disagreement and discussions were defining certain terms, criteria on determining the living place, rules regarding length-of-service and electronic exchange of information between competent authorities of member states. Also, articles 4 and 5 of the draft on disability benefits, retirement pension, widow’s benefit and orphan’s pension were introduced.

**Review and approval of E-form.** When implementing provisions of regulations, the competent authorities of the EU and EEA of member states use special E-forms. They are standardised documents used in all member states. Every contingency has its special E-form. There is a separate

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6 http://europa.eu.int/comm/employment_social/missoc/index_en.html
E-form for each and every contingency. E-forms may be changed taking into account changes in national social security systems.

Throughout the year 2005, the review of E-forms was conducted by adapting and complementing them in accordance with specific needs of the institutions of Lithuania. Lithuanian variant of E-forms was also prepared and after the official approval by the Administrative Commission on Social Security for Migrant Workers these forms were started to be used by institutions of Lithuania.

Working group for the analysis of issues related to the application of provisions of regulations and preparation of recommendations on their application was formed by the order No A1-33 of 7 February 2005 of minister of Social Security and Labour in pursuance to ensure that the state insurance and social assistance is operative, controlled and improved, and taking into account the questions arising over the application of the provisions of the regulation No 1408/71/EEC of the Council of 14 June 1971 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community, and Regulation 574/72/EEC of the Council of 21 March 1972 fixing the procedure for implementing Regulation (EEC) No 1408/71 (hereinafter referred to as Regulations).

During the period 2005-2006, 2 working group sessions were held where the following issues were discussed and the following decisions adopted thereto:

1) Any employed or self-employed person working in several member states, who in compliance with the provisions of the Regulation No 1408/71/EEC is subject to the social security legislation of the Republic of Lithuania, must calculate his social insurance contributions out of his total income, i.e. including the incomes that arise in other EU or EEA member states. The employer in another member state is obliged to register as an insurer of the Republic of Lithuania and pay social insurance contributions from his/her employee’s salary. The Regulation No 574/72 envisages a possibility that the employer may make an agreement with the employee that he or she takes up the employer’s responsibility to pay the insurance contributions. Hereby the employee pays a part from the money he receives from the employer as contribution, it should be noted, however, that in this case the responsibility of paying the contributions lies with the employer.

2) When awarding disability pensions, the established onset date and the data of eligibility for social security disability benefits in Lithuania must coincide with the established onset date in another state.

3) Calculation of length-of-service during the Soviet period with pensions being awarded in accordance with the provisions of Regulation No 1408/71 and the Regulation No 574/72 was considered. The Law on the State Social Insurance makes provisions for computing a person’s length-of-service including the working years until 1 June 1991 not only in the territory of the Republic of Lithuania but also in the whole territory of the former Soviet Union unless the international contracts state otherwise and unless other national pensions are awarded to the person for this period. Given the similar legislation provisions regarding length-of-service acquired during the Soviet period in Latvia and Estonia, a decision was made to tackle the issue with the above-mentioned states.

Training and reporting on social security in Europe (TRESS). It is a unique project for a three-year period of 2005-2007, set up by the Secretariat-General for labour and social affairs of the European Commission. The project is being implemented by the Ghent University (Belgium) in cooperation with specialists of EU Social Security Law in all member states and is aimed at developing coordination knowledge and creating a strong network connecting the national social security administration (SSA), NGOs, judges, other lawyers, independent experts facing the problems of applying coordination rules in 25 member states. The TRESS network intends to organise training and build up the European social security coordination network in all EU member states.

Each of all 25 EU member states holds a one-day training seminar once a year. France, Germany, UK and Poland organise 2 such seminars. Lithuania held two TRESS seminars: on 1 July
2005 and 23 May 2006. At the first seminar the experts from the Ghent University introduced the TRESS project, its key objectives, and discussed the new Regulation (EC) No 883/2004 which is to replace the Regulation No 1408/71/EEC presently in force.

The implementation of the EU Regulations on coordination of social security schemes in Lithuania and related problems were also discussed with the European Commission and the specialists of the Ghent University. The main attention was devoted to the issues of establishment the applicable law. The discussion was also held on laying down the criteria for main activity of a sending company and refund of social insurance contributions pursuant to the provisions of the EU Regulations. It was notified that when applying the provisions of Regulations, the decisions of The Court of Justice of the European Communities and of the EU Administrative Commission on Social Security for Migrant Workers and of the Court of Justice should be taken into consideration.

At the second TRESS seminar the results of the TRESS project activities for 2005 were presented and the newest decisions by The Court of Justice of the European Communities in the field of social security discussed. The representatives of various institutions of Lithuania shared their experience in implementing the provisions of the Regulation No 1408/71/EEC in the field of health protection and allocating the state social insurance pensions. When discussing the practice of implementing Regulations as regards coordination of pensions1408/71/EEC in the field of health protection with a particular focus on determination of habitual place, implementation of transitional provisions of Regulation (EEC) No 1408/71 and aggregation of social insurance periods of less than one year served in other member states into the overall period of pensionable service.

In addition to the training component, TRESS project reports are no less important. The goal of the TRESS is to explain application of executive-level coordination rules and challenges in different member states and to notify the European Commission of them. 25 national specialists investigate and prepare reports on the situation of migrant workers in terms of their social security, changes and prospects.

Dissemination of information is yet another important component of the project. The project aims to create a webpage containing (presenting) thorough information on social security coordination in Europe (including a notification database which allows for comparative analysis of states. The information will be useful not only to competent authorities of member states but also to persons who are willing to acquire more information on social security rights when moving from one member state to another one. The information will be displayed on the webpage in all EU languages.

