SOCIAL REPORT
2004
ISSN 1822-3710

MINISTRY OF SOCIAL SECURITY AND LABOUR

SOCIAL REPORT 2004

Published by Ministry of Social Security and Labour,
A.Vivulskio str. 11, LT-03610 Vilnius

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Social Reports are downloaded in the homepage of the Ministry www.socmin.lt
Dear Readers,

Social Report 2004 is special, as this annual publication of the Ministry of Social Security and Labour presents an overview of the social policy implemented over the first year of our membership in the European Union and the statistical data illustrating the current situation. This can be treated as a starting point for our movement to further progress and this data will be frequently used in the future for drawing parallels and making comparisons.

The significant social changes that started in Lithuania in 2003 continued throughout the year 2004 and are still in progress. They are especially conspicuous in the field of the labour market. According to the data of the workforce surveys conducted by the Department of Statistics in accordance with the Eurostat requirements, the number of employed individuals increased in 2004 by 85,000 or by 6 per cent, compared with 2001, and the number of unemployed individuals decreased by 100,000 or by 35 per cent. With an increase of the total number of employed individuals, the employment rate in the age group 15–64 grew up from 57.2 per cent in 2001 to as much as 61.1 per cent in 2004.

A successfully halted growth of unemployment and reduced registered unemployment can be seen as a major turning-point in the Lithuanian labour market over the past four years.

Last year, the income of Lithuanian people considerably increased. This was mainly influenced by a rapid growth of the economy creating the basis for growth of the wages of the persons working in the manufacturing sector. Following an increase of the basic monthly salary, the earnings of the employees of budgetary institutions also grew, with over LTL 200 million allocated for this purpose. This allowed to increase, since 1 May 2004, monthly salaries to over 200,000 employees of budgetary institutions working under employment contract on average by LTL 100. The increase of the basic monthly salary and the basic hourly pay rate enabled to increase the wages of scientists, the persons working in the spheres of education, social and cultural workers, accountants and clerks, the persons working in the office and in archives, computer
specialists, and medical personnel. As a result of the abovementioned increase alone, the remuneration of individuals of the mentioned professions has grown up by 9.5 per cent.

The increase of the minimum salary has also contributed to this achievement, although the primary role of the increase of the minimum salary is to improve the condition of the persons earning only minimum salaries and to enhance the prestige of work by comparing it to the role of a passive beneficiary of social assistance. Over 2004, the salaries in the country’s economy have increased by 8.5 per cent.

With a growth of the income of employed persons, the income of pensioners has also increased. Over the year, social insurance old-age and orphan’s pensions and maternity-paternity benefits have increased. Special attention was paid to increasing the smallest pensions to the persons who have acquired the compulsory period of employment, which has affected nearly 287,000 of people. Maternity (paternity) benefits and orphan’s pensions also grew. Payment of advance pensions to the persons who have acquired the period of employment of not less than 30 years and only 5 or even less years remain till the old age pension age has commenced. All these measures have ensured a continuous growth of income of the persons receiving pensions. As a result of an increase of the minimum state social insurance old-age and invalidity pensions, the state basic pension of social insurance and the insured income of the current year, the average old-age pension increased in 2004 on average by 9 per cent, compared with 2003, and the invalidity pension – by nearly 10 per cent.

This year witnessed many significant changes in the Lithuanian social security system. The system of social assistance pensions has been improved by introducing differentiation for children with disabilities taking into consideration the degree of disability of these children, by twofold increasing the amount of social assistance pensions paid to children with severe disability. The amount of social assistance pensions has also increased for the persons recognised as persons with group I, II or III disability prior to reaching the age of 24, including those disabled from childhood. The right to receive a social assistance orphan’s pension was granted to those orphans who had not been entitled to state social insurance orphan’s pensions due to the fact that their deceased parents have not acquired the required period of pension insurance. All these changes have certainly improved the conditions of this least protected social group of the population.

Following the example of the majority of European countries, Lithuania has undertaken to encourage families to raise and maintain their children by supporting each and every child and to pay to him cash benefits each month, irrespective of the income earned by his parents. This is a gradual process, and since 1 July 2004 each child from 3 to 7 years old is paid the so-called “child’s money” – LTL 50 for each child each month. This is only the first step and it is planned to increase the age of the recipients of this benefit and to approximate to the standards applicable in Europe.

Our strategic ambition remains to maintain high rates of social development in the future not only by increasing pensions, but also by addressing other social issues, in particular those related to low-income families, children, the disabled, the unemployed and other vulnerable groups.

In addition to this publication, a working group consisting of specialists of the Ministry has prepared a description of the Lithuanian social security system, which is available at the Internet website of the Ministry of Social Security and Labour – www.socmin.lt. This description, which is to be updated on a regular basis, will contain a summary of the legal acts regulating the social security system and the main characteristics of the system.

I believe that the information provided in the Social Report 2004 and the Report on the Lithuanian Social Security System will be useful to the reader.

I would like to thank the working group and everyone who contributed to the preparation of the Social Report 2004.

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The Administration of the Ministry of Social Security and Labour pays heartfelt thanks to the team of editors and to the leaders of the departments of the Ministry for their work preparing this edition.
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The year 2004 was exceptional for the Lithuanian social security policy, as well as for all remaining spheres of public life. On 1 May our state became a full member of the EU. Since that day, Lithuanian representatives as full members together with other 24 EU Member States have been analyzing the social situation in the EU, participating in the discussions over and adoption of the EU legal acts and ensuring their implementation. Decisions, enforced in the spheres of employment and social security in Lithuania, are definitely affected by the common strategic EU objectives and adopted resolutions, which define the EU long-term policy guidelines.

Although the process of the EU Constitution ratification has come to a stand in the EU Member States, it concentrically reflects the approaches towards the policy of employment and social security of overall importance for the whole Europe at present, as well as in the future perspective. The requirement to observe the principle of gender equality, to ensure the right of free movement in the territory of the EU Member States for the employees and social security for themselves and their families, to take an active part in the development of a common strategy regarding the increase of the employment, to foster a social dialogue, all the aforementioned and other provisions formulated by the EU are a matter of great relevance to Lithuania. Notwithstanding the result of the process of the Treaty establishing a Constitution for Europe, Lithuania’s accession to the organization which gives considerable attention to employment and social security issues, will have great importance to the people of our country. Therefore, it can be assumed that the development of the Lithuanian social policy has gained an extra impetus since 2004.

Moreover, in 2004 the Lithuanian economy continued its rapid growth, the unemployment rate was consistently dropping, the amount of tax revenue and social insurance contributions was increasing, and the situation regarding the collection of taxes and social insurance contributions was improving. The year under consideration was special in that respect that it was started to draft the projects for the financing of employment and social integration measures from the EU Structural Funds. All the aforementioned factors provided for additional opportunities to successfully develop the employment and social security policy.

The abovementioned circumstances enabled to extend the social integration programs, to improve the regulation of the labour market, to increase the minimum monthly wage, the pensions and other social benefits and to revise the expediency of their payment. In general, the previous year may be regarded as fairly successful in terms of the development of social security.

The present publication includes all the main figures and news of 2004 from the particular spheres of social security, employment and labour. It covers the issues and challenges, which urged the improvement of the legislation and administration procedures. The publication informs on the amendments to the legislation, the projected improvements of social security,
provides statistical data from the fields relevant to the policy of labour and social security, social benefits and their recipients. The Social Report presents the major works which were carried out with the participation of or implemented directly by the staff of the Ministry of Social Security and Labour.

As in any annual publication, the priority is given to the overview of the phenomena, achievements, events and tools of social policy, which occurred during the year 2004 and in the beginning of 2005. The reader, less aware of the overall Lithuanian system of social security and eager to know not only topical issues, but also the framework of the system, may acquire additional information from the Report on the Lithuanian Social Security System, which was revised along with the preparation of the Social Report for 2004 and published in the website of the Ministry of Social Security and Labour. It includes key legal acts and regulations on social security and labour, the systems of administration of branches of social security, social benefits, the rights to social benefits, and the procedure for the calculation of the amounts of these social benefits, whereas the present publication basically concentrates on the events that took place in the previous year.

Over the past few years, the structure of the Social Reports has not undergone any dramatic changes, since the major events that the reports focus on occur in the same fields of social security. The Report starts with the introduction of the strategic objectives of the Ministry of Social Security and Labour and the presentation of its activity to the society and the feedback received from it. Chapter two presents the latest data on the development of the labour market, human resources, labour relations and operating conditions. It reveals the changes regarding economic activity of the population and the employment, as well as the essential characteristics of the unemployment. The Report also dwells on the issues of labour relations and the improvement of their regulation. A big chapter three is dedicated to a comprehensive analysis of the development of social insurance. The chapter presents the issues related to the fulfillment of the State Social Insurance Fund budget, the implementation of the social insurance policy in the sphere of sickness and maternity social insurance, the changes in the field of occupational accidents and occupational diseases social insurance, as well as in the pension system. The Report also reflects the Lithuanian National Strategy Report on Adequate and Sustainable Pensions, which was already produced in the first half of 2005.

Chapter four introduces the changes in the wide sphere of social assistance. It embraces the issues of the improvement of the system of child care, the development of social services, the review of benefits of social assistance in cash and the achievements in the program and policy related to the integration of the injured, the disabled and the persons belonging to the social risk groups.

This year, as well as in the preceding years, the Report reflects the activities of the Ministry of Social Security and Labour in the spheres of the Eurointegration and international relations. As it was already mentioned, the previous year was remarkable in terms of the Eurointegration. The integration into the EU entailed huge work, which has had an overwhelming influence on the domestic labour market and the overall social security system. The Report focuses on the negotiations on the financial prospects of the EU in the period 2007-2013, which will influence the future potential of the state to develop labour market, employment and social integration. The review of the implementation of Lisbon strategy, which was one of the key issues of the EU political agenda in the period from the second half of 2004 to the beginning of 2005, can be hardly overestimated.

The Report ends with the description of the participation of the Ministry of Social Security and Labour in the activities of other international organizations (the International Labour Organization, the European Council, and the United Nations), international agreements and other international activities.
1.1. MISSION AND STRATEGIC GOALS OF THE MINISTRY

The Ministry of Social Security and Labour acts in accordance with the Strategic Action Plan1. 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 2005 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 to invest into human resources more efficiently.
2. To seek effective social assistance and to ensure social integration of socially vulnerable groups of the population.
3. To ensure the coverage of the recipients of the social insurance benefits and the increase of their income and to retain financially well-balanced and sustainable social insurance system.

The aforementioned goals are attained by implementing appropriate programmes. The 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” is being achieved by implementing 10 programmes2:

1.2. Employment promotion programme;
1.3. Scientific research programme regarding the standard of living, the employment of the population, the social insurance and social assistance in Lithuania;
1.4. Programme for the prevention of occupational diseases and accidents and improvement of safety at work;
1.5. Programme for the use of the Guarantee Fund;
88.1. Special skills upgrading programme for social workers;
50.12. Special PHARE programme;
60.2. Special Programme of the European Regional Development Fund (for the implementation of the SPD);
60.3. Special Programme of the European Social Fund (for the implementation of the SPD);
60.7. Special Programme of the European Social Fund (for the implementation of the Community initiative EQUAL);
61.1. Programme for the financing of the value added tax imposed on support funds received from the European Union Structural Funds and co-financing.

The goal “To seek effective social assistance and to ensure social integration of socially vulnerable groups of the population” is being attained by carrying out 6 programmes:

2.1. Programme for supplying of the population with technical aids and providing of vocational rehabilitation services;
2.2. Programme for the development of social services in the institutions subordinate to the Ministry;
2.3. Programme for the support to the socially vulnerable groups of the population and other activities of the Ministry;
2.4. Programme for the development of social services infrastructure;
2.6. Programme for the implementation of the child’s right to protection, maintenance and participation in the public life;
2.7. Programme regarding social assistance for pupils studying in general education schools.

The goal “To ensure the coverage of the recipients of the social insurance benefits and the increase of their income and to retain financially well-balanced and sustainable social insurance

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1 Key elements of the Strategic Plan of the Ministry for 2004 were introduced in the Social Report for 2003. The Strategic Plan of the Ministry for 2005 was drafted in accordance with the Resolution No. 183 of the Government of the Republic of Lithuania of 19 February 2004 on Approval of Project Drafting Plan for Financial Indicators of the State and Municipal Budgets of the Republic of Lithuania for 2005 (Official Gazette No. 28-912, 2004).

2 The numbering of the programmes corresponds to the numbering in the Resolution No. 64 of the Government of the Republic of Lithuania of 24 January 2005 on Allocation of Approved Appropriations from the Budget of the Republic of Lithuania according to Approved Programmes for 2005 (Official Gazette, No. 12-373, 2005).
1.2. PUBLIC RELATIONS AND COUNSELLING OF INDIVIDUALS ON SOCIAL SECURITY MATTERS

1.2.1. PUBLIC RELATIONS ACTIVITIES OF THE MINISTRY

The goal set for public relations activities of the Ministry of Social Security and Labour in 2004 – to introduce to the Lithuanian society, the mass media, state and municipal institutions, social partners and other organisations the social security and labour policy implemented by the Ministry, was expanded to cover one more aspect – to achieve that more people knew about our country and to increase its attractiveness on the international level.

On 15 March 2004, in the European Commission’s Employment and Social Affairs Directorate in Brussels, the Ministry performed an introduction of Lithuania, as a future member of the European Union, and it enjoyed a tremendous success.

“Introducing Lithuania on the eve of 1 May – the beginning of our membership in the European Union – we wanted to show that we are coming into this Union of European countries with our achievements, human resources and culture and that we are ready to contribute to further creation and development of Europe” stated Minister of Social Security and Labour Vilija Blinkevičiūtė emphasizing Lithuania’s achievements, topical issues in the social sphere, statistical data, culture, nature, cuisine peculiarities and investment opportunities. The music performed by Regimantas Šilinskas who was playing the traditional Lithuanian instrument – wooden bells, tried to convey the synthesis of the ethno-culture and modern trends. The slogan of Lithuania’s introduction was “The Future is Lithuania”. The guests were offered to try Lithuanian cuisine. A great number of employees working in various institutions in Brussels visited the exposition – two exhibitions and information stands and publications – prepared by the Lithuanians for this special occasion in the European Commission’s Employment and Social Affairs Directorate.

Another important aspect of the activities of public relations in 2004 was the establishment of the exceptional award in the sphere of social security and labour – a Kindness Star. This award is granted to employees of the Ministry, agencies under the Ministry, institutions within the sphere of regulation of the Ministry, social care, support, and child’s rights protection agencies, as well as to persons from public and non-governmental organisations working in the spheres falling within the competence of the Ministry, social partners and nationals of other countries who paid a significant contribution to the sphere of social security and labour.

In the process of informing the Lithuanian public about the draft legal acts submitted by the Ministry to be considered in the sittings of the Government, about the press conferences, seminars, meetings and other events to be held, on average up to 30 press-releases were issued on the topic of social security and labour each month in 2004. Information articles were constantly prepared, interviews with the highest officials and specialists of the Ministry were initiated, topics for publications and reportages were offered, meetings of the representatives of the mass media with the top executives of the Ministry and the specialists working in the Ministry were organised.

In 2004, 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 2004, when developing informational and educational activities, the Ministry drafted and published 14 types of information,
promotional, and educational leaflets, brochures and other publications aimed at prevention of violence against children, pension system reform, Eurointegration process, and relevant information about the provision of assistance to families. When informing the public about the novelties in the field of social integration of the disabled, not only an information publication, newsletter, video clip, but also a publication in Braille for the blind were used.

In 2004, constant graphical and informational update of the Internet website of the Ministry was implemented, and the most relevant information about the policy carried out by the Ministry is regularly placed on it. Special attention is devoted to the attractive presentation of information on the support provided by Structural Funds. Over the year 2004, the website of the Ministry was visited 274,981 times, and out of this number 67,899 were unique occurrences.

In 2004, the campaign “May – a Month without Violence against Children” organised by the Ministry was launched seeking 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.

A great number of events took place during this campaign: children were making a composition against violence from windmills, painted according to the theme “The World without Violence”, 10 rolls of pictures painted by the children were presented to important civil servants – representatives from the Office of the President, the Seimas, the Ministries and municipalities, students were organising different small campaigns in Lithuanian cities and towns, presentations on the results of surveys related to the theme of the campaign and discussions with specialists took place. It was emphasized that one of the main goals of this campaign was to make it regular – to achieve that each year May would be announced as a month without 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.

Taking into consideration topical aspects of the activities carried out by the Ministry of Social Security and Labour in 2004, the Ministry drafted and implemented strategies and action plans for public awareness raising campaigns for the following spheres supervised by the Ministry: Social Integration of the Disabled, Labour Market and Equal Opportunities, Fight against Violence against Children, Social Support in Cash, the EU Structural Support, Pension Accumulation System, and the Unemployment Social Insurance.

In 2004, successful cooperation with business representatives was extended seeking to encourage businessmen to provide support to the most vulnerable groups of the society. The agreement signed with the company Lietuvos Telekomas AB in 2003 regarding the provision of Internet connection on preferential terms to the disabled was also extended.

Cooperation with Vilnius Academy of Fine Arts was started by announcing a campaign “Smile to the Youth”, which strives to invite different generations to meet in photography. It is planned to promote solidarity between generations, to foster respect and attention to elderly people, and to attract the attention of the society to elderly people.

### 1.2.2. COUNSELLING OF INDIVIDUALS ON SOCIAL SECURITY MATTERS

Over the year 2004, the Reception Office of the Ministry received 2214 letters from citizens of Lithuania containing statements, proposals and complaints (by 308 letters more than in 2003), and provided nearly 1500 oral consultations to clients who came directly to the Reception Office. As the telephone number of the Reception Office of the Ministry is accessible via 118 information, a number of inquiries submitted by phone is also significant. Responses are given to inquiries received by e-mail; information is also prepared to be placed on the Internet website of the Ministry. Reception of individuals in the Reception Office is organised on a regular basis. In 2004, the biggest number of letters was received from Vilnius (378), Kaunas (287), Šiauliai (105), Klaipėda (96), Panevėžys (57) towns and Ukmergė (46), Telšiai (44), Kaunas (44), Radviliškis (44), Kėdainiai (36) and other regions. Therefore, it can be stated that the flow of inquiries, with rare exceptions, is
directly proportional to the number of citizens living in the city or region. The number of inquiries from the so-called “problematic regions” was not significantly higher.

In 2004, the residents of the country were most interested in the following questions and fields: pensions and social insurance, social assistance benefits and the unemployment insurance benefits, compensation for damages, revision of the disability group, lump sum financial support, and other issues (see Table 1.2.2. –1).

210 letters falling outside the scope and competences of the Ministry were received and forwarded to respective institutions. 138 letters were received and considered repeatedly.

The major part of people addressed the Ministry claiming that their pensions are too small or that, in their opinion, the pensions where calculated incorrectly. Many pensioners who heard the information about the planned increase of small pensions understood that the pension will increase to LTL 325 to each and every pensioner who was receiving smaller pensions than this amount. It seemed as if the public failed to take into consideration other factors influencing the amount of the pension like the period of insurance and the amount of the pension.

It is often required to explain under what circumstances and how to receive an advance state social insurance old age pension and the decisions made regarding the widows pensions.

Many inquiries and proposals were sent in relation to pensions, namely, about the increase of the basic pension and the insured income. Opinions and requirements about the ways of increasing the pensions were expressed.

The Ministry also received a considerable number of letters from the pensioners, the disabled and other social groups with requests for financial support of a different kind, complaints about too small amounts of social benefits and too high prices for services or goods. The number of letters and inquiries has especially grown when legal acts where the right to social benefits was associated with the property of the applicant came into effect. Later these legal acts were amended.

### The Main Topics of Inquiries Submitted to the Ministry by the Individuals in 2004

<table>
<thead>
<tr>
<th>Questions related to pensions and social insurance</th>
<th>Compensation for damages, disability establishment and other legal questions</th>
<th>Social benefits and unemployment insurance benefits</th>
<th>Lump sum financial support</th>
<th>Other</th>
<th>In total</th>
</tr>
</thead>
<tbody>
<tr>
<td>783</td>
<td>348</td>
<td>649</td>
<td>224</td>
<td>210</td>
<td>2214</td>
</tr>
</tbody>
</table>

Data from the Ministry of Social Security and Labour (Table 1.2.2. –1)

Taking into consideration the figures presented in the Table, a conclusion can be made that the majority of people inquired about the issues related to pensions and social insurance. If compared to the year 2003, the number of inquiries about the award and payment of social assistance benefits, pensions and social insurance has increased. This can be explained by the fact that namely these spheres saw the greatest number of amendments in 2004.
2.1. PROMOTION OF EMPLOYMENT AND THE DEVELOPMENT OF HUMAN RESOURCES

2.1.1. LABOUR MARKET

The year of 2004 was extremely important and significant to Lithuania and the implementation of the labour policy. After joining the European Union Lithuania became a real participant in the process of the implementation and open coordination of the European employment strategy.

The implementation of the National Programme on Employment promotion in 2001–2004\(^1\) reached the final stage in 2004. The Programme provided for major policy measures for the development of economy, labour, social, education and other spheres of life aimed at increasing population employment.

The unemployment growth was blocked and the decreased numbers in registered unemployed persons is considered as the fundamental turning-point on the Lithuanian labour market within the period of previous four years. Lithuanian labour market became more flexible and ready to accept easier the challenges of integration into the EU labour market structures. The number of started bankrupt procedures decreased and the consequences of bankrupts became less pronounced on the labour market – local labour exchange offices registered fewer numbers of anticipated discharges of employees. All support and attention was given to the development of trade and investments, creating more favourable conditions for introducing new and better jobs. It has become easier to start business and acquire initial capital. Great consideration was shown for the development of entrepreneurship skills and administrative capacities of the population.