**Statistical data on the EU legislation regulating coordination and implementation of social security schemes:**

The Foreign Benefits Office of the State Social Insurance Fund Board (SSIFB) is a competent institution to decide whether or not a person qualifies for a pension in accordance to the provisions of the Regulation No 1408/71/EEC and the Regulation 574/72/EEC. Starting 1 June 2005 until 1 June 2006, SSIFB Foreign Benefits Office received 1,804 applications claiming social insurance benefits. Retirement benefits accounted for the majority of applications.

Also, 870 applications claiming benefits were sent to other EU/EEA member states.

Persons receiving pensions only from Lithuania, i.e. those who have no social insurance record in other EU/EEA member states and who are departing for permanent residence in another EU/EEA member state retain their compulsory health insurance coverage in Lithuania. This is certified by the form E-121 being issued by the Foreign Benefits Office of the State Social Insurance Fund Board and territorial patient funds. Starting 1 June 2005 until 1 June 2006, 42 certificates E-121 were issued in Lithuania. One of the underlying principles of coordination of the EU Social Security Schemes is summing up all the social insurance periods acquired in other member states thereby establishing the right to social insurance benefits. For summing up all the insurance periods in order to receive maternity or sickness benefits and disability benefits the form E-104 LT is used. Beginning 1 June 2005 until 1 June 2006, 160 applications for obtaining certificates E-104 were received in Lithuania.
The form E-101 certifying that an employed person and self-employed person is subject to the social security legislation of the Republic of Lithuania accounted for the majority of applications (3,215). Starting 1 June 2005 until 1 June 2006, 2,156 certificates E-101 LT were issued. During this period 1,238 requests claiming family benefits were received.

When implementing the provisions of the EU Regulations in the field of insurance and unemployment, starting 1 June 2005 until 1 June 2006, 101 certificates E-301 were issued to the citizens of the Republic of Lithuania departing to another EU/EEA member state. The certificate confirms that the indicated social insurance periods should be considered in allocating unemployment insurance benefit in another member state. Most of the certificates E-301 LT were issued to persons departing to Ireland and least for the persons departing to the Netherlands, Luxemburg, Malta, Norway, the Czech Republic, Finland, Denmark and France.

Citizens of the Republic of Lithuania who are getting unemployment benefit in Lithuania and are departing to a foreign country to find a job, and also foreigners who are comming to work in Lithuania and getting unemployment benefit in other EU states are issued E-300 series. The form E-303 certifies the claimant's eligibility to receive unemployment benefits provided for in accordance with the state's legislation. The form E-303 consists of several series: form E-303/0, form E-303/1, form E-303/2, form E-303/3, form E-303/4 and form E-303/5. Certificates E-303(1), E-303(3), E-303/4 and E-303/5 are handed in by territorial labour exchange offices to the person going abroad, however, the form E-303/2 is being sent to the competent foreign authorities.

The certificate E-303/0 remains in the institution which issues it. The certificates E-303(1) and E-303/4 are to be presented on registering at the Placement Service of the EU state. The certificate E-303/1 is to be submitted to the Placement Service of the EU state which a person left for looking for a job.

The Placement Service of another EU state returns the certificate E-303/2 to the competent authority of the EU member state the unemployed person came from, thereby certifying when the newly arrived person registered at the Placement Service and started receiving unemployment insurance benefit. The certificate E-303/3 is to be submitted to the health insurance authorities. When the period of validity of the certificate E-303 expires, the competent authority of another EU state adds to the certificate E-303/4 the data on unemployment insurance benefits paid and returns it to the competent authority of Lithuania. The certificate E-303/5, which is meant for the insured person, contains the information on unemployment insurance benefits paid. Starting 1 June 2005 until 1 June 2006, 14 certificates E-303/2 were sent to other EU member states (mostly to Germany, Denmark, and France); 30 certificates E-303/2 issued to citizens of the Republic of Lithuania departing to foreign countries (mostly to Ireland and the UK); 14 certificates E-303/4 sent (mostly to Germany); and 25 certificates E-303/4 issued to citizens of Lithuania departing to foreign countries (mostly to Ireland and the UK).

On the other hand, only few applications to issue certificate E-300 were received from such countries as Belgium, Spain, Finland, Sweden, Austria and Denmark.

Total of 83936.94 Lt for unemployment benefits to foreign countries were paid by the territorial labour exchange offices of the Republic of Lithuania. Also, benefits were paid to 13 foreign citizens (mostly to the citizens of Germany and Denmark).

46206.71 Lt were returned to the Labour Exchange of Lithuania by Germany, Sweden and Belgium for unemployment benefits paid by territorial exchange offices of Lithuania to six EU citizens.
5.1.6. Participation in the activities of EU judicial institution

Upon accession to the EU, Lithuania gained the right to have a say in the EU judicial institutions, i.e. in the Court of Justice of the European Communities and the Court of First Instance. The social report 2004 contains thorough information on the procedures of participation in the activities of the EU Judicial Institutions.

In 2005, the Ministry of Social Security and Labour analysed a few cases brought before the Court of Justice. In December 2005, the Ministry presented to the EU Law department its position where it stated that the case to be considered in the Court of Justice of the European Communities was relevant to Lithuania and it was appropriate for Lithuania to join it. The case being considered raised the issue whether certain activities of trade unions in Sweden and the due provisions of legislation in Sweden did not violate the EC provisions on free provision of services and the prohibition of all discrimination on grounds of nationality, also the Directive No 96/71/EEC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services.

After considering the provisions of the legislation in Lithuania, the specialists of the Ministry of Social Security and Labour pointed out that the forthcoming decision might worst affect Lithuanian employers in providing services in foreign states if it emerged that foreign employers might be forced to lay down and impose on their employees new unsettled terms and guarantees, stronger than are required by the Directive 96/71/EC. Given the forthcoming decision might affect the rights of employers of Lithuania to freely provide services in another member state, the decision to join the case, thereby, was taken.

5.1.7. MISSOC activities

In January and July of 2006, the Ministry of Social Security and Labour alongside with other responsible institutions of EU member states presented the up-to-date information on social protection in the country to the MISSOC (The Mutual Information System on Social Protection in the Member States of the European Union) tables. The information on social protection in Lithuania and other countries for January is already displayed on the MISSOC page on the Internet, which is one of the most frequented page on the official EU web page.

In January 2006 the Ministry of Social Security and Labour in cooperation with the Ministry of Health presented a report on long-term care to MISSOC-Info bulletin. MISSOC-Info bulletin is intended to provide information on the social protection systems in different states on certain topical issues. The bulletin is being published twice a year in English, German and French. MISSOC information is also displayed on the MISSOC page on the Internet, as mentioned thereinbefore.

In 2006, the Ministry of Social Security and Labour prepared the annual report on essential changes in social policy of Lithuania during 2005. This report introduced the reform in the field of social integration of disabled people in Lithuania. It might be worth mentioning that the MISSOC network member countries prepare annual reports on essential changes in the field of social protection and send them to the MISSOC experts who present their summing-up to the European Commission.

MISSOC meetings are held twice a year in the member state holding the presidency of the EU. On 27-29 October 2005, a MISSOC meeting was held in Oxford (Great Britain). Alongside with other usual issues, the retirement pension reform in England was introduced and the pension systems in other states discussed. On 18-20 May 2006, a MISSOC meeting was held in Vienna (Austria). At the meeting the retirement pension reform in Austria was introduced and the issues regarding orphans’ and widows’ pensions, benefits for accidents at work and occupational diseases were dis-
discussed. Moreover, the information was announced about the intended reorganisation of the MISSOC Secretariat by the European Commission. The MISSOC received a mandate for a five-year period in 2003, therefore the Commission’s intention provoked a negative response from the responsible representatives of member states. The meeting participants prepared and signed the appeal to the responsible EU Institutions regarding the intended reform by the EC which may serve as a serious obstacle in reasonably well-functioning MISSOC Info system.

5.2. PARTICIPATION IN THE ACTIVITIES OF INTERNATIONAL ORGANISATIONS

Active participation in the activities of international organisations, such as International Labour Organisation, Council of Europe, United Nations, and Organisation for Economic Co-operation and Development is an important responsibility for the Ministry of Social Security and Labour.

5.2.1. Membership in the international labour organisation

Drafting of reports on the application of Conventions in Lithuania. Following Article 22 of the ILO Constitution, comprehensive reports were prepared in 2005 on how the provisions of nine ratified Conventions are applied in Lithuania:

- Convention No 29 concerning Forced Labour, 1930;
- Convention No 73 concerning the Medical Examination of Seafarers, 1946;
- Convention No 81 concerning Labour Inspection, 1947;
- Convention No 105 concerning the Abolition of Forced Labour, 1957;
- Convention No 108 concerning Seafarers’ Identity Documents, 1958;
- Convention No 138 concerning Minimum Age,1973;
- Convention No 160 concerning Labour Statistics, 1985;
- Convention No 182 concerning the Worst Forms of Child Labour,1999;
- Convention No 183 concerning the Revision of the Maternity Protection Convention, 2000;

In 2005 Lithuania answered the Questionnaire on gender equality in remuneration for work and maternity protection issues, as well as the Questionnaire on the issues of occupational safety and health. In the first half of 2006 responses to the Questionnaire on occupational safety and health inspections in seaports were submitted to the International Labour Office.

Activities at the Governing Body. The Governing Body (GB hereafter) is the Executive Body of the International Labour Office (the Office is the Secretariat of the International Labour Organisation), composed of 56 titular members (28 Governments, 14 Employers and 14 Workers representatives). It meets three times a year and takes decisions on ILO policy, the Programme and the Budget of the organisation, elects the Director General, etc.

In June 2005 the new GB members were elected. Since the term of Lithuania as the Regular Member has expired, representatives of Lithuania participated in the 294th GB session, which was held on 3 – 18 November 2005, as observers.

The main activity of Lithuanian representatives in the 294th session of the GB was participation in the working sessions of the Committee on Legal Issues and International Labour Standards, as well as Programme, Financial and Administrative Committee and the Committee on Sectorial and Technical Meetings and Related Issues.

Meetings of the EU and IMEC coordination groups were also held during this GB session. Moreover, the Regional Group for Central and Eastern Europe was meeting to discuss relevant issues of the GB session agenda.
The International Labour Conference. At the 94th Maritime Session of the International Labour Conference, which was held on 7-23 February 2006, Lithuania was represented by the delegation headed by Mr Edvardas Borisovas, Ambassador to the Permanent Mission of Lithuania at the United Nations and other International Organisations in Geneva. The delegation was formed following the tripartite principles of the ILO Constitution, i.e. from representatives of the Government, Employers (shipowners) and Trade Unions (seamen).

Consolidated Maritime Labour Convention was discussed during this session. The basis for discussions at this Conference was the Draft Convention aimed at amending almost all (over 65) maritime labour Conventions adopted since 1920. This Convention was adopted by: 314 votes for, 4 – abstained, and no votes against.

The discussed Convention, which was adopted at the Conference, covers a wide range of rights of seamen to decent working conditions, including the spheres of health, minimal age of admittance to work, working time and other vitally important areas of life and work of seamen.