Contributing to the coordination of the European employment policy with real actions, Lithuania, after joining the European Union in May 2004, already in September 2004 submitted to the European Commission the first 2004 National Action Plan for Employment of the Republic of Lithuania, indicating the goals of the Republic of Lithuania to implement the provisions of the EU employment strategy and countermeasures towards employment guidelines and recommendations.

The 2004 National Action Plan for Employment of the Republic of Lithuania was developed by the specially formed provisional commission\(^2\), consisting of representatives from ministries, governmental authorities and institutions. The Ministry of Social Security and Labour coordinated the work of the Commission and the development of the action plan.

The rate of unemployment continued to decrease in 2004 due to the deciding factors of the national policy in developing the economy. The Ministry of Social Security and Labour

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\(^1\) Resolution No. 529 of the Government of the Republic of Lithuania of 8 May 2001 (Official Gazette, No. 40-1404, 2001)
contributed to the reduction of unemployment through the activities of the Lithuanian Labour Exchange and the Lithuanian Labour Market Authority implementing active labour market policy, creating preconditions for the unemployed to acquire occupational knowledge in marketable professions and supporting companies engaging unemployed persons into jobs and work places specially created for them.

2.1.1.1. Employment

Employed population in Lithuania amounted to 1436.3 thousand in 2004 (1438 thousand in 2003). The number of employed population dropped down in 2004 in comparison to 2003 and could be related to the increased migration to the EU countries following the joining of Lithuania to the EU. 49 per cent among the employed population were women, and 51 per cent – men. The reduction of the number of employed persons was followed by the slow down of the growth of the employment rate, however, the general tendency of the growth of employment rate among the population in the age group from 15 to 64 remained increasing: the rate of employment in 2004 was 61.1 per cent (in 2003 – 60.9 per cent).

Variation of the employment rate in different age groups of the population was diverse (see Table 2.1.1.1.– 1). The employment rate among young persons (from 15 to 24 years of age) dropped visibly: from 22 per cent in 2003 to 20.3 per cent in 2004. The increased numbers of persons, who moved abroad in 2004 in comparison to 2003, include the increased numbers of young persons as well. Referring to the data of the Department of Statistics one can see that the number of young persons, who moved abroad in 2004, increased almost by 4 per cent in comparison to 2003.

However, the growth of employment rate among senior population (55–64) continued increasing: from 44.5 per cent in 2003 to 46.9 per cent in 2004. A noticeable speedy growth of employment among senior women was registered in 2004 reaching 39 per cent in total and increasing by 2.3 per cent in comparison to 2003.

The total employment rate among women slightly decreased in comparison to 2003 (58.4 per cent) and reached 57.8 per cent in 2004. The biggest change in recent years is traced in the reduction of the employment rate among rural population – from 56.3 per cent in 2003 to 43.8 per cent in 2004 (see Table 2.1.1.1.– 1).

<table>
<thead>
<tr>
<th>Employment Rate by Age Groups, Gender and Residence (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year/Age</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2004</td>
</tr>
<tr>
<td>Men</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2004</td>
</tr>
<tr>
<td>Women</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2004</td>
</tr>
<tr>
<td>Urban</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2004</td>
</tr>
<tr>
<td>Rural</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2004</td>
</tr>
</tbody>
</table>

Labour Force Survey Data
Notwithstanding the improving economic situation in the country, the number of employers and self-employed persons fluctuated: the number of employers and self-employed persons increased to some extent in 2003, but decreased in 2004 by 26.1 thousand (see Figure 2.1.1.1.–1). About 80 per cent of all employed persons worked under contracted employment, and about 15 per cent were self-employed. This ratio did not change much in recent years. Self-employed individuals engaged in agriculture accounted for 58 per cent, in the sector of services – for 5.5 per cent, and for about 5 per cent in construction and 2 per cent in the industry. Men constitute the major part among employers and self-employed persons (62 per cent), and the share of men and women among the contracted employees is almost equal. The number of part-time employees is reducing and accounts for 8.4 per cent in 2004 of the total number of the employed population (9.5 per cent in 2003).

As one can see in Table 2.1.1.1.–2, the distribution of employed population by economic activities has not changed much. Over one half of the employed in 2004 (55 per cent) were engaged in the sector of services, about one third – in the industry. High numbers of individuals involved in agriculture, forestry and fishery still remain. However, positive transformation can be observed here in recent years. 17.7 per cent of employed persons were involved in these activities in 2003, and in 2004 the share dropped to 16.2 per cent. From 2004 the means of the EU Structural Fund were used for the streamlining of the sectors of agriculture, forestry and fishery. Labour force consuming ecological farming is of significant importance in developing employment among rural population. The number of ecological farms...
and certified areas in Lithuania are increasing by one third on the average, with new cooperatives and centres of ecological farming. In providing investment support active promotion is directed towards alternative activities related to agriculture, which might also be a supplementary income source beside the main activity in agriculture. Support is rendered to unconventional production of agricultural products, crafts and countryside tourism.

### Employment by Economic Activities

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Agriculture, forestry and fishery</th>
<th>Industry</th>
<th>Construction</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2003 Thous.</strong></td>
<td>1438,0</td>
<td>257,0</td>
<td>297,5</td>
<td>107,1</td>
<td>776,5</td>
</tr>
<tr>
<td><strong>%</strong></td>
<td>100</td>
<td>17,9</td>
<td>20,7</td>
<td>7,4</td>
<td>54,0</td>
</tr>
<tr>
<td><strong>2004 Thous.</strong></td>
<td>1436,3</td>
<td>227,5</td>
<td>288,7</td>
<td>116,2</td>
<td>803,9</td>
</tr>
<tr>
<td><strong>%</strong></td>
<td>100</td>
<td>16,2</td>
<td>20,2</td>
<td>8,5</td>
<td>55,1</td>
</tr>
</tbody>
</table>

Labour Force Survey Data

Table 2.1.1. – 2

Big difference in employment remained in the counties, influenced by the uneven development of the regions. Major disparities of regional development lie between the urbanised centres (first of all Vilnius and Klaipėda, as well as other major cities of Lithuania) and rural areas. The formation of such disparities was influenced by the following factors: a better developed infrastructure of urbanised centres, transport system firstly, and the related stronger sector of services. Besides, the structure of the secondary economic sector (industry) is different as well: in major cities the bigger share is taken by the new and comparatively modern branches of industry (according to production, labour force, etc.), as the industrial capacities in rural areas are in the main “inherited” from the previous period and obsolete. Big disparities appear also in the level of labour force qualification.

The difference between the highest and the lowest employment rate in the counties within a year reduced from 11.7 per cent point in 2003 to 8.2 per cent point in 2004 (see Table 2.1.1.1.– 3). In 2004 the highest employment rate among the population in the age group of 15–64 was in the counties of Vilnius (63.2 per cent) and Kaunas (62.9 per cent), and the lowest – in the counties of Alytus (55.0 per cent) and Utena (57.8 per cent). In recent years employment rate visibly increased in the county of Kaunas (from 59.9 per cent in 2003 to 62.9 per cent in 2004), and decreased in the Tauragė county (from 66.2 per cent in 2003 to 62.3 per cent in 2004). Variations of the employment rate in other counties were insignificant.

The reduction of the number of employed persons in agriculture in 2004 was clearly marked in the counties of Panevėžys, Telšiai and Vilnius. Alongside with the reduction of total number of employed in the industrial sector, the share of this category of employed individuals decreased visibly in the Alytus county as well. In 2004, the increased scope of construction works (the scope of construction works on the territory of Lithuania exceeded the outcomes of 2003 by 5 per cent) influenced the rise of the numbers of employed individuals in this sector, however, the distribution within the counties was not even. Upward movement of the market of bank loans, stimulated the construction of residential facilities in the capital: the number of employed in the sector of construction in Vilnius increased by 7.3 per cent point in a year. The sector of services was better developing in the counties of major cities – Vilnius, Kaunas and Panevėžys, and also regions with the increasing recreation facilities and tourism – Alytus and Telšiai counties.

Local labour exchange offices registered about 130 thousand vacancies in 2004 (as in 2003). Openings for permanent jobs accounted for 78 per cent of all registered vacancies. More than 53 per cent of registered vacancies were in the sector of services, 29 per cent – in the sector of industries, 14 per cent – in construction, and 3.5 per cent – in agriculture. In comparison to 2003 the demand for
Labour force increased most of all in the sector of services, and decreased in the sector of agriculture. Actually 92 per cent of all registered vacancies were offered by the private sector. Most offers for permanent jobs required qualified employees and craftsmen (45 per cent), for unskilled workers – 20 per cent, and in the sphere of services and trade (18 per cent). Among offers for fixed term job contracts, 46 per cent accounted for jobs in the sector of services, 28 per cent – in industries, almost 14 per cent in construction, and 12 per cent in agriculture. Most requested in fixed term jobs were unskilled workers (41 per cent), qualified employees and craftsmen (35 per cent), and in the sphere of services and trade (11 per cent).

### 2.1.1.2. Unemployment

Reviving economy and increasing demand in labour force helps more and more people to find contracted employment, self-employment, or start individual business. According to the data of the survey carried by the Department of Statistics the unemployment rate in 2004 was 11.4 per cent. This was the lowest unemployment rate within the last four years.
As can be seen in Figure 2.1.1.2.– 1, the unemployment rate among men decreased almost by half. Before 2004 unemployment rate among men was higher than among women, however, in 2004 the situation changed and the unemployment rate among women reached 11.7 per cent, among men – 11.1 per cent.

Unemployment rate among young persons (15 – 24 years of age) was falling down, although remained higher than the total rate. The increasing migration of young persons also influenced the reduction of the unemployment rate among young persons. As a matter of fact, the unemployment rate among rural young persons increased. Unemployment rate most dropped among young women (see Table 2.1.1.2.– 1).

### Youth Unemployment Rate (15 – 24 years of age), %

<table>
<thead>
<tr>
<th></th>
<th>In total</th>
<th>men</th>
<th>women</th>
<th>urban</th>
<th>rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>24,8</td>
<td>22,5</td>
<td>28,1</td>
<td>27,8</td>
<td>17,9</td>
</tr>
<tr>
<td>2004</td>
<td>22,5</td>
<td>22,3</td>
<td>22,7</td>
<td>23,5</td>
<td>20,3</td>
</tr>
</tbody>
</table>

Labour Force Survey Data

According to the Labour Force Survey data, difference in the unemployment rate by counties (see Table 2.1.1.2.– 2) during recent years almost did not drop: difference between the highest and the lowest unemployment rate in the counties reached 9.4 per cent point in 2003, and 9.4 per cent point in 2004. Unemployment rate in 2004 decreased in all counties, with the exception of Alytus – unemployment rate there increased even more and was the highest in the country – 16.0 per cent.

Unemployment rate among young persons in various regions was changing differently. The decreasing general unemployment rate in the country was dropping at a different pace in most of the counties, but in the three of them, namely, Alytus, Utėna and Panevėžys it has markedly increased. The unemployment rate among young persons in Utėna county doubled (36.4 per cent) in 2004 in comparison to 2003, and in Panevėžys it became above the average of the country (38.5 per cent) within a year.

### Unemployment Rate by Counties (%)

<table>
<thead>
<tr>
<th></th>
<th>In total</th>
<th>Alytus</th>
<th>Kaunas</th>
<th>Klaipėda</th>
<th>Marijampolė</th>
<th>Panevėžys</th>
<th>Šiauliai</th>
<th>Tauragė</th>
<th>Telšiai</th>
<th>Utėna</th>
<th>Vilnius</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>12,4</td>
<td>13,6</td>
<td>12,1</td>
<td>12,5</td>
<td>7,5</td>
<td>11,4</td>
<td>16,9</td>
<td>9,5</td>
<td>12,5</td>
<td>15,3</td>
<td>11,7</td>
</tr>
<tr>
<td>2004</td>
<td>11,4</td>
<td>16,0</td>
<td>10,3</td>
<td>12,7</td>
<td>6,9</td>
<td>12,6</td>
<td>12,6</td>
<td>8,9</td>
<td>10,3</td>
<td>12,3</td>
<td>11,1</td>
</tr>
</tbody>
</table>

Labour Force Survey Data

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Youth (15–24 years of age)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
LABOUR POLICY

The Lithuanian Labour Exchange registered 126.4 thousand unemployed persons on 1 January 2005. In 2004, (as three years in turn) a decreasing supply of labour force was noted on the Lithuanian labour market, as well as reducing numbers of registered unemployed and the remaining high demand in labour force. The number of unemployed dropped to 32.4 thousand, or 20 per cent in a year. The comparative standing of women and senior unemployed persons in the structure of registered unemployed at the Lithuanian labour exchange increased in 2004, and the share of young persons decreased. In a year the share of women among unemployed persons increased by 3.8 per cent point, and the share of men at the same time decreased by 2.8 per cent point.

The number of young unemployed persons (under 25 years of age) was decreasing faster than the general number of unemployed. Within the year of 2004 Local labour exchange offices were addressed by less than a quarter of young persons than in 2003. The share of young persons among unemployed persons decreased from 10.9 per cent to 8.1 per cent. By the end of the year 10.3 thousand of young persons were registered at the Lithuanian labour exchange.

While the general number of registered unemployed persons was decreasing, the number of unemployed persons in the pre-retirement age increased by 8.0 per cent, and their comparative standing grew up from 8.9 per cent to 11.4 per cent in a year.

In 2004, the number of long-term unemployed persons dropped by 14 per cent. By the end of the year 36.9 thousand of long-term unemployed persons were registered at the labour exchange and they accounted for 29 per cent of all unemployed persons registered at the labour exchange.

The structure of unemployed persons by education did not change in comparison to 2003 (see Figure 2.1.1.2.–2). In 2004, unemployed persons with high (university) and higher education accounted for 5.7 per cent and 17.5 per cent respectively. Unemployed persons with basic education amounted to 17.9 per cent, and with primary education – 4.7 per cent of all unemployed. However, unskilled individuals among the registered unemployed persons with secondary, basic and primary education totalled to 42 per cent actually.

According to previous activities the biggest share of unemployed was of former industry workers and they accounted for 24 per cent. In a year their comparative standing dropped by 1 per cent point. The share of unemployed persons, who previously worked in construction, increased from 6.6 per cent to 8.2 per cent, of those previously employed in wholesale and retail trade – from 13.8 per cent to 15.3 per cent, in the sector of education – from 3.1 per cent to 3.2 per cent, in

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**Education of Unemployed Registered at the Lithuanian Labour Exchange in 2004 (per cent)**

- **higher** – 17.5
- **university** – 5.7
- **primary** – 4.7
- **basic** – 17.9
- **secondary** – 54.2

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Data of the Lithuanian Labour Exchange  
Figure 2.1.1.2.–2
hotels and restaurants – from 2.3 per cent to 2.7 per cent. The number of unemployed previously engaged in agriculture dropped from 12.6 per cent to 9.2 per cent, in the sector of transport and communications – from 4.3 per cent to 3.9 per cent, in health care and social work systems – from 2.3 per cent to 1.9 per cent.

In 2004, Lithuanian Labour Exchange mediated in the placement of 126 thousand unemployed persons, including 77 per cent of them under open-ended agreements. Young persons accounted for 18.3 per cent among all persons placed into jobs, long-term unemployed – for 16.6 per cent, and individuals in pre-retirement age – for 3.6 per cent. More than 14 thousand of unemployed persons, who received reference of the labour exchange, started their individual activities in 2004 under business licence. 2.1 thousand subsidised jobs were created on the labour market for additionally supported unemployed persons. Almost 130 thousand persons were referred to active labour market policy programmes. 29 thousand of unemployed and notified of dismiss persons studied in various vocational training programmes. About 7 thousand individuals participated in special skills upgrading measures for long-term unemployed. Programmes of public and supported jobs created over 41 thousand of temporary jobs.

Quite a big number of unskilled unemployed persons still persist on the labour market. According to the data of the survey on population employment, unskilled unemployed persons in 2004 amounted to 25 per cent. On the other side the available vocational education does not correspond to the requirements raised by employers: to have vocational qualification, to have adjacent profession, to know languages and have other social capacities.

**2.1.1.3. Migration of the labour force**

Lithuanian Labour Exchange issued 877 work permits in 2004 for aliens to perform working activities in the Republic of Lithuania. Work permits were issued to 758 men and to 119 women. Priority as before was given to foreign specialists with high qualifications that are in demand or lacking on the Lithuanian labour market. Most permits were issued to ship body welders and assemblers from
LABOUR POLICY

the Ukraine, Russia, Belarus and Bulgaria (300), cooks and bakers from China, Egypt, Uzbekistan, Russia and Vietnam (109), chemical engineering, oil refinery and aviation engineers from the USA, Belarus and Russia (74) electric welders from Belarus (57), teachers and philologists from the USA, the Ukraine and Israel (57), international route drivers from Belarus and Kazakhstan (43), mounters from Belarus (33), brick-layers from Belarus (13). In 2004, further demand in ship body welders and assemblers, as well as international route drivers increased. Moreover, brick layers and construction mounters were required too.

The new Law of the Republic of Lithuania on Legal Status of Aliens\(^3\) came into effect from 1 May 2004. With the view to ensuring the compatibility of procedures on the issue of residence permits to aliens in the Republic of Lithuania with the EU acquis requirements in the sphere of migration, the law enforces the principle that aliens, first time applying for residence permit, shall submit application concerning the issue of such permit to the diplomatic corpse or consular office of the Republic of Lithuania abroad. The new law also stipulates, that a foreigner intending to work in the Republic of Lithuania, shall acquire the work permit before arriving to the Republic of Lithuania. Work permit to a foreigner shall be issued taking into consideration the demand on the labour market of the Republic of Lithuania and shall be valid for the period of 2 years, specifying the occupation (duties) and the company, institution or organisation of employment. Lithuanian Labour Exchange at the Ministry of Social Security and Labour issues and withdraws work permits to aliens. “The Description of terms and procedures on the issue of work permits to aliens”\(^4\) regulates the terms and conditions concerning the issue or refusal to issue work permits to aliens in the Republic of Lithuania, and also provisions under which work permit is not required. “The Description of terms and procedures on the issue of work permits to aliens staying in the Republic of Lithuania”\(^5\) has been also approved.

From 1 May 2004 Lithuanian nationals could move freely for employment to the United Kingdom, Ireland, Sweden and the new EU Member States. Other countries introduced transitional period for the free movement of labour force. Free movement of workers is one of the key principles of the European Union. Pledges to open labour markets encouraged people to seek for work abroad, to cherish hopes in becoming wealthy or legalize themselves for those, who had been previously illegally employed in the EU countries.

According to the data of the Department of Statistics about 15.2 thousand people left Lithuania for other countries in 2004 (11 thousand – in 2003, 7 thousand – in 2002, 7.2 thousand – in 2001). Most of them moved to the United Kingdom (3.5 thousand), USA (about 3 thousand), Germany (1.7 thousand), Russian Federation (1.2 thousand), Ireland (about 1 thousand), and Spain (730). The majority of emigrants (approximately 80 per cent) were from 15 to 59 years of age. Data of the Department of Statistics indicate that the biggest group of individuals leaving abroad were with secondary education (almost 34 per cent), university and higher (15.7 per cent and 15 per cent accordingly), basic (5 per cent), primary and no education (0.9 per cent). However, 29 per cent of individuals did not indicate their educational level.\(^6\)

Citizens of the Republic of Lithuania do not usually inform the Lithuanian Labour Exchange about their moving to work abroad. At the same time in 2004 the Lithuanian Labour Exchange mediated in placement of 555 individuals abroad. Most possibilities in finding jobs abroad were in the United Kingdom, Ireland, Federal Republic of Germany and the Kingdom of Sweden. Health care specialists, cooks, bakers, butchers, hotel housekeeping and security staff were placed into jobs abroad. It can be stated, referring to the number of individuals addressing the Lithuanian Labour Exchange, that there is quite a large group of persons willing to move abroad, however, the majority of them do not satisfy the requirements of foreign employers (language skills is the main problem).

Quoting the reports of private employment agencies, submitted to the Lithuanian Labour

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\(^3\) Law No. IX-2207 of the Republic of Lithuania on the Legal Status of Aliens (Official Gazette, No. 73-2540, 2004)


\(^6\) Department of Statistics. Demographic Yearbook, 2003, p. 163.
About 2 thousand individuals moved to work abroad in 2004, including about 64 per cent of unemployed persons, and 36 per cent of inhabitants, who had employment in Lithuania. 40 per cent of persons placed into jobs abroad through private employment agencies had secondary education, 34 per cent – higher level of education, 13 per cent – university or college, and 13 per cent were with basic-primary education and students. Most of Lithuanian nationals were placed into jobs in the United Kingdom of Great Britain and Northern Ireland, Ireland, Cyprus and the USA.

While the data of the Home Office of the United Kingdom indicate, that 20 095 Lithuanians applied for work permits in Great Britain during the period of May – December 2004, following the adoption of the new members to the European Union. Undoubtedly, they were not all newcomers.

In assessing the impact on Lithuania, probability that most of those who left will return, could be pointed out as one of the positive aspects of migration, as well as the fact that a big amount of means is spent and invested in Lithuania, the number of unemployed persons decreased, migrants acquire new experience, etc. However, negative facets also exist: changes in the demographic situation, as reduction of the number of people in the working age, threats to the social system due to departure of tax payers; loss of investments in human resources; and the increasing demand in qualified specialists.

Pursuing to ensure versatile and comprehensive information of the society at large on the issues of free movement of workers, the Lithuanian Labour exchange joined in 2004 the European system of employment services EURES, establishing 8 EURES offices within the system of the Lithuanian Labour Exchange. EURES offices started their activities on the 1st of May 2004 at Local labour exchange offices of Vilnius, Kaunas, Klaipėda, Siauliai, Panevėžys, Alytus, Utena and Tauragė. It was a significant step on the way of integration into the labour market of European Union. EURES advisers work at EURES offices providing consultations on the issues of free movement of workers. Assistants to EURES advisers work in all 46 local labour exchange offices. In 2004, EURES advisers provided consultations and information on free movement of workers to more than 15 thousand people, participated in the events of Job Clubs, Labour Market Days, dissemination of information via press, TV and radio broadcasting.