Prior to the ILO Maritime Conference a Meeting of Experts was held in Brussels (Belgium) on 13 January 2006, devoted to the preparation for the ILO Conference session. A representative from the Ministry of Social Security and Labour took part in this event. Essential issues of the Conference agenda were discussed during this meeting and preliminary positions of the EU Member States agreed. Opinion of the European Commission concerning possible ILO proposals and mismatch of the EU standards was also submitted.


This ILO Convention and its Protocol were ratified following Protocol No 14 of 20 August 2004 of the Republic of Lithuania Government Session on Strategic Planning. Ratification of the C147 Merchant Shipping (Minimum Standards) Convention, 1976 and its Protocol, 1996 was of particular significance for Lithuania aiming to become a full member of the Paris Memorandum of Understanding on Port State Control in the waters of the European coastal states.

This Convention of the International Labour Organisation has been by now ratified by 52 states and is among the most widely ratified ILO maritime Conventions.

5.2.2. Membership in the Council of Europe

Activities in the Committee of Experts on Social Security (CS-SS). In 2005 the Committee of Ministers decided to discontinue the activities of the Committee of Experts on Standards-Setting Instruments in the Field of Social Security (CS-CO) and the Committee of Experts for Coordination in the Social Security Field (CS-CR), and established a new Committee – the Committee of Experts on Social Security (CS-SS).

The first meeting of the CS-SS was held in Strasbourg (France) on 9 – 11 May 2006, where reports and conclusions were discussed on the implementation of responsibilities of the states in regard to the requirements of the European Code on Social Security and its Protocol. High attention was given to the discussion of the concept of suitable employment.

Information on bilateral cooperation related to the implementation of the Council of Europe social security instruments since April 2005 was delivered at the meeting. It should be noted that in 2005 Lithuania has also made recourse to expert assistance in preparation for signing the European Code of Social Security (the seminar was held in Vilnius on 17 June 2005). The Lithuanian representative informed the members of the Committee about the fact of signing the European Code of Social Security by the Republic of Lithuania and thanked the Secretariat and the Experts of the
Council of Europe and the International Labour Organisation for their assistance in preparation for signing the above Code. The Secretariat noted it has been always open for requests from the states concerning corresponding support or assistance and actions.

**Activities in the European Committee for Social Cohesion (CD-CS).** The 16th meeting of the European Committee for Social Cohesion (CD-CS) was held in Strasbourg (France) on 28 – 29 March 2006. Various issues related to social cohesion were discussed in the sessions of the Committee, covering the spheres of social services, migrants, pensions, child and family policies, international events and support to the South-East Europe in the context of the Council of Europe, as well as the activities and future plans of the Committee.

Rather active discussions took place with regards to the Resolution of the Committee of Ministers adopted in 2005 concerning the activities of committees and their subordinate institutions, as Non-Governmental Organisations (NGOs) expressed their wish to participate in the activities of the committees and the bureaus of the committees. Members of the Committee stated their opinion that NGO representatives may only be invited to the meetings as optional observers, i.e. on irregular basis.

In coordinating the opinion of the Committee concerning the Draft Recommendation of the Committee of Ministers aimed at encouraging participation of young minority individuals in taking decisions on issues related to them, the decision was taken to agree to the draft recommendation by stressing the importance of social cohesion for individuals and vulnerable groups in particular.

During the discussions on issues related to children and families Recommendations on “Positive education of children in modern Europe” were delivered to the Governments/public authorities.

Two possible projects were discussed in assessing the suggested actions, which might start in 2007, namely, “Strengthening of Social Cohesion to avoid exclusion and promote diversity” – aimed at addressing the issues of poverty and exclusion, in particular employment possibilities and family; and “Revision of the Family Model with regards to the interests of the child” – aimed at encouraging paternity and addressing the issues of family policy influenced by demographic, socio-economic and cultural developments, and reconciliation of family and employment responsibilities.

Also Draft Agenda for the Social Cohesion Forum, which has been held every two years and has been currently planned for November 2006 on “Achieving social cohesion in a multicultural Europe”, was discussed. It was suggested to pay more attention during the forum to the issues of social cohesion and migration. Conclusions from the previous Forum on “Reconciling labour flexibility with social cohesion” were evaluated and the proposal for the 2008 forum agenda on “Dialogue regarding the future pension system: challenges, possibilities and responsibilities of all stakeholders in the system” was preliminary discussed. In this Forum the issue of pensions in the context of social cohesion will be addressed, taking into account the impact of the problem on individuals and pensioners, as well as structural changes in the society.

The next 17th Meeting of the CD-CS Committee is planned to be held in November 2006 in Strasbourg.

**Signing of the Code of Council of Europe.** On 15 November 2005 the Republic of Lithuania signed the 1964 European Code of Social Security. The 1964 European Code of Social Security, its Protocol and the 1990 (Revised) European Code of Social Security are the main documents of the Council of Europe on setting social security standards. Ratification of this Code is considered in the 1996 European (Revised) Social Charter as the national indicator of proper social security in the country. Moreover, the Code is important not only for the member states of the Council of Europe, but also for the member states of the European Union, since similar document which sets compulsory minimal standards on social security is not available among the instruments of the European Union. It was important for Lithuania, as a member of the European Union, to declare recognition of the minimum social security standards set in the Code and acknowledged in the entire Europe, and to express readiness in seeking for appropriate social security system. Lithuania, willing to join the
Code, had to receive the approval from the Council of Europe. The Council of Europe in cooperation with the experts of the International Labour Organisation has submitted its conclusion stating that Lithuania mainly meets the requirements of the Code and that the Council does not see any obstructions for Lithuania in signing and ratifying the European Code of Social Security. Most of the EU member states, which are also members of the Council of Europe, have signed and ratified the European Code of Social Security.