Implementing international projects on placement of persons into jobs, the EURES network helped to find jobs for 98 Lithuanian citizens in other EU Member States: 33 persons found employment in Ireland, 1 in Cyprus, 1 in France, 11 in Northern Ireland, 42 in Slovakia, and 10 in Great Britain.

2.1.2. EMPLOYMENT POLICY AND SUPPORT TO THE UNEMPLOYED

2.1.2.1. Employment policy guidelines of the EU Member States

Council of the EU following the Decision of the Council of 22 July 2003 Concerning employment policy guidelines in the EU Member States (2003/578/EC) decided that Member States shall take into account employment policy guidelines (Employment Guidelines) implementing their national employment policies. Member States implementing their national employment policies pursue for three essential and inter-related objectives: full employment, labour quality and efficiency, social cohesion and inclusion. The objectives should be endeavoured in keeping balance and reflecting equal significance in the implementation of the EU goals. Equal opportunities and gender equality are essential in moving towards the achievement of these goals.

Full employment

Member States are striving for full employment implementing versatile political approach covering measures of demand and supply, raising employment rates and getting closer to the achievement of goals set in Lisbon and Stockholm.

The administration of policies pursue for the following EU average rates:

- general employment rate of 67 per cent in 2005 and 70 per cent in 2010,
- women employment rate of 57 per cent in 2005, and 60 per cent in 2010, and
- employment rate of senior employees (from 55 to 64 years of age) of 50 per cent in 2010.

Any national goals should match the anticipated EU outcomes and take into account actual circumstances.
Improving quality and productivity at work

Better quality of work is closely related to pursuing economy based on competition and knowledge. It has to be endeavoured in joint efforts of all participants and especially social dialogue. Quality is a multidimensional concept related to the characteristics of work place and the wider scope of the labour market. It comprises of the internal quality of work, skills, life long education and career promotion, gender equality, health and safety at work, flexibility and social security, inclusion and accessibility of the labour market, organisation of work and balance between work and private life, social dialogue and participation of employees, diversity and absence of discrimination, working activities in general.

Employment rate should be raised along with the general labour efficiency. The quality of work may assist in raising the efficiency of labour, therefore it is reasonable to make use of the advantage of the joined synergies. This suggests a specific challenge for the social dialogue.

Strengthening of social cohesion and inclusion

Employment is the essential measure to achieve social inclusion. Administration of employment policies alongside with open coordination method in the sphere of social inclusion should facilitate employment, stimulating accessibility of quality employment to all men and women, who are capable of work; and combating discrimination on the labour market prevent ousting of individuals from the world of the labour.

Economic and social cohesion should be stimulated by reducing regional disparities in employment and unemployment, addressing the issues of employment in remote territories of the European Union and supporting economic and social restructuring in a positive way.

Pursuing for the three essential objectives Member States administer policies taking into account the further described specific guidelines – priorities of actions. In doing so, they adhere to the approach of gender integration facet in each of the set priorities.

Active and preventive measures applied for the unemployed and inactive individuals on the labour market

Member States shall develop and implement incentive and preventive measures for the unemployed and inactive individuals precluding the possibility to get into long-term unemployment and stimulating the unemployed and inactive population (passive individuals) to integrate themselves gradually into the labour market. The Member States shall:

a) ensure, that in the first stage of unemployment all job-seekers received assistance in defining their needs and benefited from such services as counselling and guidance, assistance in job search and tailor made action plans.

b) following the previous definition above, will offer job-seekers effective and efficient measures to enhance their working capacities and possibilities of integration, giving special attention to individuals meeting with utmost difficulties on the labour market.

The Member States shall ensure, that:
- Before the end of 6 months of unemployment for young persons and 12 months of unemployment for adults, each unemployed person shall receive an offer for “the new start” providing possibilities in training, retraining, apprenticeship, job or any other form of occupation, if necessary, a continuous assistance in job search;
- Before 2010 about 25 per cent of long-term unemployed will participate in active measures of training, retraining, apprenticeship, or any other form of occupation, targeted to achieve the average rate of the three top advanced states;

- c) improve and strengthen labour market institutions, especially employment services,

- d) ensure, that the efficiency and effectiveness of labour market programmes would be regularly assessed and correspondingly improved.

Creating of jobs and entrepreneurship

Member States shall stimulate the creation of new and better jobs fostering entrepreneurship, innovation, investment capacities and favourable
conditions for the development of all kinds of businesses. Special attention will be given to the potential of introducing jobs at new enterprises, to the sector of services, research and applied activities. Referring to the procedure on the assessment of enterprises and the implementation of the European Charter on small enterprises, political initiatives will be directed to:

- simplify and reduce the administrative and regulative burden for the starting businesses, small and medium enterprises, and staff recruitment; to facilitate accessibility of capital for the start of a trade for the new and existing small and medium enterprises and developing companies with the growing potential in creating jobs.

- encourage and support training and education for the development of entrepreneurship and administrative capacities, as well as vocational training, in order trade and business could lead to future career possibilities for all.

Reaction to changes on the labour market, encouraging adaptability and mobility on the labour market

Member States shall help employees and companies to adapt themselves to the changes on the labour market, taking into account the need of flexibility and security, underlying the specific role of social partners in this respect.

Member States shall revise and, if necessary, reform too restrictive elements in the legislation on employment, influencing the development of the labour market and the employment of groups of persons meeting with difficulties on entering the labour market, elaborate social dialogue, foster collective social responsibility and take other respective measures aimed at encouraging:

- diversity of contractual and labour agreements, including arrangements concerning working time, promotion at work, better balance of working and private life, flexibility and security,

- accessibility to vocational training for employees, especially of low qualification,

- better working conditions, including health and safety at work; Member States will seek to reduce the frequency rate of accidents at work and occupational diseases,

- the development and dissemination (spread) of new and consistent forms of labour organisation leading to the increased labour efficiency and quality,

- anticipation and positive management of economic changes and restructuring.

Member States shall use various measures to combat the deficiency of labour force (shortage and hinderers), for example, encouraging occupational mobility and eliminating hinderers for geographical movement, especially implementing action plan on qualifications and mobility, improving the procedure and transparency in the recognition of qualifications and competences, transferability of social insurance and the entitlement to pension, providing corresponding incentives within the system of taxes and payments, taking into account the facets of immigration on the labour market.

Seeking for effective matching of the demand and supply of the labour force it is necessary to encourage the transparency of employment and vocational training possibilities as on the national, as on the European level. Before 2005 job-seekers all over the Europe should have the possibility to find out information on all vacancies offered by employment services in the Member States.

Promotion of the development of human resources and life-long learning

Member States shall implement the strategies for life-long learning as well as improve the quality and efficiency of the system of education and vocational training, aimed at providing all individuals with the capacities required for modern labour force in the society built up on knowledge, empowering them to career promotion and reducing the deficiency of capacities on the labour market.

Pursuing for national priorities Member States will endeavour at the same time for the following specific outcomes before 2010:

- at least 85 per cent of 22 year old persons in the European Union should have acquired higher than secondary education,

- the average rate of participants in the process of life-long learning in the European Union should reach at least 12.5 per cent among all adults in the working age (from 25 to 64 years of age).

Member States will continue increasing investments into the development of human resources. Taking this into account, it is important to increase the investments of companies into
vocational training of adults aimed at increasing efficiency, competitiveness and activeness of senior population. Favourable conditions will be created for operative investment into the development of human resources by employers and individuals themselves.

**Increasing the supply of labour force and encouraging active ageing**

Member States shall encourage adequate accessibility of work and occupational possibilities for supporting economic growth and employment, taking into consideration labour mobility as indicated in guideline 3. In particular, the Member States shall:

- increase participation of all population groups in the labour market, rooting versatile approach on the accessibility and attraction of jobs, remuneration for work, improvement of skills and provision of sufficient support measures.
- Encourage activeness of senior people, in particular facilitating working conditions stimulating to retain jobs, for example, providing access to a continuous vocational training, recognising the importance of health and safety at work issues, organising new and flexible forms of work, and eradicating motivation for early retirement from the labour market, by specific reforming of the early retirement pension schemes, stimulating senior people to remain active on the labour market and employers to take senior people into jobs.

Application of policy measures would help to achieve by 2010 the increase of the average age of withdrawal from the labour market in the European Union by 5 years (it has been calculated, that in 2001 the average age was 59.9). In this respect, social partners should play a significant role. In general, national targets should correspond to the expected outcomes on the level of the European Union and specific national circumstances, and, if necessary, take full account of additional labour force supply emerging from immigration.

**Gender equality**

Member States, applying the integrated approach of combining the integration of the gender facet and specific political actions, will encourage women to participate in the labour market pursuing to reduce markedly the differences between the level of employment, unemployment and remuneration for work among men and women before 2010. The role of social partners in this respect is exceptionally important. Aiming at the elimination of different remuneration for work to men and women, Member States will endeavour to reduce it considerably before 2010, analysing and combating factors influencing the different remuneration for work to men and women, including sectorial and professional segregation, education and vocational training, classification of jobs and payment systems, as well as raising the awareness of the issue and increasing transparency.

Special attention will be given to reconciliation of working and private life, in particular providing care facilities for children or foster-children, encouraging sharing of family and professional responsibilities, and facilitating the return to work after a certain break. Member States should eliminate hinders preventing women from the participation in the labour market, and pursue, taking into consideration the need for child care facilities in coordination with national child care models, to ensure child care to at least 90 per cent of children from the age of 3 to the compulsory school age, and at least to 33 per cent of children under three years of age before 2010.

**Promotion of the integration of individuals confronting with difficulties on the labour market and combating their discrimination**

Member States shall encourage integration of persons, who confront with specific difficulties on the labour market, for example, early school drop-outs, low skilled workers, disabled persons, immigrants and ethnic minority members, in developing their working capacities, increasing employment opportunities, and combating all forms of discrimination.

The aim of achievements with the help of administration of policy measures before 2010 is, that:

- no more than 10 per cent in the average of early school drop-outs were in the EU Member States,
- every member state reached a considerable reduction of differences in unemployment
of individuals lacking favourable conditions in accord with all national targets and definitions,

– every member state reached a considerable reduction of differences in unemployment between individuals born within and outside the EU, in conformity to all national goals.

**Increasing the attraction of work and stimulus to work**

Member States shall reform the systems of financial incentives with the view to making work attractive and stimulate men and women to look for jobs, get employed and keep the job. Taking this into consideration Member States shall form corresponding policies aimed at the reduction of the number of indigent (poor) people. They shall revise and, if necessary, reform the systems of taxes and payments, as well as their interaction, pursuing to eliminate the pitfall of unemployment, poverty and inactivity, and encourage participation of women, low skilled workers, senior employees, disabled persons and other individuals ‘distracted from the labour market’ in employment.

Retaining the sufficient social security level, Member States shall revise the amount of benefits in replacement of lost employment and the duration of payments; ensure efficient administration of benefits, in particular with regards to successful job search, including the accessibility of incentive measures in supporting employment, discuss the provision of work replacement benefits; act pursuing to eliminate the trap of population inactivity.

Policy measures shall be targeted to reduce significantly before 2010 high marginal tax rates and, if necessary, also the tax burden to low paid employees taking into account national circumstances.

**Legalization of undeclared labour**

Member States shall create and perform wide actions and measures to eliminate undeclared labour. This would cover the simplification of business environment: elimination of blocking devices and provision of suitable incentives in the system of taxation and payments, better implementation of the rule of law and application of sanctions. Member States shall put urgent efforts as on the national, as on the EU level to measure the scope of the issue and to assess the progress achieved on the national level.

**Reduction of regional disparities in employment**

Member States shall implement single policy to eliminate regional disparities in employment and unemployment. Local potential of creating jobs including social economy should be supported and partnership of all related participants encouraged. Thus, the Member States shall:

– promote favourable conditions for private trade activities and investments into backward regions,

– ensure that state support in backward regions will be concentrated on investments in the capital human resources and knowledge, as well as into adequate infrastructure.

The potential of the Cohesion and Structural Funds, and the European Investment Bank must be fully used up.

Member States shall ensure the effective implementation of the Employment Guidelines as on the regional, as on the local levels.

**2.1.2.2. The 2004 National Action Plan for Employment of the Republic of Lithuania**

The first annual report of the Republic of Lithuania – the 2004 National Action Plan for Employment of the Republic of Lithuania – to the Council of Europe and to the European Commission was prepared in 2004. It has been worked out following obligations scheduled in paragraph 3 of Article 128, part VIII “Employment” under the EU Treaty. Political obligations of the Government of the Republic of Lithuania and principal measures, which are applied in carrying out the national employment policy, taking into account general employment policy guidelines approved by the Council and recommendations addressed to Lithuania, are presented in the 2004 National Action Plan for Employment of the Republic of Lithuania (further referred to as (NEAP). The NEAP was drafted following the standard framework outline recommended by the European Commission. The outline provides with the description of essential changes in the economy and employment within the latter period, Lithuanian goals for the implementation of the provisions of the EU Employment strategy and the response to the guidelines and recommendations on employment. Key priorities of Lithuanian policies in economics, employment, social security and other spheres
are defined in the NEAP, indicating guidelines and measures to be implemented until 2015 according to the National long-term development strategy, approved by the Seimas of the Republic of Lithuania on 12 November 2002, and other programme documents adopted later.

In drafting the NEAP account was taken of the essential provisions concerning the strategy of the employment and labour market policy indicated in the 2001 – 2004 Programme of the Republic of Lithuania on increasing employment, and the implementation of the conclusions in the Joint Assessment of Employment priorities in Lithuania, signed on 12 February 2002 by the Republic of Lithuania and EU Employment and Social Affairs Directorate General, as well as the recommendations developed by the European Commission in 2003 in the report on the Progress of candidate countries implementing the Joint Assessment of Employment priorities in Lithuania. This ensures consistent passing of the Lithuanian national employment policy from the period of the accession to the policy coordinated with the EU employment strategy.

The Employment action plan indicates, that “Lithuania is taking further measures to reduce in the nearest future the gap in general employment and of some population groups from the employment rate of the old EU Member States (EU–15) approaching the goals set in Lisbon and Stockholm. The employment and labour market policy is based on the following provisions:

- high employment rate of the population is one of the fundamental preconditions for social-economic development of the state, guarantee of subsistence and social security for the people, therefore enhancement of employment possibilities and reduction of unemployment are the strategic objectives of the state in employment and labour market policy;
- the problem of unemployment has to be addressed by economic measures leading to favourable conditions for creating new jobs;
- for the enhancement of employment it is reasonable to use investment, fiscal and monetary, foreign trade and customs, regional development and other measures more effectively;
- professional and creative potential shall be increased and used in a better way. The development of human resources undertaking good vocational training answering the demand on the labour market shall ensure possibilities for all individuals to find one's place on the labour market and quickly adapt to the changes there.
- in formulating and implementing strategic provisions concerning social policy on demographic, family and youth, social insurance, social assistance, labour market and other issues, it is reasonable to pursue for the closer employment and social policy cohesion;
- aiming at better balancing of the labour market it is necessary to encourage and support employment of persons, who lost their jobs, refreshing and improving their professional skills and capacities, enhancing possibilities to re-establish themselves on the labour market;
- it is expedient to develop the capacities of employers and employees for adapting themselves to the changes of the environment, to encourage bilateral and tripartite cooperation.

<table>
<thead>
<tr>
<th>Employment rate, %</th>
<th>2003 m.</th>
<th>2005 m.</th>
<th>2010 m.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ES– 25</td>
<td>Lithuania</td>
<td>ES– 25</td>
</tr>
<tr>
<td>Total</td>
<td>62,9</td>
<td>60,9</td>
<td>67,0</td>
</tr>
<tr>
<td>Women</td>
<td>55,1</td>
<td>58,4</td>
<td>57,0</td>
</tr>
<tr>
<td>Individuals aged 55–64</td>
<td>40,2</td>
<td>44,5</td>
<td>–</td>
</tr>
</tbody>
</table>

* forecasted (Employment Action Plan for 2004 of the Republic of Lithuania)
Lithuania according to the employment rate of certain groups of population (women, senior persons) is already close to the objectives set in Lisbon and Stockholm for the 2010 (see Table 2.1.2.2.–1). To achieve full employment the existing high employment rate among the above mentioned groups of population has to be retained implementing at the same time the policy encouraging employment and economic activeness of other inhabitants. After versatile assessment of the national economic potential, its political, social and economic targets, it has been anticipated to raise the level of employment up to 70 per cent, to reduce and maintain the low level of unemployment, no more than 6 – 7 per cent, during the coming 12 – 15 years. 

2.1.2.3. Promotion of local employment initiatives

With the view to reducing the loss of jobs and to facilitate the solution of problems, related to the structural changes in the development of national economy, and rather complicated in certain regions of the country, a new unconventional labour market instrument of local employment initiatives (LEI) was introduced and is successfully functioning for four years already. Projects of LEI are meant for creating state supported jobs in the regions (municipalities or communities) with the highest unemployment rate exceeding by 1.5 times the average national unemployment rate, or where such unemployment rate is anticipated due to group dismissal of workers and in the territories, which are not attractive for investments.

Legal and economic environment for the development of LEI has been created. Order on the Implementation Procedure of LEI Projects defines criteria for the selection and assessment of projects, organisational structure for the implementation, functions of participating institutions, requirements for the provision of state support, control and monitoring procedures.

Commissions comprising of social partners for the Selection and Supervision of LEI projects are established at Local labour exchange offices, and the Supervision Committee for LEI projects is set up at the Lithuanian Labour Exchange.

Every year training seminars and workshops on drafting and implementing LEI projects are arranged for the organisers, administrators and social partners in each municipality, where LEI projects are going to be carried out.

Open tenders are announced for the implementation of LEI projects. Following the competitive conditions on the market, the selected projects receive subsidies from the state budget and the Employment fund for creating new jobs. It is desirable that municipalities also join the initiatives of creating new jobs. The beneficiary of the support – a small or a medium size company – is supposed to cover no less that 35 per cent of means allocated for the implementation of the project. The maximum amount of the state support for one project may total up to LTL 200, 000, and for creating one job – up to LTL 20, 000.

The survey on social economic efficiency of LEI projects indicate that state means allocated for the implementation of the LEI projects are not just recovered, but also bring a considerable economic benefit. The state, municipality and social insurance fund budgets recover the invested means and at the same time, within the period of three years (this is the term the employer obligates to maintain the established jobs), receive additional income of LTL 0, 54 out of each invested Litas. Moreover, LEI projects not only directly influence the process of creating new jobs, but also have a multiplicative effect – apart from them additional jobs are created in other subjects of economy without state support.

In the 2002 report of the European social cohesion Committee of the Council of Europe on the possibilities of enjoying social rights the LEI programme implemented in Lithuania was referred to as an example of good practice. Similar reference was also made in the 2004 publication of the European Commission General Directorate on employment and social affairs “A guide for the development of local employment strategies in the new EU Member States and candidate countries”.

The geography and the number of implemented LEI projects was constantly increasing – starting from 9 territories and 16 projects in 2001 to 22 territories and 73 projects in 2004. In total, the number of implemented LEI projects within

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8 Accessibility of Social Rights in Europe, chapter 4 Good Practice in Improving Accessibility of Social Rights
the period of four years (2001 – 2004) reached 211 with over 1.9 thousand new jobs created for the placement of unemployed persons registered at local labour exchange offices. LTL 18,500,000 was used for creating the above jobs, including LTL 12,300,000 from the state budget, and LTL 6,200,000 from the Employment Fund.

In 2002 LEI projects were implemented in 22 territories attended by local labour exchange offices of Druskininkai, Lazdijai, Kelmė, Joniškis, Skuodas, Pasvalys, Akmenė, Šakiai, Jurbarkas, Mažeikiai, Šalčininkai, Panevėžys, Ignalina, Vilnius, Šiauliai, Tauragė, Švenčionys, Utena, Pakruojis, Jonava, Aštuonias, Rokiškis and Vilkaviškis. In total 73 LEI projects were implemented introducing 596 jobs. The state budget and the Employment Fund allocated almost LTL 7,000,000 for the implementation of the above projects. The cost of one job amounts to LTL 11,600. The majority of implemented projects (over 50 per cent) are of a productive nature: ceramics, wooden ware, food products, plastic windowsills, production of electronic components, recycling, sewing, wood processing. In other projects new services were introduced or the existing services in country side tourism, car repair, beauty shops, etc. expanded.

### 2.1.2.4. Cash support to unemployed

In recent years the number of unemployed persons receiving temporary assistance due to the loss of income – the unemployment benefit – decreased. The number of beneficiaries decreased by 32.4 per cent within the year of 2004, and amounted to 13,2 thousand persons at the end of the year. Unemployment benefit was paid to every tenth unemployed. In the average 10 thousand individuals, who were in the age of two years before the retirement, refused from the active participation in the job search and were paid the pre-retirement unemployment benefit. From May 1998 the amount of the unemployment benefit did not change, i.e. the minimum unemployment benefit was equal to the amount of state supported income of LTL 135, and the maximal amounted to LTL 250 (two minimum subsistence levels). The average amount of the unemployment benefit fluctuated from LTL 182,9 in 2001 to LTL 175,7 in 2004, and in comparison to 2003 it has only slightly increased.

<table>
<thead>
<tr>
<th>The Amount of the Unemployment Benefit and the Number of Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2001</strong></td>
</tr>
<tr>
<td>The average amount of an unemployment benefit (in LTL)</td>
</tr>
<tr>
<td>The number of unemployed awarded benefits per year (%)</td>
</tr>
</tbody>
</table>

However, from 1 January 2005, after the enforcement of the Law of the Republic of Lithuania on the Unemployment Social Insurance\(^9\), the amount of insurance benefits awarded to unemployed persons will increase. The previous unemployment benefit will be substituted by the social insurance unemployment benefit, the amount of which depends on the amount of the previous wage of the person, who became jobless. According to the new system of insurance of unemployment, the social benefit will consist of a fixed amount of LTL 135 and 40 per cent of the previous wage within the period of the last three years. According to this system, the social insurance benefit of a person, who received the minimum wage of LTL 500 will be LTL 335. The maximal limit of the whole benefit is the amount of LTL 693. Unemployment benefit shall be paid for 6 months to persons with the working record less than 25 years, for 7 months to persons with the working record over 25–30 years, 8 months to persons with the working record of 30–35 years,

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9 Law No. IX-1904 of the Republic of Lithuania on the Unemployment Social Insurance (Official Gazette, No. 4-26, 2004)
and 9 months to persons with the working record over 35 years. Besides, the requirement for the obligatory working record of 24 months for the entitlement to the unemployment benefit will be reduced to 18 months (within the period of three previous years).

Regulations for the social insurance unemployment benefit\textsuperscript{10} regulate the procedure on calculating the social insurance record of insured persons, who became unemployed, the insured income and the social insurance unemployment benefit, and, taking into consideration the reasons of dismissal, the procedure of awarding and disbursing the above benefit. The procedure for awarding of the social insurance unemployment benefit, taking into account the reasons for dismissal of the person in question, is established following the Law of the Republic of Lithuania on the Unemployment Social Insurance. Individuals, who were dismissed through no fault of themselves, but on the initiative of the employer and due to circumstances irrespective of the employee or in the case of bankruptcy of the employer, or after return from the military or alternative service in the national defence, will be entitled to the social insurance unemployment benefit. The Regulations provide for justifiable reasons allowing the award or extension of the payment of the social insurance unemployment benefit even in the case, if the unemployed person refused the offer for employment. The reasons for suspension of the payment of the benefit are also defined.

Regulations also define cases, when social insurance unemployment benefit may be recalculated after submitting corresponding supportive documents on the acquired working record or insured income, or after specifying the information in the database. Also groups of persons, entitled to the social insurance unemployment benefit without the required working period, were identified.

By the end of the year changes to the Law of the Republic of Lithuania on Support to the Unemployed\textsuperscript{11} were adopted defining additional terms for the entitlement to social insurance unemployment benefit, equalising and increasing to 1,5 minimum subsistence level (LTL 187,5) the training allowance for studying unemployed persons, irrespective of the fact, whether they receive the social insurance unemployment benefit, or not. It has been foreseen, that from 1 January 2005 the studying unemployed persons alongside with the training allowance will receive the awarded social insurance unemployment benefit, which will substitute the currently paid benefits. In 2004, the training allowance to the studying unemployed persons, who did not receive unemployment benefit, was LTL 135. The amount of the training allowance depended on the amount of the unemployment benefit and was equal to 1.3 of the value of the benefit, but no more than LTL 250. Payment of the unemployment benefit to the said persons was suspended during the period of training.

**SUMMARY**

In 2004, realistic steps were taken in the protection of employment. Essential achievements were reflected in the General Report on the implementation of the 2001 – 2004 National programme on the enhancement of employment submitted the Government of the Republic of Lithuania. The report provides information submitted by the ministries and other authorities, including information available at the Ministry of Social Security and Labour, summary on the achieved goals and outcomes under the employment programme, the implemented measures, the assessment of their impact on the labour market and the forecast for the 2005 – 2008 labour market development. Implementing the 2001 – 2004 Employment Programme the following main goals and outcomes were achieved:

- the number of employed persons in the country increased by 6 per cent within the period of 4 years (85 thousand);
- the number of unemployed persons was reduced by 35 per cent (100 thousand).
- average annual unemployment rate decreased by 4.7 per cent point – to 11.4 per cent (In 2004, at a higher rate than on the average in the EU and neighbouring


\textsuperscript{11} Law of the Republic of Lithuania amending and supplementing Articles 6, 12, 13, 14, 19, 20-1, 26 of the Law on Support to the Unemployed, and invalidating Articles 5, 9, 10, 15, 16, 16-1, 17, 18 and paragraph 4 of Article 20 in the abovementioned Law (Official Gazette, No. 188-6998, 2004)
countries;

- local employment offices supported the creation of 7.7 thousand new jobs for the additionally supported unemployed on the labour market, including approximately 0.9 thousand jobs for the disabled;

- a certain part of the unemployed got involved in individual occupation: making use of soft loans over 0.1 thousand of the unemployed started their own business, more than 58 thousand individuals started their economic activities on business licence acquired on easy terms.

The implemented national measures on the enhancement of employment facilitated proper preparations for joining the coordination of the EU employment strategy.

Therefore, it might be stated, that implementation of measures under the 2001 – 2004 Programme on the enhancement of employment leads to the achievement of all the anticipated fundamental strategic objectives. The essential turning point on the labour market took place in blocking the increase of unemployment and reaching the set goal – the registered unemployment rate in 2004 reduced to 6.8 per cent.

In the sphere of improving welfare of the unemployed the Law of the Republic of Lithuania on the Unemployment Social Insurance was enforced from 1 January 2005, changing in the main the whole system of assistance in the case of unemployment. Obviously, recent years were exceptionally significant. The implementation of policy measures justified in international practice and adapted to national conditions on the labour market facilitated efficient participation in the process of the implementation of the EU employment strategy.

2.1.3. HUMAN RESOURCES DEVELOPMENT

In developing dynamic and competitive economy particular importance is given to the skills that become fundamental in pursuing the enhancement of employment. Therefore it is a matter of great relevance to form such skills and capacities that become indispensable for individuals in the versatile modern working environment to be able to perform various types of work in the knowledge based economy. Substantial challenge for Lithuania at present is to provide possibilities for every individual to study and to upgrade the acquired skills.

The human resources development is closely related with the growth of the economy and social cohesion. The higher level of education leads to higher level of employment and efficiency, and lower level of unemployment. The process of employees’ training and retraining of jobseekers aimed at adaptation to the demands on the labour market involves all interested individuals, authorities, employers and employees.

Participating in the common EU economic area, continuously improving employment policy and conditioning social development of people, Lithuania is seeking to make a proper input in the implementation of the major objective for the development, set at the Inter-Governmental Summit of 2000 in Lisbon – to achieve that European Union becomes the most competitive and knowledge based, rapidly developing and dynamic economy in the world within the nearest decade with concerted sustainable economic development and better quality employment, and sound social cohesion. One of the priorities of the EU and Lithuania is to increase investments in people and training. Implementing employment policy Lithuania is following the guidelines of Lisbon goals and underlines the relevance of more effective investment in the development of human resources, aiming at improving the quality and efficiency of work. The demand for training of labour force (both employed and unemployed) is conditioned by the fast restructuring of the economy, rapid growth of small and medium businesses, globalization of the market and corresponding development of international relations, intervention of modern information technologies into all sectors of the economy. Another factor influencing the need for training of employees is the speedy alternation of technologies. And the third factor is related to the essential restructuring of the economy, which is currently in process and will continue further in certain economic sectors of Lithuania.

All this conditions not only the need for providing adequate and marketable qualification to individuals, who do not have it, but also to encourage the formation of life-long learning
culture and the system, since the speedy alternation of technologies, globalisation processes and other factors are not just one-time phenomena, but are of long-lasting nature.

Recognition of the regulated professional qualifications has become an important measure for Lithuania, who became the member of the European Union, to ensure free movement of workers facilitating the implementation of the right of employed and self-employed persons to establish and provide services. Therefore, it was necessary for this purpose to transpose respective provisions of the EU legislation – General Recognition system directives and Sectorial directives.

The Ministry of Social Security and Labour, carrying out the delegated tasks in the human resources development, is implementing the national labour market vocational training policy aimed at ensuring the functioning and improvement of the labour market vocational training, development and implementation of the labour market vocational training policy strategies, coordination of the recognition of regulated professional qualifications. In 2004, as in previous years, the Lithuanian labour market training authority was involved in the activities of the implementation of human resources development policy.

2.1.3.1. Implementation and coordination of the labour market human resources policy

The Ministry of Social Security and Labour is in charge of coordinating the recognition of regulated professional qualifications in the Republic of Lithuania and has worked out Regulations concerning the recognition of professional qualifications, approved by Resolution of the Government of the Republic of Lithuania No. 535 of 3 May 2004 On approval of the regulations on recognition of higher education diplomas, diplomas, certificates and other evidence of qualifications awarded within the European Union, European Economic Area and Swiss Confederation for the purpose of taking up or pursuit of a regulated profession or regulated professional activity in the Republic of Lithuania, and of the list of courses having a special structure. The said legal act regulates the procedure for the recognition of documents certifying the acquired qualification by nationals of the EU Member States, European Economic Area or Swiss Confederation who are willing to work in the Republic of Lithuania in the regulated profession or professional activity. Pursuant to the provisions of the above-mentioned Resolution, the Minister of Social Security and Labour passed the Order No. A1-128 of 14 May 2004 appointing the National Coordinator for the recognition of professional qualifications. Moreover, following the provisions of the same Resolution and other legal acts of the Republic of Lithuania, the Minister of Social Security and Labour passed the Order No. A1-186 of 16 July 2004 on Approval of the Description of Procedures on the Issue of Certificates on Professional Experience to the Nationals of the EU Member States, European Economic Area or Swiss Confederation moving from the Republic of Lithuania to the EU Member States, European Economic Area or the Confederation of Switzerland for the Employment in the Regulated Profession or professional activity. The Description of Procedures defines the rules on the issue of certificates to the nationals of the EU Member States, European Economic Area or Swiss Confederation moving from the Republic of Lithuania to the EU Member States, European Economic Area or Swiss Confederation and are willing to work under the regulated profession or professional activity, according to the provisions of the European Parliament and the Council of Europe Directive of 7 June 1999 (1999/42/EEC).

On 30 May 2004, the Government of the Republic of Lithuania passed Resolution No. 534 on the Amendments to the Resolution of the Government of the Republic of Lithuania No. 624 of 1 June 2000 on Regulations on the Assessment and Recognition of Professional Qualifications, the List of Institutions in charge of Performing the Assessment and Recognition of Professional Qualifications, and the List of Regulated Professions. The above-mentioned regulations shall cover applicants from other states, who are not nationals of the EU Member States, the European Economic Area or Swiss Confederation and are willing to engage in regulated profession in the Republic of Lithuania.

In 2004, the Ministry of Social Security and Labour participated in the activities of National coordinators in the EU Member States
on the recognition of professional qualifications, providing information to the European Commission concerning the regulated professions and competent authorities in the Republic of Lithuania, and the adopted legislation transposing the provisions of the EU directives. Recommendations and proposals concerning specialists of competent authorities performing recognition of professional qualifications and their capacity development were provided in the seminars and consultations held during the implementation of Component B “Recognition of Professional Qualifications” under the PHARE twinning project “Free Movement of Workers”. Consultations were also given to competent authorities responsible for transposing the provisions of the directives into the national legislation. Moreover, information, consultations and recommendations on relevant legislation, requirements, institutions providing information and competent authorities in the sphere of regulated professions or recognition of professions, issue of certificates to the nationals of the EU Member States, European Economic Area or Swiss Confederation moving from the Republic of Lithuania to the EU Member States, European Economic Area or Swiss Confederation for employment under the regulated profession or professional activity, according to the provisions of the European Parliament and the Council of Europe Directive of 7 June 1999 (1999/42/EEC) were provided to all interested individuals.

Proposals were submitted to the Council of Europe and the Government of the Republic of Lithuania concerning the new directive of the European Parliament and the Council of Europe on the Recognition of professions, representing the position of Lithuania in the Council of Europe and the European Commission. For raising public awareness on the issues related to the recognition of professions an informational leaflet and a booklet “Recognition of regulated professional qualifications in the Republic of Lithuania” were prepared and published. Informational publications indicate references to the legislation of the Republic of Lithuania transposing provisions of the general recognition system of qualifications and commentary on legal acts and procedures, and provide information on regulated professions in Lithuania and competent authorities.

MSSL specialists participated in the activities of the working group established by the Ministry of Education and Science in the drafting of the Conception of New Edition of the Law on Vocational Education and Training, which was approved by the Government of the Republic of Lithuania by Resolution No. 670 of 31 May 2004. The Law on Vocational Training will consolidate the new framework of the vocational training system, organisation of the processes in vocational training and regulations concerning the funding of the vocational training. Besides, the Law will regulate the activities of public, municipal and non-governmental institutions involved in providing vocational training, as well as the activities of trade unions and employers in the sphere of the initial and continuous vocational training.

The Description of Procedures in carrying out Expertise on the performance of labour market vocational training programmes and the List of conformity of labour market vocational training programmes were prepared and approved by the Minister of Social Security and Labour in the Order No. A1-278 of 15 December 2004. The above Description of Procedures establishes the procedure for carrying out expertise on the performance of labour market vocational training, and for issuing a note on expertise to schools and other institutions, companies and organisations.

With the view to involving more people in the labour market and to invest more and more efficiently in the development of human resources and lifelong learning, the MSSL in joined efforts with the Ministry of the Republic of Lithuania of Education and Science has drafted the Life-long learning strategy and the Action Plan for its implementation (approved jointly by the Republic of Lithuania Ministers of Education and Science, and Social Security and Labour in the Order No. ISAK-433/A1-83 of 26 March 2004), and the Implementation Plan of the Vocational Guidance Strategy (approved jointly by the Ministers of the Republic of Lithuania on Education and Science, and Social Security and Labour by Order No. ISAK-415/A1-71 of 23 March 2004).

For the implementation of active labour market policy measures new ways and possibilities were looked for. New possibilities opened for Lithuania as a member state of the European Union in human resources development. Special attention was given to ensure quality of training and counselling. Lithuanian labour market training authority under the Ministry of Social Security
and Labour in cooperation with the Department for specialist training at the Ministry of Education and Science, and the Methodological centre for vocational education and training drafted the outline of the system of national qualifications. Based on this outline a project has been prepared “The development of the system of national qualifications”. The goal of this three-year long project is to create a single and transparent system of qualifications covering all levels of qualifications answering for the possibility of transition between the levels and ensuring the diversity of ways for acquiring qualifications, providing for a possibility to react in a flexible way to the requirements of the changing environment. The tasks of the project are the following:

1. to develop a model for the national system of qualifications;
2. to draft descriptions of qualifications in the selected sectors of economic activities following the model for the national system of qualifications;
3. to train human resources for the implementation of the national system of qualifications;

The development of the National system of qualifications will:
- Assist in a better matching of qualifications with the needs of the national economy.
- Graduates from vocational schools and high educational establishments will be better trained and ready for professional activities.
- Assist in creating preconditions for recognition of professional qualifications in the EU Member States.
- Facilitate preconditions in formalising upgrading of qualifications.
- Activate life-long learning.
- Use vocational training resources in a more rational way.
- Improve the management of vocational training.

Seeking to ensure the realization of measures defined in the implementation plan of the Strategy for vocational guidance approved by the Republic of Lithuania Ministers of Education and Science and Social Security and Labour in 2004, and to raise the necessary human resources and financial means, a project “The development and implementation of the system for vocational guidance” has been prepared and submitted to the EU Social Fund. The applicant of the project is the Ministry of Education and Science, partner – the Lithuanian labour market training authority under the Ministry of Social Security and Labour. The goal of the project is to develop the system for vocational guidance in Lithuania, consisting of vocational information and vocational counselling subsystems. The vocational counselling subsystem is under the competence of the Lithuanian labour market training authority under the Ministry of Social Security and Labour. The tasks of the project of the counselling subsystem are the following: to improve the model of the system for vocational guidance and counselling; to make analysis of the needs and possibilities for establishing vocational guidance centres in municipalities; to elaborate the system for training vocational guidance and counselling specialists; to develop and improve methods and measures in vocational counselling; to elaborate a model of the system to ensure the quality of vocational guidance and counselling.

The implementation of the project will bring about the following expected results:
- Analysis of the current situation in Lithuania; assessment of the existing practice in the EU countries; proposals and recommendations for further improvement of the system for vocational guidance and counselling in Lithuania.
- Draft project for establishing the network of vocational guidance centres.
- Defined standards on the profession and training of consultants in vocational counselling; standards on providing services and supply; methodical recommendations for vocational guidance specialists.
- The elaborated model of the system to ensure the quality of vocational guidance and counselling; formulated methodical techniques of accreditation and quality assessment; trained assessment specialists.
- Elaborated and tested programmes of vocational guidance for ‘drop-outs’ from the system of education; three tests prepared and standardised for Lithuania.

In recent years new tendencies may be highlighted on the labour market – lack of qualified employees and increased requirements
of employers on the quality of vocational training. Therefore, much attention was given to the improvement of vocational training programmes and adaptation of them to the demands on the labour market. New methods were introduced in the sphere of vocational counselling increasing the accessibility of counselling; a new vocational counselling programme was opened on the internet to be accessible to all users.

Reorganisation of labour market training centres into public institutions started in 2004. Changes in organisation and management were carried out without interrupting the processes of training and counselling.

2.1.3.2. Vocational training

In 2004, fifteen labour market training centres were attended by 28.1 thousand trainees, including 281 persons, who acquired their qualification in taking equivalency examinations.

Unemployed persons and employees notified about their dismissal, who were referred to training centres by labour exchange offices, presented the largest share of trainees – 57.5 per cent.

16.2 thousand individuals graduated the programmes of formal education, including 2.9 thousand of persons, who acquired the first level professional qualification, and 8.2 thousand – the second level. 5.1 thousand of individuals participated in the training programmes on health and safety at work issues and the assessment. 2.3 thousand of trainees acquired two professional qualifications during the training process.

5.2 thousand of trainees participated in the programmes of non-formal training, 6.7 thousand individuals upgraded their skills and knowledge and studied the profession.

The general duration of the training totalled to 11.45 million hours, i.e. 413 hours in the average per person.

The development of labour market vocational training programmes.

By the end of 2004 the National Register of studies and training programmes had recorded over 400 training programmes, and the Labour market collection of programmes for non-formal training had listed over 470 training programmes. In 2004, some 289 new training programmes were elaborated, namely:

- 34 programmes in formal training, including 8 programmes awarding professional qualification of level II, 3 programmes of level I, 20 programmes for employees involved in operating and supervising potentially hazardous equipment, 3 programmes in granting the right to perform certain jobs or carry out functions.

- 253 programmes of non-formal vocational training.
2 measures in upgrading skills and knowledge (for long-term unemployed).

Implementation of the new training and counselling forms and methods

In 2004, a new Information system of counselling and testing was developed and introduced by the end of the year. The new system covers the services of electronic management, integrated in the web page of the Lithuanian labour market training authority www.darborinka.lt and supplied to the labour market training and counselling offices at local labour exchange offices.

The information system of counselling and testing is meant for everybody willing to choose or acquire a profession, get retrained, or for jobseekers.

Assessment (expertise) of the readiness of institutions to carry out vocational training programmes.

With reference to the conclusions of work group experts 86 recommendations were elaborated in 2004 for the Ministry of Education and Science concerning licensing of training establishments, organisations and educational institutions (hereinafter – the institutions):

- 24 – to issue licences on training according to the labour market vocational training programmes;
- 58 – to issue a repeatable licence on training;
- 3 – re-register the licence on training.

By the end of 2004 licences on carrying out labour market vocational training programmes were issued to 261 institution: 14 labour market training centres, 87 educational establishments, 8 public enterprises, 20 share holding companies, 70 closed joint stock companies, 25 personal companies, and 37 organisations. Information on the above institutions and the performance of the labour market vocational training programmes is administered in the computerised data base and is accessible to all internet users on the home page of the Lithuanian labour market training authority at www.darborinka.lt.

Organisation of the training and supervision of the quality of training programmes

In 2004, local sub-offices of the Lithuanian labour market training authority – territorial training and counselling offices – inspected the quality of implementation of 292 training programmes in 96 training institutions. Quality inspection on the implementation of 85 training programmes was carried out at training institutions subordinate to the Ministry of Education and Science, of 105 training programmes – at labour market training centres, and of 102 training programmes – at other institutions.

According to the Lithuanian 2004 – 2006 Single programming document, measure 2.4., project “The development and implementation of the single system to ensure the quality of the initial and continuous vocational training” has been worked out. The applicant of the project is the Methodological centre for vocational education and training, and the partner is the Lithuanian labour market training authority. The general goal of the project is to develop the single system intended to ensure the quality of the initial (for young persons) and continuous (for adults) vocational training, corresponding to the EU strategic provisions and creating preconditions for sustainable improvement of the quality of training, aimed at maximal matching of the acquired qualifications by the trained specialists to the alternating demands in the national economy.

2.1.3.3. Vocational counselling

In 2004, seven territorial labour market training and counselling offices consulted 64.2 thousand of persons. The highest number of consulted individuals was among the unemployed. Half of them were long-term unemployed persons, and almost every fourth – a young person under 25. Individual counselling was provided to 31.3 thousand of persons, amounting to 37.5 thousand individual consultations with total duration of 47.2 thousand hours. Most consultations were given on the issues of choosing a profession – 11.3 thousand, 19.9 thousand individuals participated in the selection procedure for participation in the programmes of vocational training. Group counselling was provided to 33.0 thousand persons (12.5 individuals on the average in the group). 10.0 thousand trainees participated in training programmes on active search of employment and the development of working capacities, 6.6 thousand – in the programmes on motivation enhancement, 12.3 thousand – in
activation on the labour market, and 4.0 thousand – in psychological education programmes. 157 individuals participated in the programme on working possibilities.

**The development of training programmes on active search of employment and the development of working capacities**

During the year of 2004 two new programmes were elaborated for schoolchildren: the first – “I choose the career” – is aimed at encouraging the participants to know themselves better, to reveal own advantages and future career related expectations, analyze the world of professions, empowering them to choose the profession with full responsibility, and the second – “How to become a leader”.

Programmes on the development of general competences “Competence of a teacher in developing the skills for modelling professional career” and “Self-study and motivation for success” were elaborated for teachers of general education schools, boarding homes, training institutions for the disabled, social and special pedagogues and social workers. The above programmes are registered on the inventory of programmes for non-formal vocational training. Four counselling programmes were specially tailored for women, who lost their links with the labour market: “The development of communication skills for socially vulnerable persons”, “The development of self-confidence”, “The development of self-confidence and adaptability to changes”, and “Unveiling of personal capacities and internal reserves”. The latter programme is adapted to the disabled and employees.