In 2005, on the request of the Council of Europe, an independent international expert has studied in detail the repeated analysis of Lithuania on correspondence of Lithuanian legal acts to the requirements of the European Code, and noted that Lithuania has been actually ready for ratifying six parts of the Code:

- Part II (Medical Care);
- Part III (Sickness Benefits);
- Part IV (Unemployment Benefits);
- Part V (Old-age Benefits);
- Part VIII (Maternity Benefits);
- Part IX (Invalidity Benefits);


**Participation in the activities of the UN ECOSOC.** Lithuania has been elected a member of the United Nations Economic and Social Council from 1 January 2005 till the 31 December 2007 (see Social Report, 2004). In 2006 Lithuania has been elected Vice-President of the ECOSOC.

ECOSOC is one of the six main UN bodies, covering such spheres of activities as the improvement of living conditions in the member states, employment, economic activities, and social situation. ECOSOC approves reports of the 11 UN funds and programmes, adopts (submits) recommendations to the UN system and the member states on the above issues. ECOSOC initiates and carries out surveys, drafts reports and submits recommendations to the UN General Assembly on economic, social, cultural, education and science, health care, human rights and other related issues, coordinates the activities of 14 Specialised Agencies, 10 Functional Commissions and 5 Regional Commissions, provides information and assistance to the UN Security Council.


1) 18 January – the 41st Session of the UN Committee of the Rights of the Child (Geneva, Switzerland);
2) 7 – 23 February – 94th Session of the ILO Marine Conference (Geneva, Switzerland), (more information on this Conference see in the chapter on ILO);
3) 21 – 22 February – 68th Session of the UN Committee on the Elimination of Racial Discrimination (Geneva, Switzerland);
4) 3 – 7 April – 39th Session of the Commission on Population and Development (New York, USA);

Moreover, in the 44th Session of the Commission for Social Development held in New York on 8 – 17 February 2006, the Representative of the Permanent Mission of the Republic of Lithuania to the United Nations delivered a speech prepared by the specialists of the Ministry of Social Security and Labour providing information on the activities and the achievements of Lithuania in combating poverty.
A consolidated report II-III of the Republic of Lithuania on the implementation of the UN Convention on the Rights of the Child in Lithuania has been presented at the 41st Session of the UN Committee of the Rights of the Child. The Head of the Lithuanian delegation Ms Violeta Murauskaite (Secretary of the Ministry of Social Security and Labour) presented to the meeting the introductory review of the achievements of Lithuania implementing the provisions of the UN Convention of the Rights of the Child during the period of 2001 – 2005, the new legislation, strategies and programmes significant to the implementation of the rights of the child in the Republic of Lithuania.

The Lithuanian delegation successfully presented and defended in the 68th Session of the UN Committee on the Elimination of Racial Discrimination the II and the III Joint Reports following the provisions of the UN Convention on the Elimination of all Forms of Racial Discrimination.

The 39th Session of the UN Commission on Population and Development was held to address the issues of international migration and development. The aim of the Session was to get adequately ready for the high level dialogue at General Assembly on international migration and development in New York (USA) on 14 - 15 September 2006.

Besides, the session addressed and discussed other issues related to financial possibilities of the Commission for the implementation of the action plan of the International Conference on Population and Development, work of the UN Secretariat in the sphere of population and development, working methods of the Commission to ensure effective cooperation with the United Nations Economic and Social Council (ECOSOC). The Lithuanian representative presented Lithuanian experience in addressing demographic challenges, migration and development issues.

5.3. INTERNATIONAL TREATIES

5.3.1. Bilateral agreements (arrangements) in the field of social security

The Republic of Lithuania has signed 12 International Bilateral Agreements in the field of social security, including 8 on social protection (with Belarus, Check Republic, Estonia, Latvia, the Kingdom of the Netherlands, Russia, Finland and the Ukraine), and only 4 on pensions (with the USA, Canada, Poland and Russia).

Most of the International Agreements concluded by the Republic of Lithuania are based on the pro-rata (proportional) principle, i.e. state social insurance periods acquired in both countries are added together in defining the entitlement to the benefit, and the proportion of the benefit is calculated by each state separately in proportion to the acquired state social insurance period. The calculated amount of the benefit is then delivered to the state, where the individual is permanently residing. Only the Agreement with Russia (on pensions) is based on the principle of integration (territorial), where the periods of the acquired state social insurance in both countries are added together, and the benefit is calculated and granted in the state, where the person is permanently residing, following the national law of the latter state. In most cases international agreements based on the principle of integration are concluded between countries where migration flows are very much different, e.g. much more people left from Lithuania to Russia that arrived to Lithuania. This means that agreements concluded on pro rata principle would put in this case a higher financial obligation on Lithuania than on Russia. Therefore the said agreement with Russia is considered as agreement for the transitional period, anticipating that the two-way migration will decrease, will come to an equal level or increase towards Lithuania.

Among international bilateral agreements concluded by the Republic of Lithuania, the most exceptional are the two agreements below:

- Agreement between the Government of the Republic of Lithuania and the Government of the Russian Federation on Procedures in providing social guarantees to the retired servicemen of
the Russian Federation permanently residing in the Republic of Lithuania, which is applicable following the national Law of the Republic of Lithuania for servicemen of the former Soviet Union permanently residing in Lithuania, as well as for their family members, and receiving pensions and benefits from the national budget of the Russian Federation. Irrespective of the citizenship, pensions to the above indicated individuals are provided by the Russian Federation following its national legal conditions and norms, and

- Agreement between the Government of the Republic of Lithuania and the Government of the United States of America on payments of social insurance pensions abroad, which ensures export of pensions awarded to an individual in one state to another state, party of the agreement, to which the person moves for residence, avoiding the totalling of the social insurance periods.