### 2.1.3.4. Integration of various social and demographic groups and the most vulnerable individuals into the labour market

In 2004, 1.3 thousand disabled persons were consulted, including 0.5 thousand of individual consultations, and 0.8 thousand of the disabled participated in the programmes of group work. 162 disabled persons acquired professional qualifications – considerably more than in the previous year (26 in 2003). In total the Lithuanian labour market training authority has adapted 69 training programmes for the disabled (11 training programmes in 2004), including 37 distance training programmes, which are available at the Klaipėda and Utena.
labour market training centres. A project “Development of the integration of the disabled into the labour market” has been prepared for applying to the Social Fund for support under the measure 2.3 of the 2004 – 2006 Single programming document of Lithuania, and a project “Development of the labour market training network infrastructure answering the needs for vocational rehabilitation of the disabled” aimed at applying for support to the European Regional Development Fund under the measure 1.5 of the 2004 – 2006 Single programming document of Lithuania.

In 2004, 24.2 thousand of long-term unemployed were consulted (9.9 thousand individually and 14.3 thousand in groups). Many of them participated in training programmes implementing “Measures for upgrading knowledge and practical skills of long-term unemployed”, where 6.6 thousand of them were involved in sessions for the enhancement of motivation, 5.9 thousand participated in the selection procedure for participation in the training on upgrading skills and knowledge, and cognitive measures. 8.0 thousand long-term unemployed persons participated in the following training courses: 1.5 thousand – informal training, 0.2 thousand – in non-formal labour market vocational training courses, and in the “Measures for upgrading knowledge and practical skills of long-term unemployed” – 5.1 thousand long-term unemployed were involved in cognitive, and 1.2 thousand – in skills and knowledge upgrading measures. In total the Lithuanian labour market training authority has elaborated 38 training measures (programmes) for long-term unemployed: 15 – cognitive, 23 for upgrading skills and knowledge, including 2 worked out in 2004. The above measures (programmes) cover the following spheres of economic activities: attendance and services, construction, metal and wood processing, administration and labour organisation, computer literacy, activities in social and cultural work.

In 2004, guidance and counselling was also provided to 306 convicts. 162 of them acquired professional qualifications. Two non-formal training programmes of decorators and car body repairmen were tailored for the convicts. Project “Development of social and vocational capacities of convicts aimed at integration into labour market” has been prepared for applying to the Social Fund for support under the measure 2.3 “Prevention of social exclusion and social integration” of the 2004 – 2006 Single programming document of Lithuania.

66 ex-prisoners were consulted in a year after their return from imprisonment. Cooperation has been established with the Corrective inspectorate of Šiauliai region under the Prison department, and the territorial labour market training office of Šiauliai offered the consultations to 13 ex-prisoners involving them in training programmes on psychological education. Ex-prisoners preferred individual consultations.

In 2004, guidance and counselling was offered to 12.0 thousand students of general education schools, including individual consultations with 5.3 thousand students, and 6.7 thousand of them participated in group sessions. Students are interested in choosing training profile, professional singleness, personal characteristics, general capacities, information on training institutions, professions, competition on entering higher and other educational institutions, possibilities of studying abroad. Parents and teachers were most interested in vocation and capacities of children, information on studies for school-leavers and for students with special needs, possibilities to acquire a profession. Four training programmes have been elaborated for students and teachers on counselling and development of general capacities.

Counselling was given to 29 individuals of Roma nationality. 21 of them participated in job club sessions, 7 – in motivation measures for long-term unemployed “Psychological readiness for active job search”.

Implementing the 2003 – 2004 programme on psychological rehabilitation, vocational guidance and counselling to victims of trafficking in people and prostitution, the following activities were carried out:

- Training of consultants for the implementation of the programme;
- Cooperation with social partners;
- Information of the society on the activities carried out under the programme and counselling services to the victims in the regional press;
- Educational and preventive actions;
- Vocational and psychological guidance
and counselling to victims of trafficking in people and prostitution.

Within a year of 2004 counselling was provided to 31 women. 20 of them were referred for counselling by social partners – Caritas organisations or social assistance centres, 11 of them addressed individually after finding out about the possibility themselves.

In 2004, the Lithuanian labour market training authority assisted in increasing possibilities for the integration into labour market to 14.6 thousand young unemployed people, 3.3 thousand of them acquired professional qualifications, and 11.3 thousand received guidance and counselling. The largest share of all trained people was among individuals without any vocational training – 2.8 thousand. Training was provided to 1.3 thousand of individuals starting their working career for the first time.

The share of consulted women in 2004 amounted to 30.8 thousand, or 61.2 per cent of the total number of all consulted persons. 11.1 thousand among them, acquired professional qualification or improved their skills, accounting for 39.6 per cent of the total number of trained people. Counselling and training was provided to more unemployed women than men: training was provided to 9.1 thousand and counselling to 30.1 thousand of women, and to 6.2 thousand and 19.3 thousand of men correspondingly. Four counselling programmes were specially worked out for women, who lost links with the labour market.

2.1.3.5. Structural changes of the Lithuanian Labour market training authority

In 2004, six labour market training centres (of 14) – Jeruzalė in Vilnius, Žirmūnai in Vilnius, Naujininkai in Vilnius, Klaipėda, Šiauliai and Alytus – were reformed from closed stock companies into public institutions. Expanding the accessibility of labour market vocational training and counselling, a new office of labour market training and counselling in Utena was opened in 2004 alongside with a sub-office in Ignalina. A sub-office in Akmenė and a counselling point in Kuršėnai were opened at the Šiauliai labour market training office. A sub-office in Tauragė was established at the Klaipėda labour market training office.

A tender has been announced (PHARE Project Preparation Facility) concerning the preparation of relevant documentation on purchasing services for the investment Project on restructuring the training and counselling system of the Lithuanian labour market training authority into regional labour market training and counselling centres, to be funded from the European Regional development fund. Technical documentation for the tender has been prepared.

2.1.3.6. Participation in the EU assistance projects and programmes

The development of the Lithuanian labour market vocational training and counselling is only possible if taking account of processes taking place in the EU and other countries, overtaking and sharing experience in the implementation of the new training and counselling methods, programmes, improving skills in working with various socially excluded groups of individuals, upgrading the training and counselling basis, developing human resources and raising financial means. Joining the EU opened possibilities to the support of Structural Funds for the development of vocational training and counselling systems answering the needs for matching of qualifications with the demand on the labour market, recognition of qualifications and the quality of training. The Lithuanian labour market training authority was involved in various activities implementing, elaborating and participating in 54 projects aimed at EU support. In total 39 new projects were worked out: 24 are currently in the phase of implementation, 10 projects, aimed at receiving support from Structural Funds, are in the stage of assessment, 5 projects were rejected. 11 projects are in extension, 5 – finished. The total value of projects carried out in 2004 was LTL 3, 400,000.

In 2004, 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 coordinated recognition of the regulated professional qualifications pursuing to contribute to the development of dynamic and competitive economy – the most significant objective formulated in the Summit at Lisbon.
2.1.4. EQUAL TREATMENT ON THE LABOUR MARKET

One of the preconditions for the development of coherent society is to create equal opportunities for all members of the society to participate in the labour market on equal terms and conditions, and to earn for subsistence. Therefore the role of the state in this development is to find out, which members of the society face difficulties in establishing themselves on the labour market, i.e. in getting ready for employment and staying in the job, as well as to define effective measures for enhancing employment possibilities of such individuals.

Aiming at creating equal terms and conditions for all to participate on the labour market, it is necessary to develop legal basis and additional employment policy measures, to remove hinders on the way of integration into the labour market, i.e. various programme measures, public information and the like.

Provisions in the Law on Equal Treatment for Men and Women were successfully applied seeking to ensure equal opportunities for men and women to participate actively on the labour market, to acquire education and a desirable profession. With the view to prohibiting discrimination on the basis of disability or age, race or ethnicity, religion or beliefs in the sphere of education and vocational training, the Seimas of the Republic of Lithuania by the end of 2003 adopted the Law on Equal Treatment (enforced on 1 January 2005). The Law on Social Enterprises, adopted in the middle of 2004, empowers employers to establish social enterprises and receive state support for the employment of individuals facing difficulties in joining the labour market.

2.1.4.1. Social enterprises

The issue of full employment and employability is a matter of great relevance today and requires special attention. The number of employed persons is reducing due to demographic factors and it is important to look for various ways to involve more and more population in employment and keep them in jobs, to create favourable conditions for revealing personal capabilities and for expressing themselves at work.

The Law on Social Enterprises matured on the need to address the piling up issues of unemployment. The largest share among the registered unemployed persons at the labour exchange was long-term unemployed, low level of employment among the disabled and persons in pre-retirement age, and other circumstances.

Companies with large numbers of disabled employees found it more and more difficult to stay on the market under increasing severe competition conditions. Such enterprises very often got into debts, banks refused to give them loans for updating the equipment, etc. No clear criteria were set on the basis of which a company could be entitled to the state support. Different state support for the enterprises of the disabled was defined following different legislation and was provided under different conditions. Some enterprises subordinate to the organisations of the disabled were entitled to state support irrespective of the fact whether and if any disabled persons were employed there.

Specific tax privileges given to certain subjects of the economy were withdrawn before the membership in the European Union with the view to harmonising the provisions in the existing legislation with the requirements of the EU legal acts concerning equal conditions for competition. The privilege on the Value Added Tax, which made the biggest part of the state support to the enterprises of organisations of the disabled, was withdrawn from the 1 May 2004.

Aiming at defining a clear system for state support to enterprises of the disabled, as well as to encourage employers to hire individuals facing difficulties in joining the labour market, the Law on Social Enterprises was drafted and adopted in the middle of 2004.

The Law consolidates the conception of a social enterprise and defines the terms and conditions for awarding the status of a social enterprise, identifies the target groups of individuals, employment of which entitle enterprises to the state support. The Law also provides for the rights and duties of social enterprises, peculiarities of labour relations, regulated state support and control.

For the implementation of the Law on Social Enterprises, the Government of the Republic of Lithuania authorised the Ministry of Social Security and Labour to prepare and approve legal acts necessary for the implementation of the Law.
The list has been re-approved by Resolution No. 1501 of the Government of the Republic of Lithuania of 29 November 2004 (Official Gazette, No. 173-6399, 2004).


According to the definition in the Law on Social Enterprises, a social enterprise shall be any legal entity awarded the status of a social enterprise in the legally set order by the Law on Social Enterprises and other by-laws meeting the following terms and conditions:

- It shall be an independent small or medium company meeting the requirements set in the Law on Small and Medium Businesses for entities of small and medium business.
- A company with no less than 40 per cent of employees from target groups and no less than 4 employees. The Description of procedures for calculating the share of employees from target groups according to the average number of employees on the enrolment was approved by the Minister of Social Security and Labour in the Order No. A1-225 of 29 September 2004.
- A company is involved in the development of working and social skills of employees as well as social integration.
- Income from non-supported activities of social enterprises is not higher than 20 per cent. The list of non-supported activities of social enterprises is approved by the Minister of Social Security and Labour in the Order No. A1-182 of 16 July 2004.

Social enterprise of the disabled has characteristic features of a social enterprise, but 40 per cent of employees in such company shall be comprised of the disabled with I and II disability group, or disabled with medium level of handicap, or disabled with the defined 30-55 per cent of working capacity, from the average annual number of employees on the enrolment, other disabled – no less than 10 per cent. Social enterprises of the disabled might incur more additional costs due to employment of the disabled. Therefore such enterprises are entitled to more types of state support.

The share of annual average number of employees in social enterprises, as stated above, shall comprise of the following target groups:

- Disabled with the recognised 30-55 per cent working capacity, individuals with medium level handicap or individuals of the I, II or III disability group, long-term unemployed, persons in pre-retirement age (no more than 5 years before the retirement age), single mother or father bringing up a child under 8, and ex-prisoners (who were imprisoned for no less than 6 months).
- All individuals from any target group, with the exception of the disabled, shall be registered with the labour exchange for a certain period of time before employment at a social enterprise.

Local labour exchange offices are obliged under the Law on Social Enterprises to prepare information for legal entities willing to acquire or having the status of a social enterprise about the registered persons of target groups, if this information is required.

Disabled may get employment in social enterprises individually. Employment support for persons from target groups (with the exception for the disabled) lasts at social enterprises for one year. Municipalities and local labour exchange offices have the right to provide recommendations to social enterprises on placement of certain individuals from target groups.

The status of a social enterprise shall be awarded to any legal entity following the description of procedures on granting the status of a social enterprise to legal entities. Legal entity seeking for the status of a social enterprise shall indicate, that:

1) it is recorded in the register of legal entities;
2) it obligates to carry out activities related to the employment of individuals from target groups, and develop their working capacities and social skills alongside with social integration. The Minister of Social Security and Labour approved by the Order the Description of the Plan of Measures for Social Integration and the Development of Social Skills of Persons from Target Groups and the List of Criteria for the Assessment of this Plan;
3) it will carry out and intends to continue performance of such economic activities, which could ensure financial stability. The

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1 The list has been re-approved by Resolution No. 1501 of the Government of the Republic of Lithuania of 29 November 2004 (Official Gazette, No. 173-6399, 2004).
3 Ibidem.
3. Minister of Social Security and Labour approved by Order\(^4\) the structure of the activity (business) plan of a social enterprise and the list of criteria for the assessment of this plan;

4) it is not indebted with the State Social insurance and Health insurance funds, state and municipality budgets;

5) it possesses buildings, land or any other property for the establishment or adaptation of working places.

Peculiarities in labour relations and the remuneration for work

Labour contract with an employee from a target group shall be made for no less than 12 months period. This provision is aimed at keeping a person with limited employment capacities on a job for a longer period of time, in order to enable him to acquire the essential working skills. Taking into account the limited working capacities of individuals from target groups and insufficient skills, such persons on their request may work according to individual schedule with different time set for the start and the end of work, or work part time in the set order by the Labour Code. Lower daily stint than usually for similar work may be set for individuals from target groups, however, the wage cannot be reduced. The time for participation of employees from target groups in measures aimed at improving their working and social skills shall be included into their working time with corresponding remuneration of no less than the average wage.

Types of state support

The following state support may be granted for a social enterprise:

1) Partial remuneration of wages and state social insurance contributions;

2) Subsidies for creating jobs, for the adaptation of work places to the needs of the disabled and for purchasing or adapting working tools and equipment.

3) Subsidies for training of employees from target groups

Apart from the above mentioned state support, the following additional state support may be granted to a social enterprise of the disabled:

1) Subsidy for adapting the working environment, production and rest premises to the needs of the disabled;

2) Subsidy to cover additional administrative and transport costs;

3) Subsidy to cover the costs of an assistant (sign language interpreter).

Partial remuneration of wages and state social insurance contributions is allocated for a social enterprise to cover additional costs related to the lack of working skills of employees from target groups, to the lower efficiency of work or limited working capacities. Such remuneration for a social enterprise shall be disbursed for an open-ended term per every disabled person, and for a term of one year – per individual from the target group. Remuneration is calculated in percentage from all types of the wage calculated per running month to an employee of a target group, without exceeding the amount of two minimum wages approved for the current month by the Government and the correspondingly calculated amount for the compulsory state social insurance contributions. Remuneration of 60 per cent of the above defined amount shall be granted per each person with group I or II disability, or an employee with the medium disability level, also a disabled employee with the recognised 30 – 55 per cent working capacity level. Remuneration of 50 per cent of the above indicated amount shall be granted per each disabled employee with the III-d disability group and per each individual from the target group.

Aiming at encouraging employers to create jobs and hire individuals from target groups, social enterprises may be granted subsidies for creating jobs. A job that was created with the help of state subsidy shall be retained for no less than 3 years. The subsidy for creating a job may be granted up to 70 per cent of the costs, and up to 90 per cent for creating or adapting the work place to the needs of a disabled employee. The amount of the subsidy per job shall not exceed the amount of 40 minimum monthly wages.

The share of the subsidy in the amount of expenditures shall be defined not per individual applicant, but a general annual amount shall be fixed and approved by the Lithuanian labour...
exchange in agreement with the Ministry of Social Security and Labour. The amounts shall be fixed taking into account the number of applicants during the previous year, the state budget allocations and other criteria.

Subsidy may be granted to cover the expenses for the training of employees in developing their working and social skills. If the training is of a general nature, i.e. the acquired knowledge may be used more widely, the expenditures may be covered at a greater extent (up to 80 per cent of expenditures). Costs of special trainings are covered at a lower rate (up to 45 per cent of expenditures). Actual amounts shall be calculated according to the above scheme.

Additional state support is provided for the social enterprises of the disabled – subsidy for adapting the working environment, production and rest premises to the needs of the disabled (up to 70 per cent), subsidy to cover additional administrative and transport costs, and subsidy to cover the costs of an assistant (sign language interpreter).

The aim of the subsidy for covering additional administrative and transport costs is to cover partly the administrative costs related to creating conditions for communication with the disabled and the delivery of information, including other administrative costs due to the employment of the disabled. If a social enterprise organises transportation of employees with severe disabilities to and from work, it may be granted a subsidy for covering transport fuel expenses.

Employees with severe disabilities often need an assistant to perform their functions. Therefore, subsidies may be awarded to social enterprises for covering the costs of assistants. The amount of the subsidy accounts for 30 per cent of the minimum wage per hour in the case of working capacity of 30 – 40 per cent or the actually worked time of an employee with group I disability, and 20 per cent of the minimum wage per hour in the case of working capacity of 45 – 55 per cent or the actually worked time of an employee with group II disability.

Taking into consideration the requirements of the EU Regulations on the state support to companies, the Law of the Republic of Lithuania on Social Enterprises defines, that the total amount of financial support granted to one enterprise within the period of three successive years shall not exceed the amount of LTL 51,750,000 (EUR 15,000,000).

State support to social enterprises is provided by the Local labour exchange offices, following special procedures, approved by the Minister of Social Security and Labour by Order No. A1-261 of 24 November 2004. In each case, of a positive decision to grant the state support, the Local labour exchange office and the social enterprise shall sign the agreement concerning the procedure of disbursing and using the subsidy. A typical form of the Agreement concerning the procedure of disbursing and using the subsidy was approved on 15 December 2004.

Apart from the above described types of the state support, additional forms of state support to social enterprises are also defined. Article 5 of the Law on Income Tax provides for a 0 income tax rate to social enterprises. According to Article 64 of the Law on Public Purchases, a simplified procedure may be used for public purchases of social enterprises. This facilitates the realization of production and services provided by social enterprises. Article 13 in the Law on the Management, Usage and Disposal of the State and Municipal Property defines, that the state and municipal property (premises) may be provided to social enterprises on the basis of a gratuitous loan for a temporary management and use. The saved expenditures of social enterprises due to free of charge premises are considered a considerable state support.

Planned and unplanned inspections of social enterprises are carried out by the Lithuanian labour exchange and its local offices following the Description of Procedures on the inspection of social enterprises, approved by Order 5 of the Minister of Social Security and Labour on how social enterprises fulfil their obligations and how they use the allocated state support funds.

The efficiency of the Law on Social Enterprises is assessed in carrying out active monitoring on the implementation of the Law. Social enterprises are requested to provide regularly information on the numbers of employed individuals from target groups, on cases of dismissal and the reasons for dismissal, etc. Moreover, data is collected on the

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1 Ibidem
number of employees from target groups engaged in social enterprises and social enterprises of the disabled.

The status of a social enterprise in a simplified procedure during the transitional period until 31 December 2004 was awarded to 26 companies of 29 enterprises under the jurisdiction of organisations of the disabled. On the day of the enforcement of the Law on Social Enterprises (19 June 2004) the said 26 companies had 1500 employees, including 129 employees with group I disability, 445 – with group II disability, and 91 – with group III disability. In total – 665 disabled persons, i.e. 44 per cent of all employees. The state support granted in 2004 amounted to almost LTL 2, 000,000.

2.1.4.2. Equal treatment of men and women

Legal background

To ensure the protection of equal rights of men and women the existing legislation regulating the protection of the said rights was further improved. On 13 July 2004 the Seimas amended the Law on Equal Treatment of Men and Women supplementing it with the provision in Article 2(1), that investigating appeals and statements, as well as disputes of natural persons concerning gender based discrimination in courts and other competent authorities, presumptions shall be made, that the fact of direct or indirect discrimination happened. The accused person or the institution shall have to prove that the principle of equal rights has not been violated. On 9 November 2004 the Seimas supplemented the Law on Equal Treatment of Men and Women with provisions in article 241, stating that an individual, who suffered gender based discrimination or sexual harassment, is entitled to request the guilty persons to reimburse pecuniary and non-pecuniary damage in the legally set order of the Republic of Lithuania Civil Code.

Employment

According to the data of the Department of Statistics at the Government of the Republic of Lithuania, the situation of men and women in the sphere of employment is different. In 2004, activeness of women in the age of 15 – 64 reached 65.6 per cent, and of men – 72.7 per cent. The level of employment among women in the age group of 15 – 64 was lower than of men, and accounted for 57.8 per cent (among men – 64.4 per cent). The level of employment among women in the age group of 55 – 59 was 60.8 per cent, and among the same age men – 69 per cent. However, the level of employment among senior women of 60 – 64 was 19.2 per cent, and among men of the same age – 45.7 per cent.

The level of unemployment among women has been lower than among men since 1994, but in 2004 exceeded the level of unemployment among men. In accordance with the data of the Department of Statistics, in 2004 the average annual level of unemployment among women accounted for 11.8 per cent, and among men – 11.0 per cent.

The economic activeness of women is growing, but still remaining lower than of men. In 2003 the activeness among women reached 66.5 per cent, among men – 73.1 per cent (in 2001 activeness among women was 65.8 per cent, and in 2002 – 65.7 per cent).