As mentioned earlier in the Social Report of 2004, after Lithuania joined the EU, direct application of the Regulation (EEC) No 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community, and the Regulation (EEC) No 574/72 of the Council of 21 March 1972 fixing the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community started, and International Agreements concluded by the Republic of Lithuania in the field of social security with Estonia, Check Republic, Finland, Latvia, the Kingdom of the Netherlands and Poland are actually no longer applied in practice while granting new benefits (however, the above international agreements are followed in disbursing benefit payments to individuals to whom such benefits were awarded before Lithuania’s membership in the EU). Taking this into consideration and with regards to the Note of Finland, delivered to the Government of the Republic of Lithuania by diplomatic channels of the Finish Ministry of Foreign Affairs in May 2005 offering to denounce the Agreement on social protection signed by the Republic of Lithuania and the Republic of Finland on 12 September 2000, the Seimas of the Republic of Lithuania denounced the above International Agreement in November 2005. Following Article 33 of this Agreement, the fact of denunciation comes into effect after 6 months from the day the other party is informed about this by diplomatic channels.

In January 2006 the Ministry of Social Security and Labour of the Republic of Lithuania received the Note from the Ministry of Social Affairs and Employment of the Kingdom of the Netherlands, stating that regardless the direct application from the 1 May 2004 of the Regulation (EEC) No 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community, the Government of the Kingdom of the Netherlands is of the opinion that certain Articles (in particular Article 5 on determining the identity, and Article 6 on confirming applications and benefits) of the Agreement between the Republic of Lithuania and the Kingdom of the Netherlands on Payments of social benefits abroad, concluded on 12 December 2002, remain relevant and important. Accordingly, the Ministry of Social Affairs and Employment of the Kingdom of the Netherlands offered to effectuate the necessary procedures for further application of the said Articles in the Agreement between the Republic of Lithuania and the Kingdom of the Netherlands on Payments of social benefits abroad.

Following the approval of corresponding institutions the Lithuanian Party agreed to further application of Articles 5 and 6 of the Agreement between the Republic of Lithuania and the Kingdom of the Netherlands on Payments of social benefits abroad, concluded on 12 December 2002.

Further steps to be taken by the Parties for establishing the procedure on further application of the said Articles of the Agreement in both states will be discussed in due course.

In 2005 – 2006 further efforts were taken to address the problems of Lithuania, Latvia and Estonia related to procedures of reckoning Soviet time working and insurance periods following the provisions of Council Regulations 1408/71 (EEC) and 574/72 (EEC). The Draft Agreement between the Government of the Republic of Lithuania and the Government of the Republic of Estonia on reckoning insurance periods acquired on the territory of the former USSR was improved and submitted
to the institutions concerned for coordination. In March 2006 the Lithuanian party accomplished the coordination procedure set by law of the Republic of Lithuania for international agreements and delivered the Draft Agreement by diplomatic channels to the party of Estonia.

Lithuania has prepared analogical Draft Agreement with the Government of the Republic of Latvia, which was agreed with the institutions concerned in the set order by the law of the Republic of Lithuania and delivered to the Latvian party by diplomatic channels in May 2006.

On the invitation of the Ministry of Social Security and Labour of the Republic of Lithuania a delegation of experts from Russian Federation visited Vilnius on 24 - 26 October 2005, where the first round of negotiations concerning the Agreement on Cooperation in the field of pensions took place. During this meeting 20 articles of the Draft Agreement elaborated by the Lithuanian party were reviewed, leaving consideration and coordination of the remaining articles for the second round of negotiations. It might be noted that negotiations went smoothly, and a significant progress was achieved in discussing the draft agreement.

Agreement between the Ministry of Social Security and Labour of the Republic of Lithuania and the Ministry of Labour and Social Policy of the Ukraine on the procedure for the implementation of the Agreement between the Government of the Republic of Lithuania and the Government of the Ukraine on social protection was signed on 9 December 2005. This Agreement has been prepared following the requirements of the Agreement on social security signed on 23 April 2001 by the Government of the Republic of Lithuania and the Government of the Ukraine. Accordingly, the Agreement stipulates for the delegation of competent institutions to be in charge for granting and disbursing of benefits, for procedures on issuing corresponding references or notifications and for submitting applications by individuals, and for administrative assistance. If needed, an opportunity is provided for inter-institutional arrangements between competent institutions of the parties, e.g. the State Social Insurance Fund Board of the Republic of Lithuania and the Pension Fund of the Ukraine. It will facilitate the implementation of the Agreement and will help to address urgent issues related to the application of the provisions of the Agreement.

Bilateral consultations between experts from the Ministry of Social Security and Labour of the Republic of Lithuania and Israel took place on 12 May 2006, where experts from both countries presented their national social security systems, exchanged information on the concluded international agreements in the sphere of social security and discussed the principles and the scope of possible bilateral agreement.

Since the scope and the principles for concluding the agreement were not finally analyzed and agreed, the parties decided to continue consultations in future and coordinate the principles and the scope of the possible bilateral agreement, and obliged themselves to exchange information on statistics of migration.

5.3.2. International agreements in the sphere of employment

Four bilateral agreements in the sphere of employment are currently in force in Lithuania: with Germany, Sweden, the Ukraine and Russia (see Social Report, 2004).

It is obvious that the most relevant agreement for Lithuanian citizens in recent years was the Agreement with Germany, which opened the possibility to get legally employed and improve skills in this country.

Fifty one citizen of the Republic of Lithuania worked on probation in 2005, although the quota defined in the Agreement is for 200 individuals per year. Main reasons preventing from sending more people to Germany for working on probation are nonconformity of candidates to the requirements on qualification, inadequate language skills, long-lasting job search in Germany, etc. Besides, from 1 May 2004 Ireland and the United Kingdom of Great Britain and Northern Ireland
opened their labour markets and became the biggest points of attraction for Lithuanian labour migrants.