66.3 per cent of all employed women in 2004 were engaged in the sector of services (15.7 per cent in education, 16.5 per cent in trade, transport repair, fixing personal and domestic appliances, 11.7 per cent in health care and social work), and only 18.9 per cent in the sectors of industries and 13.4 per cent in agriculture (see Figure 2.1.4.2.–1). The distribution of men in the same year was more even, 46 per cent worked in the sector of services, 21.3 per cent in industries, 17.9 per cent in agriculture, and the rest in other spheres of economic activities (see Figure 2.1.4.2.–2).

Statistical data indicate (see Figure 2.1.4.2.–3), that in those economic sectors, where women work prevails, wages are much lower, than in the sectors, where most men are employed. Despite the higher education level of women, the wages of women in the IV quarter of 2004 accounted for 81.4 per cent of men’s wage. This difference in the public sector was 75.9 per cent, and in the private sector – 81 per cent.

According to the data of survey carried out jointly by the Department of Statistics and the Ministry of Economy on business conditions of small and medium companies, women gain majority among company managers. In 2000 women managers accounted for 29.2 per cent, and in 2003 – for 40 per cent already. The largest number of women managers is in the age group of 31 – 50. The predominant age among men managers is 21 – 40.
Employment of Women by the Spheres of Activities in 2004

- Supply of electricity, gas and water: 0.9
- Construction: 1.4
- Transport, storage and communications: 3.4
- Immovable property, lease and other trade: 3.6
- Hotels and restaurants: 3.7
- Public management and defense; compulsory social insurance: 4.6
- Other activities in public utility services, social and personal attendance services: 5.2
- Health care and social work: 11.7
- Agriculture, hunting, forestry: 13.4
- Education: 15.7
- Repair of wholesale and retail transport means, fixing of domestic utensils and appliances: 17.8
- Manufacturing: 17.9

Employment of Men by the Spheres of Activities in 2004

- Hotels and restaurants: 0.9
- Health care and social work: 2.2
- Other activities in public utility services, social and personal attendance services: 3.4
- Supply of electricity, gas and water: 3.6
- Immovable property, lease and other trade: 4.2
- Education: 4.2
- Public management and defense; compulsory social insurance: 4.6
- Transport, storage and communications: 5.2
- Construction: 6.2
- Repair of wholesale and retail transport means, fixing of domestic utensils and appliances: 11.7
- Manufacturing: 13.4
- Agriculture, hunting and forestry: 15.3

Figure 2.1.4.2–1

Figure 2.1.4.2–2
Education and Science

The number of studying persons is gradually increasing every year. There were 898 927 students on all levels of education at the beginning of the school year of 2003 – 2004. Girls accounted for 50.9 per cent of all students. Analysis show, that boys slightly overtake girls in the primary and basic levels of education, however girls are more inclined to seek for the secondary and high level of education.

Girls account for about 40 per cent of all students at vocational training schools. From the viewpoint of professional education, boys are more oriented towards professions of workers, and the girls – of civil servants. Though more girls than boys acquire high (university, college) education, boys in most cases acquire better paid professions. This determines future income differences between boys and girls, i.e. in the sectors of economic activities, where most men are employed wages are usually higher.

At present the increase in the numbers of women seeking for a career of a scientist can be observed. In 2004 girls accounted for almost 57 per cent of all students in the level of studies for doctor’s degree. According to the available data
of 2003 women accounted for 43 per cent of scientists, however, the share of women with the highest scientific degree is considerably smaller. Data of 2003 submitted by the Department of Statistics indicate, that 14 per cent of women in Lithuania were awarded the scientific degree of habilitated doctor, and only 10 per cent of women were awarded the title of a pedagogical professor. Currently the lowest number of women scientists is in technologies and physical sciences. Especially small number of women with highest scientific degrees is among high ranking science administrators.

Participation in politics and decision taking processes
Participation of all inhabitants in taking decisions is obligatory in the country of democratic society – as men as women, and representatives of both genders shall be equally represented in the governmental posts. Equal participation of men and women in taking decisions is not a plain requirement of social justice or democracy. This is the basis to strive for open and responsible governance, guarantee of the gender balance, indicating the composition of the society and the necessary precondition for the implementation of gender equality. Active participation of both gender representatives in making policy helps to reflect better the diversity of the society through political decisions. Participation in political and public life of the country is not only the measure for realisation of the goals and interests of men and women in the society, but also an indicator demonstrating the implementation of the principle of gender equality and non-discrimination on the basis of gender. The society recognises more widely the importance of equal participation in decision taking of both – men and women.

The first round of elections for the President of the Republic of Lithuania took place on 13 June 2004. Among five candidates for the post of the President were two women. For the first time in the history of Lithuania a woman got access to the second round. Moreover, the results of elections to the European Parliament of 13 June 2004 indicate, that 5 out of 13 seats allocated for Lithuania in the European Parliament were taken by women.

During the period of 2000 – 2004 women accounted only for 10.6 per cent of all members to the Seimas of the Republic of Lithuania, including 6 (43 per cent) women chairing Parliamentary Commissions of the Seimas of the Republic of Lithuania, and only one Committee of the Seimas was chaired by a woman. Measures that were taken determined more favourable election results from the viewpoint of balanced gender representation. Final results of 2004 elections to the Republic of Lithuania Seimas were announced on 31 October 2004: 20.57 per cent women and 79.43 per cent men. The number of women chairing Committees of the Seimas increased – 3 women out of 15 Committee Chairpersons, although the number of women chairing Commissions of the Seimas decreased – 4 women out of 14 Chairpersons of Commissions. However, women are neither represented in the management of the Seimas, nor in the Board of the Seimas.

Three women ministers were in the Government of the Republic of Lithuania of 2001 – 2004 for the first time since the period of restoration of the independence of Lithuania. At present two women ministers are in the Government. It should be noted, that Lithuania, differently from other EU Member States, delegated a woman to the post of the Commissioner of the European Commission. On behalf of the Republic of Lithuania a woman was also appointed for the post of a judge to the European Court of Human Rights.

In the elections of 2002 to municipality councils 321 woman (20.6 per cent) and 1239 men (79 per cent) were elected. Before the elections of 2002 only 2 women were elected out of 60 mayors of Lithuania, among 10 county managers – only 1 woman. In the elections of December 2002 to municipality councils 3 women were elected among 60 mayors of Lithuania, only 9 women among 71 deputy mayors, and also only 10 women among the 60 directors of municipality administrators.

It was emphasised in the Report of 2004 on the equality of men and women in the European Union, that equal participation of men and women in taking decisions is significant as in the economic as in the political life of the country. Insufficient representation of women has been observed in many countries of the European Union. Notwithstanding the increasing numbers of women elected to the Seimas, though the number of women managers or women members of the executive bodies of the government is rather small.
2.1.4.3. Equal treatment and non-discrimination

With the view to ensuring the implementation of equal rights consolidated in the Constitution of the Republic of Lithuania and to prohibit all forms of direct and indirect discrimination on the basis of age, sexual orientation, disability, race or ethnicity, religion or beliefs, the Law of the Republic of Lithuania on Equal Treatment was adopted on 18 November 2003. Provisions of the abovementioned Law were approximated with the requirements of the EU directive 2000/43/EC on the implementation of the principle on equal treatment of persons irrespective of their race or ethnicity, and the provisions of the EU directive 2000/78/EC defining fundamentals on equal treatment in employment and professional activities. The abovementioned Law expands the mandate of the Ombudsman on Equal Treatment of Men and Women. The Ombudsman’s institution established and functioning under the previous Law on Equal Treatment of Men and Women has been renamed into the institution of an Ombudsman on Equal Treatment and is currently functioning according to the provisions of both legal acts – the Law on Equal Treatment of Men and Women, and the Law on Equal Treatment.

Equality before the law is often declared, however, it is important to establish real possibilities and legal measures for defence in the case of violation. The Law on Equal Treatment defines, that appeals concerning violation of equal rights shall be investigated and decisions taken in the set order by the Law on Equal Treatment of Men and Women. An amendment to the Law on Equal Treatment of Men and Women was adopted on 13 July 2004 stipulating for the transfer of the duty of substantiation to the respondent. Such principle of substantiation has been determined in Article 8 of the EU Directive 2000/43/EC and Article 10 of the EU Directive 2000/78/EC. However, as it was mentioned before, the Law on Equal Treatment does not provide for procedures in the investigation of appeals, and the Law on Equal Treatment of Men and Women provides in Article 2(1) only the gender based appeals – therefore, “investigating […] appeals and statements, as well as disputes of individuals concerning gender based discrimination […]” – it remains unclear, who will stand the duty of substantiation in the disputes concerning other forms of discrimination. This gap in the legislation shall be immediately removed in drafting amendments to the Law on Equal Treatment and other related legislation, providing for the transfer of the duty of substantiation to the respondent in the cases concerning the above mentioned forms of discrimination.

It should be noted, that the enforcement of the Law on Equal Treatment was defined from the 1 January 2005, but the Ombudsman’s Office on Equal Treatment received appeals on other forms of discrimination long before the enforcement of the Law. It indicates that the Law is of great relevance and required for defending the rights of separate members of the society.

2.1.5. STRUCTURAL FUNDS OF THE EUROPEAN UNION

2.1.5.1. The 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.

SPD – is a strategic document prepared by the Republic of Lithuania and approved by the European Commission on planning the investments from the EU Structural Funds allocated for the country, identifying the respective development strategy, investment guidelines and measures for the EU structural support, and principles of administration. The goals and development strategy of the EU Structural Funds and the Member State are laid down in the document, indicating inputs of the EU Structural funds and other sources of funding. The strategy described in the SPD is fragmented into priorities and is going to be implemented according to one or several measures. Following the SPD, the EU Structural Funds means will be invested according to respective guidelines or SPD priorities:

- for the development of social and economic infrastructure (to enhance transport infrastructure, to develop energy sector, to improve the quality of the environment, to reform the health care system, to upgrade the infrastructure of the system of education and social services);
- for the development of human resources (investments in human resources, improvement of professional skills and competences of employees, increasing social integration);
- for the development of production sector (support to increase competitiveness of trade and industries, the development of information services, for more efficient use of the tourism potential);
- for the development of rural areas and fisheries;
- for technical assistance.

Information on measures, activities, amounts of financial support and appropriate applicants supported from the EU Structural funds is described in detail in the Annex to the SPD. The Annex to SPD was approved on 5 February 2004 by the Provisional SPD Monitoring Committee.

The Ministry of Social Security and Labour administers the implementation of the following SPD measures:

**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 ESF)” 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 Administrations;
• Municipal Administrations;
• Budgetary institutions;
• Public establishments;
• Associations;
• Charity and assistance foundations;
• 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 161,200,000.

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;
• The development of social partnership;
• The 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, trade);
• 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 185,700,000.

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 ethnic minorities;
- Encouragement of equal treatment for men and women;
- Social integration of convicts and ex-prisoners;
- Support to social enterprises.

Appropriate Applicants:
- 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.

A three level structure is designed in Lithuania for the management and administration of Structural Funds, consisting of Managing Authority, Intermediary Bodies and Implementing Agencies (See Figure 2.1.5. -1).

The general structure for the administration of Structural Funds was set by Resolution No. 649 of the Republic of Lithuania of 31 May 2001 on the Administration of Funds from Structural Funds in Lithuania (hereinafter – the SF Resolution). This Resolution describes the tasks delegated by the Managing Authority to Intermediary Bodies and Implementing Agencies, defines the administrative structure for the Structural Fund programming, implementation, monitoring and control and regulates the tasks, responsibilities and rights of each institution participating in the programming and implementation of the SPD in Lithuania.

Following the above mentioned Resolution of the Government of the Republic of Lithuania, the Ministry of Finance performs functions of the Managing and Paying Authority. The Ministry of Social Security and Labour has been appointed...
to perform functions of Intermediary Body, responsible for the administration of SPD measures 2.1, 2.2, 2.3 and 1.5. For the implementation of these measures the Ministry of Social Security and Labour together with the Ministry of Education and Science established the Support Fund - European social fund agency, which is in charge together with the Central project management agency (hereinafter – the Implementing Agencies) to carry out functions of Implementing Agencies.

Intermediary Body is responsible for the planning, implementation and monitoring of the delegated SPD measures, Structural funds and co-financing resources, and the Implementing Agency is responsible for the administration and supervision of the implementation of projects under the above measures.

2.1.5.3. The procedure for submitting applications, assessment and decision taking concerning the provision of support

Submitting of applications and assessment

When the invitation to submit applications is announced, all documentation related to the invitation is placed on the internet pages of the Ministry of Social Security and Labour and the respective Implementing agencies.

Companies, institutions and organisations willing to receive support under the SPD measures, shall fill in an application of the set form and submit it to the Implementing agency.

The Implementing agency is responsible for the assessment of the received applications. By necessity, it may use services of independent experts.

The assessment is carried out following the internal assessment procedure set by the Implementing Agency.

The assessment procedure consists of three stages:

- Assessment of administrative compliance, to check if the application is fully completed, i.e. if all relevant documents and information are provided;
- Assessment of eligibility, where the eligibility to the EU Structural Funds support of the applicant or the project is assessed.

- Technical, economic and financial assessment, where the quality and compliance to the selection criteria of the submitted projects are assessed (in scores).

The project selection procedure and decision taking on granting support

For the selection of projects under each measure the Minister of Social Security and Labour passed the Order on Instituting Project Selection Committees with participation of representatives from the Ministry of Finance, Ministry of Education and Science, Ministry of Health, Ministry of the Interior and other ministries. The main function of the Project selection committees is to submit recommendations to the ministry concerning the funding/non-funding of the suggested projects. Referring to the recommendations of the Project selection committees, the ministry shall decide which projects to support providing funding.

2.1.5.4. Utilization of the support of the European Social Fund and the European Regional Development Fund in 2004

Implementing the SPD measures delegated to the Ministry of Social Security and Labour, invitations to submit applications were announced in August 2004 till the end of September. At the same time, the Ministry and Implementing agencies, pursuing to master the support means efficiently, organised various information-training events to the applicants. Assessment of applications was carried out from October 2004 till February 2005. Competent and experienced independent experts from relevant areas participated in the process of project assessment. In February 2005 the selection of the assessed projects took place. In March 2005 the Ministry signed the contract on granting the support. At present the implementation of the projects started (See Figure 2.1.5.4. –1).

During the programming period, the amount of LTL 548, 400,000 in total was allocated for the implementation of the 2004-2006 SPD measures 1.5, 2.1, 2.2 and 2.3.

In total 245 application were received amounting to LTL 310, 400,000 of the requested support. This sum accounts for 57 per cent of the total amount of means allocated for the 2004-2006
programming period. Project selection committees analyzed the assessment reports on applications prepared by implementing agencies and submitted recommendations to the Ministry for financing 106 projects totalling to the amount of LTL 138, 400,000. Referring to the recommendations of the project selection committees, the Ministry granted support to the above projects and signed all 106 contracts in March 2005 for the total amount of LTL 138, 400,000, which accounts for 25 per cent of the allocated amount of means for supporting all SPD measures (See Figure 2.1.5.4. –2).

Geographical distribution of projects

Speaking about geographical distribution of projects (See Figure 2.1.5.3 –3), it should be noted that most applicants are from Vilnius and other largest cities of Lithuania. Approximately one half of applicants of the financed projects - 54 of 103 (excluding 3 projects under the SPD measure 2.1) are from the county of Vilnius, only 12 applicants are from Kaunas county, and 10 from Panevėžys. It is quite natural, since over one fifth of the inhabitants of the country live in the Vilnius County, also most of institutions, companies and
organisations are located here as well. It could be stated that social-economic situation influences such disproportion in the geographical-regional distribution of applicants. However, applicants of some projects are from Vilnius, but projects will be implemented in other regions of the country.

In assessing applications submitted under the next invitation, it was decided to give additional scores to applications submitted from smaller towns and remote areas of the country. This should assist in reducing regional development disparities.

The allocated support by areas

- LTL 46, 000,000 (33 per cent) was allocated to support occupation of the unemployed, training and upgrading of skills of young and long-term unemployed persons, and vocational guidance and counselling of individuals without adequate qualifications. Making the European social fund support available the Lithuanian labour exchange introduces totally new services to the unemployed persons and employers, and strengthens the administrative capacities of the labour exchange staff. Subject to the situation on the labour market various services will be provided to about 8000 – 10 000 unemployed facilitating their integration into labour market.

- Almost LTL 23, 000,000 (17 per cent) has been allocated for the training of employees at industrial enterprises and other businesses. 11, 820 employees will participate in training courses for upgrading qualifications and developing of new skills, improving the competitiveness of companies implementing projects. Support to the training of employees provided to companies involved in various economic activities: chemistry, furniture, light industry, railway transport, shipping, information technologies, printing, pharmacy, etc.

- LTL 22, 000,000 (16 per cent) was allocated for the development of infrastructure for occupational rehabilitation of the disabled. Various occupational rehabilitation services will be provided to 1,320 disabled individuals and 700 specialists engaged in the sphere of occupational rehabilitation of the disabled to upgrade their skills.

Geographical Distribution of Projects and Support

![Geographical distribution of projects and support](image-url)
2.1.6. INITIATIVE OF THE EUROPEAN COMMUNITIES EQUAL AND THE IMPLEMENTATION IN LITHUANIA

2.1.6.1. Preparations for the implementation of the initiative of European Communities EQUAL

The initiative of European Communities EQUAL (hereinafter – EQUAL) is a part of the European employment strategy for combating inequality and discrimination on the labour market. This instrument of the European Structural Funds is financed from the means of the European Social Fund (ESF). The objective of EQUAL is to supplement the ESF supported activities encouraging the development of new methods, testing and adaptation on the labour market. EQUAL is aiming at more effective advanced employment policy and practice as on the national as on the EU level.

The Ministry of Social Security and Labour pursuing to implement EQUAL successfully and efficiently in Lithuania and to utilize the means

- LTL 20, 000,000 (15 per cent) has been allocated for the training of civil servants employed at state and municipal institutions and offices.
- LTL 16, 000,000 (12 per cent) has been allocated for the development of facilities of non-institutional social services (social day care centres, family support services, and shelters).
- LTL 6,800,000 (5 per cent) has been allocated for the reduction of social exclusion. 4700 convicts and ex-prisoners will be provided with various services to facilitate their integration into labour market.
- LTL 2,300,000 (2 per cent) has been allocated for the development of social partnership.
- LTL 1,300,000 has been allocated for the training, retraining and skills improvement of the inhabitants living in the areas of fundamental economic changes and restructuring of activities.
- Almost LTL 800,000 has been allocated for the encouragement of equal treatment of men and women on the labour market (See Figure 2.1.5.4.–4).
allocated for the programme, invited all interested institutions, social partners, institutions and organisations, associations and other legal entities for consultations in the drafting phase of the programme. Priority was given to the development of mechanisms for social partnership. Social partners were involved in the processes of planning, drafting, implementing and supervising the implementation of the programme EQUAL under the Single programming document of Lithuania (hereinafter – EQUAL SPD). First consultations with social partners started on 16 July 2003 in the seminar-conference held jointly by the Ministry of Social Security and Labour and the SPP III Twinning project on the basis of wide participation “How EQUAL can help us to address our problems?”, where the initiative EQUAL has been introduced to the society and the dialogue with social partners started in the process of programming. The expressed opinions by social partners during the said seminar influenced the selection of topical priorities for the implementation of EQUAL in Lithuania.

Lithuania has selected the following topics for implementation:

**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 (See Figure 2.1.6.1. - 1).

69 per cent of programme means are planned to be allocated for measures under this topic.

**THEME G:** reconciliation of family responsibilities and professional activities, support to the reintroduction into labour market of men and women, who had left labour market, implementing more flexible and effective forms of labour organisation and support measures (See Figure 2.1.6.1. - 2).

20 per cent of programme means are planned to be allocated for measures under this topic.

**THEME I:** support to the integration of asylum seekers.

3 per cent of programme means are planned to be allocated for measures under this topic.

Speaking about the sustainability of the intervention, account should be taken of the innovative support structure of EQUAL. Projects shall implement principles of partnership, international cooperation and dissemination of the achieved results. These are actually new principles to be applied in Lithuania for promoting social partnership, dissemination of good practice in Europe and application of positive results in other spheres of activities or projects.

The approval of EQUAL SPD during the year of 2004 was followed by a continuous progress in the social sphere, started in 2001. New programmes and financing mechanisms and instruments were developed seeking to increase employment and reduce unemployment, eliminating discrimination sources on the labour market. EQUAL initiatives financed by the European Union support the development of communities in Lithuania, and are targeted for the development of the sphere that was not yet sufficiently funded, i.e. for the innovative social sphere. Therefore all 29 projects financed under the EQUAL programme are aimed at discovering of new support mechanisms. Moreover, EQUAL supports such target groups, which suffer specific discrimination on the labour market, the issues of which have to be addressed in applying special support measures tailored to their needs. For example, the target group of 5 development communities under Theme A are national minorities, 1 development community – individuals of unconventional sexual orientation, with no separate measures available for their support. Also 11 development communities under Theme G are targeted at the development and testing of mechanisms in reconciling family and professional life responsibilities, and are totally innovative in Lithuania, not supported by any national programmes so far. One project is financed under Theme I for support to asylum seekers, which unites all major public and non-governmental institutions involved in activities with asylum seekers.

Therefore a conclusion may be drawn that development communities supported under the EQUAL programme integrate into the existing in Lithuania support mechanisms, supplementing and concentrating support to individuals meeting with exceptional discrimination on the labour market.

### 2.1.6.2. Starting the information campaign

Invitation to submit applications for EQUAL support was announced on 19 April 2004. Before announcing the invitation for submitting
applications on funding under the EQUAL programme all supportive documents (Guidelines to applicants, Application Form with annexes, instructions on budget management) were prepared. An internet page on EQUAL – www.equal.lt - was developed and regularly updated.

Invitation to submit applications followed a series of seminars on raising public awareness and introducing the European Union initiative EQUAL, EU experience implementing such initiatives and the requirements for the development communities. The events were held in cooperation with the PHARE Twinning project “Preparation for programmes of community initiatives in Lithuania” (SPP III), first round projects from Sweden and representatives of the EQUAL administrative institutions. The audience at regional seminars represented a wide scope of organisations: starting with NGOs and finishing with local municipal institutions and offices, representing interests of various levels and the needs of target groups. In total more than 10 events were organised for
possible future applicants before the invitation to submit applications, aimed at dissemination of information on EQUAL and creating most favourable conditions for drafting and submitting applications. 4 regional seminars were organised in the largest cities of Lithuania by the end of March 2004, where EQUAL principles and EU experience in implementing projects was delivered. Participants were introduced to the availability of support according to the selected priorities under the defined themes and the requirements for the development communities.

In the beginning of June 2004 an international seminar on “Planning, management, monitoring and assessment of development communities under the European Union initiative EQUAL” was organised in Vilnius in cooperation with the European Commission and administrative institutions of EQUAL in Lithuania. It was the first international event on EQUAL in one of the new Member States of the European Union. The seminar was aimed at strengthening institutional and administrative capacities of administrative institutions of EQUAL in Lithuania.

Procedure for submitting applications

The selection of applicants was carried out on 16 April 2004 following the Procedures on submitting, assessing and selecting applications for funding of projects implementing EQUAL SPD measures (hereinafter – the selection procedures), approved by the Minister of Social Security and Labour in the Order No. A-103.

All legal entities functioning and registered in the Republic of Lithuania were entitled to submit applications for EQUAL support. It was stated in the Guidelines for applicants that applications should be submitted in partnership with no less than three partners. One of the partners could submit the application on behalf of the development community and be named as the principal applicant.

The final date for submitting applications was set for 16 July 2004, giving three months for the applicants to prepare and submit applications to the Implementing agency.

Received applications

130 applications in total were submitted and could be distributed according to the defined themes in the following way:
- Theme A: 114 applications, or 87 per cent of the total number of applications;
- Theme G: 11 applications, or 8 per cent of the total number of applications;
- Theme I: 2 applications, or 2 per cent of the total number of applications;

Geographical Distribution of Projects – 1
Geographical Distribution of Projects – 2

In Theme G:
- Vilnius: 37% (largest share)
- Kaunas: 13%
- Klaipėda: 13%
- Šiauliai: 13%
- Utena: 13%
- Other: 24%

Distribution by Counties

- Vilnius: 34%
- Kaunas: 9%
- Klaipėda: 6%
- Šiauliai: 6%
- Panevėžys: 11%
- Utena: 13%
- Alytus: 17%
- Other: 4%
In three applications (or 3 per cent of the total number of applications) the theme was not indicated. For projects under EQUAL SPD theme A 69 per cent, for theme G – 20 per cent, and for theme I – 3 per cent were allocated of the total EQUAL budget in Lithuania for 2004 – 2006 (8 per cent were assigned for technical assistance)\textsuperscript{1}.

Most applications, exceeding expectations, were submitted for support under theme A. Theme G was less attractive for applicants than planned. Low activeness of applicants in submitting applications for support on social integration of asylum seekers was anticipated and might be explained by the fact, that almost all national organisations dealing with this target group joined into one development community and drafted one single application. Moreover, the number of asylum seekers in the country and their specific situation does not qualify for a very numerous target group in the national context.

The total amount of requested support exceeded the budget of EQUAL allocated for the development of communities in Lithuania by 4 times, therefore it might be stated that this initiative attracted great attention of Lithuanian organisations.

**Procedures for Selection and Appeals**

Assessment of applications was carried out in 4 stages:
- Administrative assessment;
- Feasibility assessment;
- Technical and financial assessment;
- Assessment against horizontal criteria.

The first three stages were carried out by the Implementing agency, and the assessment against horizontal criteria was done the Project selection committee. Final decision on financing projects was taken by the Managing Authority following the recommendations prepared by the Project selection committee.

Administrative assessment of applications was carried out by the Implementing agencies. The aim of assessing the administrative conformity was to check, if the application was filled in and submitted in accordance to the requirements in the Guidelines and Instructions on filling in the Application Form. 129 applications were submitted to the administrative assessment (one application was rejected due to nonconformity to the form and the content). Due to nonconformity to the set requirements, identified during the administrative assessment procedure, 9 applications were rejected, given that applicants did not remove inadequacies in the set time.

The aim of the feasibility assessment carried out by the staff of the Implementing agency was to find out, whether the principal applicant and the partners are suitable, and if the development community and its activities correspond to the requirements of the EQUAL SPD programme and the anticipated expenditures are feasible, etc. If certain inadequacies of nonconformity to the criteria were found in the application, the Implementing agency informed the applicant about this. If the indicated inadequacies were not removed in time or the requested information was not provided, the application would not be forwarded to the next stage for further assessment. 2 applications were rejected during the phase of feasibility assessment.

Technical and financial assessment was organised by the staff of the Implementing agency with the help of external experts. In this stage of assessment applications were scored in points against strategic and operational criteria. Strategic criteria were aimed at assessing the conformity of the development community to the following EQUAL principles:
- Innovation;
- Partnership;
- International partnership;
- Dissemination and cooperation;
- Providing possibilities;
- Integration of gender equality facet;
- Need and feasibility.

Operational criteria were set to assess if applicants are ready to administer the development community and correspondence of expenditures to the work programme and criteria on rationality. Comments on the quality of each project, correspondence to the issues addressed by EQUAL and the relevance were formulated during the technical and financial assessment stage and each

\textsuperscript{1} EQUAL budget in Lithuania amounts to 15.821 million EUR. 75 per cent of this amount is from the ESF, and 25 per cent – from the State budget means.
application scored in points.

In carrying out technical and financial assessment, 2 applications, following the recommendation of the experts, were transferred from Theme A for further assessment under Theme G. This movement was motivated by the fact, that the said applications clearly answered the issues addressed under Theme G and covered the activities and target groups not mentioned in other applications submitted under this theme.

41 applications of 118 were recommended for financing after the assessment of strategic and operational criteria:

- 33 applications for support under Theme A of the EQUAL programme;
- 6 applications for support under Theme G of the EQUAL programme
- 2 applications for support under Theme I of the applications for support under Theme A of the EQUAL programme.

118 applications were delivered to the Project selection committee followed by the conclusions of external experts. The committee, having analyzed the applications and the comments of the experts, assessed the submitted applications against horizontal criteria:

- Geographical distribution;
- Topical facet;
- Inclusion of social risk groups.

The Project selection committee recommended the Managing Authority to sign contracts on support with 30 development communities:

- To finance 22 projects under theme A;
- To finance 7 projects under theme G;
- To finance 1 project under theme I.

Selection results

The largest part of the financed projects was geographically concentrated around the biggest cities of Lithuania (Vilnius, Kaunas, Klaipėda). Most of the projects will be implemented in Vilnius, and only a small part in smaller towns and rural areas.

The average value of development communities under the EQUAL programme is LTL 1,553,760, the biggest – LTL 3,452,800, and the smallest – LTL 932,256.

One development community did not arrive to sign the contract on support under theme A, therefore 29 contracts in total were signed with the development communities under theme A.

2.1.6.3. Administrative system of the European Union Initiative EQUAL in Lithuania

With the view to ensuring appropriate preparation for the implementation of the European Union Initiative EQUAL in Lithuania, the Government of the Republic of Lithuania by Resolution No. 427 of 8 April 2003 on Administration of the European Union Initiative EQUAL in Lithuania delegated the Ministry of Social Security and Labour to carry out the functions of the Managing Authority for the European Union Initiative EQUAL and be responsible for reliable and efficient management of the initiative support.

Pursuant to Resolution No. 649 of the Government of the Republic of Lithuania No. 649 of 31 May 2001 on Distribution of Responsibilities among State Authorities on the Implementation of the EU Structural Funds Support in Lithuania (Official Gazette, No. 48-1676, 2001; No. 88-3999, 2003), the administrative structure in Lithuania was designed under the Minister of Social Security and Labour Order No. A1-144 of 2 September 2003, and other legal acts. The administrative structure is described in the EQUAL SPD and the annex.

Means received from the European Commission: on 8 August 2004 the EC transferred the first advance payment of 10 per cent of the total amount of the ESF support. No more funds were received from the Commission for the implementation of the initiative EQUAL.

<table>
<thead>
<tr>
<th>Payments from the EC</th>
<th>In LTL</th>
</tr>
</thead>
<tbody>
<tr>
<td>On 4 August 2004 (advance payment)</td>
<td>4 097 228,87</td>
</tr>
</tbody>
</table>

Table 2.1.6.3.–1
2.1.6.4. Comparison between the executed payments and anticipated obligations

A table of financial indicators defining obligations of Lithuania in the administration of ESF support is shown in Annex I to the EQUAL BPD (see Table 2.1.6.4 –1).

Taking into consideration the expiry date of 16 July 2004 for submitting applications, and the date of signing contracts with successful applicants on 30 November 2004, advance payments to the projects were transferred on 31 December 2004. From this date projects started the first stage of programme implementation: drafting of detailed activity plans and budgets, working out development community contracts and searching for international partners. On 2005 of June projects started the second stage of programme implementation.

<table>
<thead>
<tr>
<th>Measure – theme</th>
<th>Obligations of EQUAL BPD for 2004</th>
<th>Payments in 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>8 670 329,53</td>
<td>855 635,50</td>
</tr>
<tr>
<td>G</td>
<td>2 622 225,51</td>
<td>303 769,51</td>
</tr>
<tr>
<td>I</td>
<td>393 332,62</td>
<td>46 177,51</td>
</tr>
<tr>
<td>Technical support, including:</td>
<td>1 529 631,83</td>
<td>377 454,43</td>
</tr>
<tr>
<td>3 per cent share</td>
<td>141 535,07</td>
<td></td>
</tr>
<tr>
<td>5 per cent share</td>
<td>235 891,67</td>
<td></td>
</tr>
</tbody>
</table>

Table 2.1.6.4 – 1
2.2. REGULATION OF LABOUR RELATIONS

2.2.1. LABOUR RELATIONS

The year of 2004 is of great importance for the Republic of Lithuania – Lithuania became the member of the European Union and this influenced not only the general state policy, but also labour and other related intercourse.

Implementing European Union directives, Laws on Work Councils and European work councils were adopted, also other legislation was drafted and coordinated with other relevant institutions, namely, the Law on Guarantees for Posted Workers, and the Law on Participation of Employees in taking Decisions at European Partnerships.

The Tripartite Council of the Republic of Lithuania discussed the possibility to sign a new agreement on tripartite cooperation, and the 2005 – 2006 plan of measures for the development of social partnership between the Government of the Republic of Lithuania, Trade Unions and organisations of employers.

2.2.1.1. Bilateral and collective labour relations

As individual, as collective labour relations play an important role within the system of labour relations. Even though bilateral (individual) labour relations are more popular in the Republic of Lithuania, more and more interest is given to collective labour relations. A fair merit might be given to the Labour Code provisions directly encouraging social partnership in Lithuania. Social partnership is developed via social dialogue, which may be an understandable process of negotiations and consultations between the leading social partners – the state, employers and trade unions. Dialogue between the Government, employers and trade union confederations is one of the most popular forms of social dialogue. Tripartite cooperation is based on negotiations, where the parties take obligations to follow the agreements or discuss relevant issues in consultations with the Government. Tripartite cooperation may take place on the national, branch, regional and local levels. The main objective for participation in tripartite cooperation 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 social – economic policy reflecting the attitude and interests of the partners. In this respect the Lithuanian Tripartite Council approves plans of measures for the development of social partnership between the Government, Trade Unions and Employers’ organisations every two years. Under the decision of the Lithuanian Tripartite Council of 25 May 2005 (Protocol No 80) the 2005 – 2006 plan of measures for the development of partnership between the Government, Trade Unions and Employers’ organisations was approved. 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.

The Labour Code provides for the possibility of work councils to represent employees apart from trade unions, therefore the adopted Law on Work Councils determines the status of work councils, procedures for constituting work councils, activities and the basis for terminating the activities, rights and duties of work councils and its members, guarantees for members of work councils. Consequently, the Labour Code provides for two possibilities to choose representatives of employees – work council or trade union – to sign a collective agreement with the employer of the company on behalf of employees.

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After Lithuania joined the European Union, many subdivisions of international corporations functioning in Europe were opened in Lithuania, as well as 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 takes decisions with regards to the management of the company not individually, but in participation of employees’ representatives. The latter are entitled to receive information and to voice their opinion concerning major events or decisions in the company (or group of companies) related to the interests of employees. Involvement of employees’ representatives into the process of decision taking 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, namely, the Republic of Lithuania Law on European Work Councils, and the Republic of Lithuania Law on Participation of Employees in taking Decisions at European Partnerships.

Transposition of the European Parliament and the Council of Europe Directive of 22 July 1994 (94/45/EEC) into the national legislation of Lithuania was accomplished in the Republic of Lithuania Law on European Work Councils concerning the establishment of European work councils or the procedure on information and consultation of employees at companies carrying out their activities within the Community or company groups acting within the Community. European work council is a representing body instituted in the legally set order to represent employees of a company (or a group of companies) carrying out activities in several states, through which the management of a company (or a group of companies) shall provide information relevant to employees and enters into consultations concerning management issues of a company (or groups of companies) consequential to employees. The aim of instituting European work councils is to ensure efficient and timely information of employees and consultations with them on issues related to the company (or a group of companies) carrying out activities in several EU Member States or at least subdivisions of a company (or a group of companies) functioning in several countries.

Implementing the European Parliament and the Council of Europe Directive of 8 October 2001 (2001/86/EB) on supplementing Regulations of European partnership concerning participation of employees in taking decisions, a corresponding Law of the Republic of Lithuania was adopted, namely, the Law of the Republic of Lithuania on Participation of Employees in taking Decisions at European Partnerships. The objective of the Law is to regulate participation of employees in taking decisions at European partnerships, introducing special provisions related to the participation of employees in taking decisions to ensure that employees of partnerships contributing to the establishment of European partnerships could further continue participating in taking decisions after the establishment of European partnership, or at least their participation is not reduced.

Situation in the sphere of collective labour relations and the labour market is characterised by the spread and frequency of strikes, as the final measure in addressing collective labour disputes. There were no strikes organised during the period of 2002 – 2004, 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 on the basis of a contract. Individual labour relations are regulated by the Labour Code, and the respective provisions were already discussed in the Social Report of 2003.


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abroad on a temporary basis, including employees of employment agencies. Later in the year, implementing the provision of Article 220, part 4 of the Labour Code, the Law of the Republic of Lithuania on Guarantees for Posted Workers\(^1\) was drafted and respectively coordinated, adopted and enforced from 28 May 2005. The Law endeavours to create favourable conditions for free movement of workers in the Member States of the European Union and in the countries of the European Economic Area (hereinafter – the Member States), that such movement shall not be restricted because of improperly formulated provisions in the legislation applicable to such employees in the host country. The Law provides for two areas of its application – when a Lithuanian employer sends his employees for a temporary work in another country, and when employers from other Member States delegate their employees for a temporary work on the territory of the Republic of Lithuania.

Taking into account the above amendments to the Labour Code, the Republic of Lithuania Government passed the Resolution No. 1508 of 29 November 2004 on Approval of the Procedure for the Description of Part-time Work, and the Related Terms and Conditions\(^6\). The said Description also stipulates the terms and conditions setting the minimum duration of part-time work, which may not be applied subject to agreements in the collective contract.

### 2.2.2. REMUNERATION FOR WORK

#### 2.2.2.1. Minimum wage (MW)

The Labour Code of the Republic of Lithuania defines, that a wage is the remuneration for work of an employee performed under labour contract. The wage is the basic payment for work including all additional earnings disbursed by the employer to an employee for the work carried out by the employee. The wage of an employee depends on the amount and the quality of his/her work, outputs of activities of the organisation, and labour demand and supply on the labour market. Men and women are paid equal wage for equal work. Wage shall be disbursed in cash. Labour Code stipulates for the provision, that terms and conditions for defining and reimbursing the wage disbursed to employees from the state, municipal and state social insurance fund budgets as well as employees of institutions, companies, organisations and the national bank disbursed from other state funds means, shall be set in accordance to the Law.

The Code enforces the provision that the Republic of Lithuania Government sets the minimum hourly pay and the minimum monthly wage following the recommendation of the Republic of Lithuania Tripartite Council.

The Government of the Republic of Lithuania following the recommendation of the Republic of Lithuania Tripartite Council may define different tariffs of the minimum hourly pay and the minimum monthly wage for separate branches of industries, regions or groups of employees.

The Code provides for a possibility to define in collective agreements higher rates of the minimum hourly pay and the minimum monthly wage than set by the Government of the Republic of Lithuania following the recommendation of the Tripartite Council of the Republic of Lithuania. Moreover, the Code stipulates that the wage shall be indexed in the legally set order.

The issues on defining the rates of the minimum hourly pay and the minimum monthly wage (hereinafter – the MMW) were repeatedly discussed in the sittings of the Republic of Lithuania Tripartite Council. Following the recommendation, the Tripartite Council of the Republic of Lithuania sitting of 2 March 2004, the Government of the Republic of Lithuania approved from the 1 May 2004\(^7\) the following:

1. The minimum hourly pay of LTL 2, 95, and the minimum monthly wage of LTL 500 for employees working at companies, institutions and organisations irrespective of the form of ownership, and other individuals to whom the minimum monthly wage is applicable in the legally set order, with the exception of persons, referred to in paragraph 2.

2. The minimum hourly pay of LTL 2, 55, and

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1. Law No X-199 of the republic of Lithuania on Guarantees for Posted Workers (Official Gazette, No. 67-2406, 2005)
the minimum monthly wage of LTL 430 to state politicians, judges, public officials, military conscripts and civil servants.

Since 1 May 2004 payments were increased to employees working under labour contracts in the following way: minimum wage for agricultural workers – by 16 per cent, for others – 11 per cent; minimum monthly wage up to LTL 500 (from previous amount of LTL 430 and LTL 450) and the minimum hourly pay up to LTL 2, 95 (from previous amount of LTL 2, 55 and LTL 2, 67). This enabled to decrease the difference between the high-paid and low-paid categories of employees.

The base monthly wage was increased from 105 to LTL 115 since 1 May 2004, therefore the wage of budgetary employees increased approximately by 9.5 per cent.

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

1. The minimum hourly pay of LTL 3, 28, and the minimum monthly wage of LTL 550 to employees working at companies, institutions and organisations irrespective of the form of ownership, and other individuals to whom the minimum monthly wage is applicable in the legally set order, with the exception of persons, referred to in paragraph 2.

2. The minimum hourly pay of LTL 2, 57, and the minimum monthly wage of LTL 430 to state politicians, judges, public officials, military conscripts and civil servants.

Taking into account the provisions of the Programme of the Government of the Republic of Lithuania for 2004 – 2008, it is anticipated to increase the average wage up to LTL 1, 800, and the minimum monthly wage up to LTL 800 before 2008, therefore, in 2006 the Government is planning to increase the MMW up to LTL 600, and the minimum hourly pay up to LTL 3, 58.

From 1 September 2005 the monthly wage for teachers and other pedagogical staff was increased by 4.5 per cent following the implementation of the programme introducing the new payment system for teachers approved by Resolution of the Government of the Republic of Lithuania. The Programme started from 1 September 2005 and is planned to be finished on 31 December 2009. In total the wage for teachers should increase by 35.4 per cent within the period of 4 years and 4 months, and by 24.2 per cent for other pedagogical staff members.

From 1 July 2005 the wage of medical workers according to separate categories increased in the average by 20 per cent. Equally, the rate of the official wage for social workers will be also increased from 1 November 2005.

The Ministry of Social Security and Labour, with the consent of the Tripartite Council of the Republic of Lithuania, commissioned the Institute of Labour and Social Research to carry out a scientific survey, which served as the basis for developing the Methodology on the Assessment of work and duties, recommended for national companies and organisations (hereinafter – the Methodology).

Article 188 in the Labour Code of the Republic of Lithuania provides for “Fixing the procedure on setting tariffs of work and duties in collective agreements”, however, this provision is almost forgotten in practice, due to lack of the single national assessment system of work and duties. In most cases, employers simply agreed with employees on the wage amount, therefore the actual wage was in such cases influenced by subjective and not objective reasons, and it has become a common phenomenon, when employees performing similar work under similar conditions, were paid far from equal wages.

Supposedly, the application of the above Methodology will increase transparency in

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

- Average gross monthly wage (gross AMW) – is the wage before deductions of the population income tax and the state social insurance contributions paid by the employee;
- Average net monthly wage (net AMW) – is the amount of the wage received by subtracting from the gross AMW the income tax of natural persons and the state social insurance contributions paid by the employer;
- Real wage index – is the index calculated in dividing the net wage index by the consumer price index.

The average gross monthly wage in the national economy excluding (individual) personal enterprises amounted to LTL 1,310.2 in the fourth quarter of 2004, and in comparison to the fourth quarter of 2003 increased by 8.5 per cent; in the state sector - the gross AMW was LTL 1,386.8 and in comparison to the fourth quarter of 2003 increased by 12.0 per cent; and in the private sector the gross AMW was LTL 1,251.0 and in comparison to the fourth quarter of 2003 increased by 5.9 per cent.

The average gross monthly wage in the national economy, excluding personal enterprises, increased in the fourth quarter of 2004 in comparison to the third quarter of 2004 by 3.9 per cent, in the state sector – by 6.2 per cent, and in the private sector – by 2.0 per cent.

The average gross monthly wage of workers in the national economy of the country, excluding personal enterprises, amounted to LTL 954.0 and, in comparison to the fourth quarter of 2003, increased by 9.5 per cent, in the state sector it was LTL 890.9 and, in comparison to the fourth quarter of 2003, increased by 10.3 per cent, and in the private sector – it was LTL 980.0 and, in comparison to the fourth quarter of 2003, increased by 8.9 per cent.