In 2005 there were no persons willing to work in the Ukraine. Taking into account the needs of the labour market, 486 Ukrainian citizens were employed in Lithuania, i.e. the number of Ukrainian workers in Lithuania increased by 74% (in 2004 – 279). Most of them were highly skilled ship body welding and mounting specialists, who were in great demand for Lithuanian employers in particular after the opening of the EU borders on 1 May 2004.

From Russia 178 people were employed in Lithuania in 2005, i.e. their number increased by 65%. In most cases they worked as engineers in ship building companies, shipping engineers-mechanics, and ship body welders and mounters. Citizens of the Republic of Lithuania did not apply to the Lithuanian Labour Exchange concerning employment in Russia.

Follow up of negotiations between the Government of the Republic of Lithuania and the Government of Canada concerning the Agreement on the exchange of young persons continued in 2005. Essential provisions were discussed and regulated for several times during the negotiations with the institutions concerned in the Republic of Lithuania and with the negotiators from Canada. Negotiations lingered over different regulation of labour migration in Lithuania and in Canada, and because of the Government change in Canada, followed by changes in the procedures on concluding international agreements (Parliament joined into the procedures). Accordingly, the Canadian Party requested to specify certain provisions of the draft agreement.

Consular consultations were held in Minsk (Belarus) on 12 - 13 October 2005, where relevant information was mutually exchanged. Belarus expressed their concern in regard to illegal labour migration from Belarus to Lithuania and suggested to discuss possibilities facilitating the arrival procedures of Belarus citizens to Lithuania for employment purposes. Lithuania undertook to discuss various possibilities in addressing the issue and effectuating the proposals.
6. ANNEXES

ANNEX 6-1

Structure of the Ministry of Social Security and Labour

Data of the Ministry of Social Security and Labour
The expenditure of the Ministry of Social Security and Labour on programmes in 2006 (LTL, thousand)

<table>
<thead>
<tr>
<th>PROGRAMMES</th>
<th>FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>The goal of the manager of appropriations: To attract more people into the labour market, to ensure fair labour relations and appropriate working conditions, as well as to invest into human resources more effectively</td>
<td></td>
</tr>
<tr>
<td>1.2. Employment promotion programme</td>
<td>23 985</td>
</tr>
<tr>
<td>1.3. Scientific research programme regarding the standard of living, the employment of the population, social insurance and social assistance in Lithuania</td>
<td>488</td>
</tr>
<tr>
<td>1.4. Programme for the prevention of occupational diseases and accidents and improvement of safety at work</td>
<td>992</td>
</tr>
<tr>
<td>1.5. Programme for the use of the Guarantee Fund</td>
<td>2 000</td>
</tr>
<tr>
<td>60.2. Special programme of the European Regional Development Fund (for the implementation of the SPD)</td>
<td>19 000</td>
</tr>
<tr>
<td>60.3. Special programme of the European Social Fund (for the implementation of the SPD)</td>
<td>93 909</td>
</tr>
<tr>
<td>60.7. Special programme of the European Social Fund (for the implementation of the Community Initiative EQUAL)</td>
<td>19 500</td>
</tr>
<tr>
<td>The goal of the manager of appropriations: To seek effective social security and to ensure social integration of socially vulnerable groups of the population</td>
<td></td>
</tr>
<tr>
<td>2.1. Programme for social integration of the disabled</td>
<td>41 887</td>
</tr>
<tr>
<td>2.2. Programme for the development of social services in the institutions under the Ministry of Social Security and Labour</td>
<td>14 619</td>
</tr>
<tr>
<td>2.3. Programme for the support to the socially vulnerable groups of the population and other activities of the Ministry</td>
<td>20 269</td>
</tr>
<tr>
<td>2.4. Programme for the development of social services infrastructure</td>
<td>3 450</td>
</tr>
<tr>
<td>2.6. Programme for the implementation of the child’s right to protection, maintenance and participation in public life</td>
<td>5 162</td>
</tr>
<tr>
<td>2.7. Programme regarding social assistance for pupils studying in general education schools</td>
<td>77 060</td>
</tr>
<tr>
<td>2.8. State pensions, social assistance and other social support benefits</td>
<td>612 637</td>
</tr>
<tr>
<td>2.9. Implementation of the youth policy</td>
<td>3 240</td>
</tr>
<tr>
<td>60.9. Special programme of the European Refugees Fund</td>
<td>2 640</td>
</tr>
<tr>
<td>Funds allocated for the programmes implemented by the Ministry of Social Security and Labour, total</td>
<td>940 838</td>
</tr>
</tbody>
</table>
ANNEX 6-3

TYPE EXAMINATION OF PERSONAL PROTECTIVE EQUIPMENT

Data of State Non-Food Products Inspectorate
ANALYSIS OF THE CONTROL
OF THE PERSONAL PROTECTIVE EQUIPMENT MARKET

Data of State Non-Food Products Inspectorate

In total 278 types were examined, 68% without infringements
In total 1318 types were examined, 76.26% without infringements
ANNEX 6-6

ANALYSIS OF THE CONTROL OF LIFTING EQUIPMENT

Data of State Non-Food Products Inspectorate

In total 93 types were examined, 94.62% without infringements
### Type of the benefit

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A birth grant</td>
<td></td>
</tr>
<tr>
<td>A child benefit</td>
<td></td>
</tr>
<tr>
<td>A pregnancy grant</td>
<td></td>
</tr>
<tr>
<td>A benefit to a conscript’s child</td>
<td></td>
</tr>
<tr>
<td>A guardianship (curatorship) benefit</td>
<td></td>
</tr>
<tr>
<td>Other cash benefits for support of families and children</td>
<td></td>
</tr>
<tr>
<td>Social assistance pension for a mother raising many children</td>
<td></td>
</tr>
<tr>
<td>Relief compensation for a mother raising many children</td>
<td></td>
</tr>
<tr>
<td>Other cash benefits for elderly persons</td>
<td></td>
</tr>
<tr>
<td>A grant for housing</td>
<td></td>
</tr>
<tr>
<td>Orphan’s social assistance pension</td>
<td></td>
</tr>
<tr>
<td>Funeral grant</td>
<td></td>
</tr>
<tr>
<td>Other cash benefits in the case of the loss of a breadwinner</td>
<td></td>
</tr>
<tr>
<td>Reimbursement of transport expenses</td>
<td></td>
</tr>
<tr>
<td>Reimbursement of expenses incurred when obtaining special motor vehicles and their technical adjustment</td>
<td></td>
</tr>
<tr>
<td>Social assistance benefit for a person who has arranged the funeral</td>
<td></td>
</tr>
<tr>
<td>Social assistance benefit for a nurse of the disabled</td>
<td></td>
</tr>
<tr>
<td>Social assistance reimbursement for a nurse of the disabled</td>
<td></td>
</tr>
<tr>
<td>Social assistance benefit for the disabled</td>
<td></td>
</tr>
<tr>
<td>Target compensation for nursing expenses</td>
<td></td>
</tr>
<tr>
<td>Target compensation for attendance (assistance) expenses</td>
<td></td>
</tr>
<tr>
<td>Social pension</td>
<td></td>
</tr>
<tr>
<td>Social assistance pension for a person who has reached an old-age pension age</td>
<td></td>
</tr>
<tr>
<td>Benefits for families of the disabled incapable of work with children</td>
<td></td>
</tr>
<tr>
<td>Reimbursement for persons who suffered losses or damage when participating in the elimination of fatal consequences of the accident at Chernobyl Nuclear Power Plant</td>
<td></td>
</tr>
<tr>
<td>Other cash benefits for the disabled</td>
<td></td>
</tr>
<tr>
<td>Social benefit</td>
<td></td>
</tr>
<tr>
<td>Tax privilege for public utilities for the disabled</td>
<td></td>
</tr>
<tr>
<td>Cash benefit for socially supported persons</td>
<td></td>
</tr>
<tr>
<td>Other cash benefits for reducing social exclusion</td>
<td></td>
</tr>
<tr>
<td>Compensations of the expenses of heating, cold water, waste water, and hot water</td>
<td></td>
</tr>
<tr>
<td>Reimbursement for persons mutilated in the Soviet army</td>
<td></td>
</tr>
<tr>
<td>Benefit to a family of a person perished in the Soviet army</td>
<td></td>
</tr>
<tr>
<td>State financial support for bringing the body of a person deceased (perished) abroad</td>
<td></td>
</tr>
<tr>
<td>Lump-sum benefit to the participant of resistance</td>
<td></td>
</tr>
<tr>
<td>Lump-sum benefits to families of those who died during the resistance against the occupation in the period from 1940 to 1990</td>
<td></td>
</tr>
<tr>
<td>Local personal old age pension</td>
<td></td>
</tr>
<tr>
<td>Local personal pension for the loss of a breadwinner</td>
<td></td>
</tr>
<tr>
<td>Reimbursement for conscripts mutilated in performing compulsory military service</td>
<td></td>
</tr>
<tr>
<td>Guardianship cash</td>
<td></td>
</tr>
<tr>
<td>Reimbursement for victims in the events of 11–13 January 1991 and subsequent USSR aggression</td>
<td></td>
</tr>
</tbody>
</table>
### Information recorded in SPIS on child’s rights and their violations

<table>
<thead>
<tr>
<th>Nature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record of families at social risk</td>
</tr>
<tr>
<td>Type of violence used against a child, sources</td>
</tr>
<tr>
<td>Course and results of intermediation and representation of a child’s rights in court</td>
</tr>
<tr>
<td>Reasons and circumstances of establishing guardianship for a child, guardians</td>
</tr>
<tr>
<td>Changing of the type of guardianship</td>
</tr>
<tr>
<td>Changing of guardians and reasons thereof</td>
</tr>
</tbody>
</table>

### Social services recorded in SPIS

<table>
<thead>
<tr>
<th>Type of the service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informing, counselling and issuing of certificates</td>
</tr>
<tr>
<td>Organisation of training and developing of social skills</td>
</tr>
<tr>
<td>Intermediation and representation of interests</td>
</tr>
<tr>
<td>Organisation of meals</td>
</tr>
<tr>
<td>Transport organisation services</td>
</tr>
<tr>
<td>Organisation of personal hygiene (bath) services</td>
</tr>
<tr>
<td>Supply with technical aids</td>
</tr>
<tr>
<td>Adaptation of housing and the environment</td>
</tr>
<tr>
<td>Assistance at home (social aid service)</td>
</tr>
<tr>
<td>Assistance cash</td>
</tr>
<tr>
<td>Day social care</td>
</tr>
<tr>
<td>Short-term social care</td>
</tr>
<tr>
<td>Social rehabilitation services and psychological counselling to victims and social risk groups</td>
</tr>
<tr>
<td>Long-term social care for the elderly</td>
</tr>
<tr>
<td>Long-term social care for the disabled</td>
</tr>
<tr>
<td>Other services (intensive aid for overcoming crises, etc.)</td>
</tr>
<tr>
<td>Interpretation of the sign language</td>
</tr>
<tr>
<td>Supply with the necessary clothing and footwear</td>
</tr>
</tbody>
</table>