The average gross monthly wage of workers in the national economy, excluding personal enterprises, increased by 2.4 per cent in the fourth quarter of 2004 in comparison to the third quarter of 2004, in the state sector – by 4.9 per cent, and in the private sector – by 1.6 per cent.

The average gross monthly wage of salaried personnel in the national economy, excluding personal enterprises, amounted to LTL 1,629.9 and, in comparison to the fourth quarter of 2003, increased by 7.8 per cent, in the state sector it was LTL 1,615.2 and, in comparison to the fourth quarter of 2003, increased by 11.7 per cent, and in the private sector it was LTL 1,649.0 and, in comparison to the fourth quarter of 2003, increased by 2.5 per cent.

The average gross monthly wage of salaried personnel in the national economy, excluding personal enterprises, increased in the fourth quarter of 2004 in comparison to the third quarter of 2004 by 4.2 per cent, in the state sector – by 6.3 per cent, and in the private sector – by 1.7 per cent.

13The Department of Statistics at the Government of the Republic of Lithuania, Press release of 23 February 2005 No. 01/020
2.2.2.3. Wage guarantees for employees of close to bankruptcy or bankrupt companies

Implementing the Council of Europe Directive of 12 September 2000 (80/987/EEC) concerning the approximation of Member States legislation on the protection of employees in the case of insolvency of their employer, the Law on Guarantee Fund has been adopted and enforced from 1 October 2000.

All employees of the close to bankruptcy or bankrupt companies, who terminated labour relations with the close to bankruptcy company or are still employed there, are entitled to disbursement from the Guarantee Fund, in the case the company is indebted to them. The disbursement from this Fund shall be also paid to former workers of companies eliminated due to bankruptcy after the enforcement of the abovementioned Law, when companies were 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 make restitution for the damage in the legally set order is not passed over to the state. The Republic of Lithuania Government following the provisions of the aforementioned Law is in charge to set the maximum amounts for remuneration. The Guarantee Fund started carrying its activities actually in August 2001 after all relevant by-laws were drafted and adopted.

In 2004, the administration of the Fund received 534 applications concerning the allocation of means to the indebted enterprises for the remuneration of unpaid wages to employees, unused annual leave, severance pay and unpaid idle time. 490 applications of companies were satisfied in 2004 amounting to LTL 14, 900,000 of disbursements to 10424 employees. The average amount per employee was LTL 1,343, and 45 per cent of the allocated payments were calculated for employees, who had been working in industries, 25 per cent to employees in the wholesale and retail trade, 9.5 per cent – in construction, 5.6 per cent – in agriculture, hunting and forestry, 3.6 per cent – in transport, storage and communications, and 11.3 per cent – in other spheres of activities. Of all disbursements allocated in 2004 for employees, the county of Alytus accounted for 10.8 per cent, Kaunas – 28.6 per cent, Klaipėda – 11.6 per cent, Marijampolė – 2.2 per cent, Panevėžys – 5.1 per cent, Šiauliai – 6.6 per cent, Tauragė – 1.6 per cent, Telšiai – 4.7 per cent, Utena – 2.5 per cent, Vilnius – 26.3 per cent.

Under the Law on the Guarantee Fund, employers are obliged to pay contributions to this fund of 0.2 per cent of the calculated wage to employees (from this wage the compulsory state health insurance contributions are calculated). The means of the Guarantee Fund also comprise of the means from the privatisation fund and the state budget, allocated according to a separate programme, and means from the close to bankruptcy and bankrupt companies for satisfying the requirements of the Guarantee Fund creditors, also voluntary contributions of legal and natural entities.

All employees, to whom employers (or former employers) were indebted, are entitled to disbursements from the Guarantee Fund. Referring to paragraph 2 of Article 5 of the Law on the Guarantee Fund, disbursements shall be assigned even to employees of close to bankruptcy or bankrupt companies indigent of property and to employees of eliminated companies. Moreover, disbursements shall be paid to employees irrespective of their working record at the relevant company. The amount of disbursements related to unpaid wages and idle time are calculated taking into account the requirements of employees from close to bankruptcy or bankrupt companies and from companies eliminated due to bankruptcy referring to labour relations before the beginning of the bankruptcy procedures of the above mentioned companies, and for the period of no longer than two months from the beginning of the bankruptcy procedure. Disbursements in cash for unused annual leave and severance pay shall be calculated in terminating labour contract.

Provisions in paragraph 7 of Article 5 of the Law of the Republic of Lithuania on Guarantee Fund stipulate, that means transferred to the company from the Guarantee fund shall not be used for any other purposes than provided for in this Law, i.e. they cannot be written off from the company’s account on the basis of decisions taken

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by other state institutions or institutions in charge of the recovery of arrears of the company, also they cannot be arrested or used in any other way as set in the abovementioned Law.

The activities of the Guarantee Fund regulated by the law mitigated the tension among employees of close to bankruptcy and bankrupt companies, leading to remuneration of some debts of companies bound to labour relations.

2.2.3. Monitoring of Labour Relations and Remuneration for Work

2.2.3.1. Illegal work

From 2001 the Republic of Lithuania Government commissioned the State Labour Inspectorate to coordinate monitoring activities of all institutions performing the control of all forms of illegal work. All institutions carrying out functions of control and prevention of illegal work are entitled to write down protocols on violations of the administrative law. If violations, identified by the officials of the State Labour Inspectorate during their inspection of control, are of the nature within the competence of other institutions, officials of the above Inspectorate shall immediately inform relevant competent authorities.

As every year before, the State Labour Inspectorate, aiming at strengthening activities in combating illegal work, drafted the Plan on investigation and prevention of all forms of illegal work for 2004, which was approved on 30 March 2004 by the Central Coordination group on monitoring illegal work, and submitted the list of arising urgent issues. In summer of 2004 meetings with representatives of 16 institutions were organised, where discussions were held on the improvement of implementation and the relevance of submitted measures on control and prevention of illegal (illicit) work.

Implementing control and prevention of illegal work in 2004, the Lithuanian State Labour Inspectorate carried out 4544 inspections in companies and their structural subdivisions identifying 1580 illegally (illicitly) working individuals. Variations in the numbers of carried out inspections and identified illegally (illicitly) employed individuals in the period of 2002 – 2004 is shown in Figure 2.2.3.1.–1.

The Identified Number of Illegally (illicitly) Employed Individuals in 2002–2004

![Graph showing the identified number of illegally employed individuals](image)

Figure 2.2.3.1.–1

13 The State Labour Inspectorate Report on Prevention in the sphere of health and safety at work and observation of legislation on labour in companies, institutions and organizations of the Republic of Lithuania in 2004
The highest number of illegally (illicitly) employed individuals in 2004 was identified in the sphere of construction 562 (35.57 per cent). The identified numbers of illegally (illicitly) employed individuals in construction have been constantly increasing since 2002: in 2002 – 364 persons (28.75 per cent), in 2003 – 511 persons (35.94 per cent).

Last year the State labour Inspectorate identified 186 (11.77 per cent) illegally (illicitly) employed individuals in the sector of wood processing and wooden ware. In comparison to 2002 the number of illegally (illicitly) employed individuals in this sector increased from 105 persons (8.29 per cent) to 140 persons (9.85 per cent) in 2003, and to 186 persons (11.7 per cent) in 2004.

Similar dynamics of the identified illegally (illicitly) employed individuals can be observed in the sector of wholesale and retail trade, where 142 illegally (illicitly) employed individuals were identified in 2004 – almost the same number as in 2003, when 139 illegally (illicitly) employed persons were identified, accounting for 9.77 per cent. In 2002 the number was slightly lower – 112 persons (8.85 per cent).

72 illegally (illicitly) employed individuals (4.56 per cent) were identified in the sector of agriculture. It should be noted, that the number of illegally (illicitly) employed individuals in the sector of agriculture in comparison to 2002 slightly increased (in 2002 – 66 persons (5.21 per cent), however, it was significantly lower than in 2003, when 120 persons (8.44 per cent) of illegally (illicitly) employed individuals were identified.

The highest number of illegally (illicitly) employed individuals in 2004 was identified in companies – 62.8 per cent, with natural entities – 27.1 per cent, without business licences – 10.1 per cent.

In general, institutions carrying out control on illegal work identified 8776 illegally (illicitly) employed individuals within the year of 2004, including:

- 1593 individuals, who worked without contracts;
- 5462 – worked without registration of the company, without a licence or were involved in other illegal activities;
- 863 – worked without a business licence.

According to protocols on violations of the administrative law written down by the officials of the State Labour Inspectorate in 2004, courts investigated 169 (68.4 per cent) of cases (in 2003 – 185). In twenty cases (11.8 per cent) concerning 36 illegally employed individuals, sanctions were imposed on employers from LTL 3,000 to 10,000 referring to paragraph 1 of Article 413 in the Administrative Code (in 2003 sanctioned fines were imposed in 25 cases concerning 57 individuals).

It is noteworthy, that in 102 (60.4 per cent) cases of administrative law violations investigated in 2004 concerning 193 individuals, a fine of a lower amount than defined in Article 413 of the Administrative Code has been imposed (in 2003 a lower fine than defined in the sanction was imposed in 106 cases concerning 204 individuals).

Imposing a lower fine than defined in the Administrative Code, the courts very often take into consideration not only the provisions of the law stipulating for certain extenuating circumstances in relation to administrative violations, but other criteria as well:

- Not punished under administrative procedure before;
- Maintains under-aged children;
- Is following the principles of justice and rationality;
- Difficult circumstances;
- Has been working for a short period of time;
- Violation did not cause big damage;
- Has taken a loan, etc.

In analysing the data it is obvious, that 47 cases (27.8 per cent) on violations of administrative law in 2004 concerning 132 individuals were nonsuit (in 2003 54 cases concerning 113 individuals were ignored).

Investigating data on hearings of cases on illegal work at courts, a conclusion may be drawn, that motivations for ignoring the bill are the following circumstances:

- Lack of evidentiary material to confirm the payment of the wage or that it has been agreed upon, even though it is obvious, that work would have not be carried out otherwise. In the case of illegal work such agreements concerning the remuneration for work are usually not formalized in writing and are difficult to prove.
- Not enough evidence to draw a conclusion
that an administrative violation under Article 413 of the Administrative was committed;

- Contradictory evidence of witnesses and persons, who performed the illegal work, are very often changed during the course of investigation of the case, and the evidence submitted by officials carrying out control and prevention of the illegal work is not taken into account;

- Employees worked without employer’s information;

- Employee was not actually working, only discussing the possibility of employment.

Statement of the Supreme Administrative Court should be noted, that investigation of cases on administrative law violations, where administrative punishment may be imposed, can be equalled by its rigour to the criminal penalty, therefore individuals arraigned in the administrative procedure shall be granted the same rights as the indictee in the criminal case. Part 3 of Article 6 in the Convention on the Protection of fundamental human rights and freedoms guarantee the right to the indictee to interrogate witnesses providing evidence for the prosecution. In the cases concerning violations committed under Article 413 of the Administrative Code (Illegal work) high fines may be imposed, therefore investigation of such cases should take account of and correspondingly ensure human rights provided for in the European Convention on the Protection of fundamental human rights and freedoms to individuals sued for administrative responsibility.

Mostly cases on illegal work investigated at courts according to the data of 2004 were nonsuit: in the counties of Šiauliai (42.9 per cent), Kaunas (33.3 per cent), Klaipėda (31.8 per cent), Alytus (37.5 per cent), and Vilnius (28.8 per cent), (in 2003 – in the counties of Tauragė (42.9 per cent), Vilnius (42.3 per cent), Klaipėda (33.3 per cent), Kaunas (28.1 per cent).

Analysis of the data on the investigation of cases on illegal work at courts revealed that sometimes courts ignore the bill because of improper formulation by labour inspectors of protocols concerning violations of the administrative law, but this is not a frequent occurrence. The biggest issue as in previous years remains the collection and the assessment of evidence, however, it should be noted that such cases are considerably decreasing.

In total, fines imposed on employers, who hired people illegally (illicitly), amounted to LTL 196,750 in 2004. The average amount of fines accounted for LTL 859,2, whereas in 2003 – LTL 1,037,2. Dynamics of the average amount of fines during the period of 2002 – 2004 is shown in Figure 2.2.3.1.–2.
2.2.3.2. Analysis of the Labour Law Violations

With regards to the control on labour law observance issues, 8 936 inspections were carried out in 2004 leading to the disclosure of 29 435 labour law breaches. The filing of records reflecting the control of the implementation of the labour law may be divided into five groups:

– violations of procedures in concluding labour contracts;
– violations of payment procedures in remuneration for work and other disbursements bound to labour relations;
– violations of provisions regulating working and rest time;
– violations of guarantees stipulated for certain categories of employees;
– violations of procedures in concluding and observing collective agreements.

Analysis of the labour law breaches indicate, that the total number of such violations in the current year is increasing. The number of identified violations in 2001 amounted to 22 800, in 2002 – by 7.7 per cent, in 2003 – by 13.3 per cent, in 2004 – by 29.1 per cent more. Data on labour law breaches in 2001 – 2004 is demonstrated in Figure 2.2.3.1.–1.

Labour law breaches identified within a year: 8614 – in concluding labour contracts; 4018 – in payment procedures on remuneration for work; 7146 – concerning regulation of working and rest time; 4927 – in calculating working time; 4731 – concerning other labour law issues. In comparison to the year of 2003, the number of violations in concluding labour contracts decreased by 3.2 per cent, but breaches in remuneration for work increased by 14.7 per cent, as well as violations in regulating working and rest time increased by 26 per cent, in calculating working time – by 36.8 per cent, in other labour law issues – by 13.7 per cent. Violations concerning labour contracts accounted for 29 per cent of all labour law breaches, concerning the remuneration procedure – 14 per cent, in regulating working and rest time – 24 per cent, in calculating work time – 17 per cent, on other labour law issues – 16 per cent. Data of 2003 – 2004 in percentage on the nature of the identified labour law breaches in companies is shown in Figure 2.2.3.2.–2.
The Number of Labour Law Breaches in 2000–2004 (in thousands)

Figure 2.2.3.2.–3


Figure 2.2.3.2.–2

Of all identified in 2004 labour and health and safety law violations (82 268) labour law breaches (29 436) account for 36 per cent. Data on labour law breaches in the total number of identified violations in 2000 – 2004 are provided in Figure 2.2.3.2.–3.
2.2.3.3. Prevention of violations in the remuneration for work

Inspections in 2606 companies on the issues of remuneration for work were carried out in 2004, and 4018 violations identified, which account for 13.7 per cent of all registered labour law violations in the current year (in 2003 – 13.57 per cent). Meanwhile, the number of breaches in the issues related to remuneration for work in 2002 amounted to 3258, which is a little over 13 per cent of the total number of identified labour law violations in 2002; in 2001 the share of this type of violations in the total number of labour law breaches accounted for almost 16 per cent. Therefore, it is obvious, that the number of such infringements within recent years stabilized. Directions to remove infringements were given in each case of identified violations on remuneration for work. 979 violations in remuneration for work, or 24.4 per cent of the total number of such violations were identified in relation to the delayed payments of wages (in 2003 – 1131 violation, or 32.27 per cent).

Indicators describing infringements of procedures in the remuneration for work for 2001 – 2004 are given in Figure 2.2.3.3.–1.

Inspections have revealed, that in 51 company 1091 employee received a lower minimum wage than defined by the Government (in 2003 – in 33 companies 843 employees). The increase in the numbers of this type of violation could be partly explained by the official increase of the minimum wage. Such breaches were identified in the joint venture Malunas-Х; R. Kurliansko personal company (in the county of Panevėžys); joint venture Dangaus skiautas (in the county of Alytus), and others.

The comparison of data on companies, where violations in the remuneration for work were identified, and the number of employees, who were paid lower than minimum wage, in the period of 2001 – 2004 is shown in Figure 2.2.3.3.–2.

In all cases, where violations in the remuneration for work were identified, directions were given to remove infringements, addressing the issue of arrainging the guilty persons for administrative responsibility.
2.2.3.4. Prevention of breaching provisions regulating the time of work and rest

14,741 inspections were carried out in 2004, and 7146 violations (in 2003 – 5673) identified in 4812 companies (2003 m. – 3972) concerning breaches of provisions regulating the time of work and rest. In comparison to 2003, the number of inspections increased by 16 per cent and the number of identified violations – by 26 per cent.

Data of 2003 – 2004 on indicators describing violations in organising the time of work and rest is shown in Figure 2.2.3.4.–1.
Also, 14 305 inspections were carried out in 3709 enterprises (in 2003 – in 2823) identifying 4927 violations (in 2003 – 3601) in calculating working time. In comparison to 2003, the number of inspections increased by 14 per cent, and the number of identified infringements – by 37 per cent. Indicators on breaches in calculating working time are shown in Figure 2.2.3.4.–2.

Violations are usually identified in the first stage already – in the process of getting ready for work, i.e. in setting the schedule for working time, as defined in the Article 147 of the Labour Code of the Republic of Lithuania: work schedule is not approved and not announced. And if the schedule is approved, it is not agreed with the representatives of employees, where they exist, etc.

When there is no possibility to know the exact distribution of time for work and rest, there is always a probability to violate other rights and guarantees stipulated for employees. First of all it might be expressed in organising overtime work on rest-days (weekends) and holidays, and uninterrupted 24-hour or weeks rest is not ensured. Misuse in organising overtime work inevitably leads employers to incorrect registration of working time – not to register full worked time or not to register the actually worked time at all, and not pay for it. Violations in breaching provisions regulating the accounting of the totalled work time should be noted separately, where the accounting of the totalled work time is not introduced in the set order, but employees are actually working according to such schedule. Among other rather widely spread infringements in organising work and rest, breaches in providing intervals for rest and meals should be mentioned.

Protocols on infringements of the Administrative Law: 1521 protocols on breaching the Administrative Law were formalized in 2004, including 1482 for employers. Data on the structure of formalized protocols in breaching the Administrative Law is provided in Figure 2.2.3.4.–3.

The largest share in the total number of formalized protocols on breaching the Administrative Law falls on protocols concerning violations of Article 41 in the Administrative Code, in relation to infringements of the labour law and the Law on Health and Safety at Work – 859, or 56.5 per cent of all formalized protocols; 247 protocols, or 16.2 per cent of all formalized protocols under the Administrative Code Article

![Indicators on Breaches in Calculating Working Time, 2003–2004 (in thousands)](image-url)
41.3 on illegal work; 183 protocols, or 12 per cent of all formalized protocols on non-compliance with the vested requirements of labour inspectors; 132 protocols, or 8.7 per cent – on violations in the accounting of working time; 66 protocols, or 4.3 per cent – on breaches in payment procedures of wages.

Officials of the State Labour Inspectorate took a decision in 1056 occasions to fine for the amount of LTL 594,450, including 1017 cases for employers totalling to the amount of LTL 581,900. In comparison to 2003, by 14.4 per cent more protocols under the Administrative Code were reported, by 14.7 per cent more decisions taken on fining, by 12.3 per cent higher amount of fines were imposed.

Officially of the State Labour Inspectorate revealed that the situation in the sphere of labour relations remains similar to the previous year of 2003. Fundamental changes were not observed – in certain spheres of activities violations decreased, in others – increased, depending on economic and social factors.

2.2.4. SAFETY AND HEALTH AT WORK

Safety and health at work is an important area in the labour policy. Its aim – to ensure safe and healthy working conditions. This 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 minimize the risk. The description of the condition of safety and health at work in Lithuania in 2004 is given below, as well as the development of the legal basis in this particular area of the labour policy in 2004 – 2005.

2.2.4.1. Health and safety at work in undertakings in 2004

Working conditions in undertakings

Inspectors of the State Labour Inspectorate carried out 15.3 thousand inspections in 2004 on the issues of safety and health at work, and in 9.5

The Structure of Formalized Protocols on Breaching the Administrative Law, 2004

- Infringments of labour law and legislation on health and safety at work (Art.41 in the Adm. Code); 859 (56.6 per cent)
- Breaches in the payment procedures of wages (Art.41.1 in the Adm. Code); 66 (4.3 per cent)
- Veiling of accidents at work (Art. 41.1 in the Adm. Code); 8 (0.5 per cent)
- Violations in calculating working time(Art.41.4 in the Adm. Code); 132 (8.8 per cent)
- Violations of procedures in examining accidents at work (Art. 41.1 in the Adm. Code); 25 (1.6 per cent)
- Non-compliance with the vested requirements of labour inspectors (Art.41.2 in the Adm. Code); 183 (12.0 per cent)
- Illegal work (Art.41.3 in the Adm. Code); 247 (16.2 per cent)

1 Law No. IX-1672 of the Republic of Lithuania on Safety and Health at Work (Official Gazette, No. 70-3170, 2003)
thousand of undertakings identified almost 53 violations of legislation on the health and safety at work, including:

- 76 per cent of violations in organising safety at work;
- 24 per cent of violations of technical requirements on safety.

In response to the above violations, the inspectors of the State Labour Inspectorate wrote up their requirements for removing limitations, in 195 undertakings stopped the operations or prohibited the use of labour means.

It has been established, that in 230 undertakings over 9 thousand employees were at work, when hazardous factors of the environment exceeded the permitted limit values legally set in the legislation on health and safety at work.

**Accidents at work**

Accidents at work in the undertakings of Lithuania in 2004:

- 91 fatal,
- 173 serious, and
- 2420 minor accidents at work.

14.1 serious and 7.4 fatal accidents at work fall per 100 thousand employees.

In 2004, most cases of fatal accidents at work (22 per cent) happened due to violations of road traffic rules, serious accidents at work (21 per cent) – due to improper installation of work places, and minor accidents at work (60 per cent) – due to violations of the legal requirements on health and safety at work.

Analysis of the dynamics in serious and fatal accidents at work during the period of 2001 – 2004 (see Figure 2.2.4.1.–1) show, that in 2004 the number of serious accidents at work was higher than in 2002 and 2003, but lower than in 2001, and the number of fatal accidents at work was lower than in 2003, but slightly higher than in 2001 and 2002.

**Morbidity in occupational diseases**

In 2004, the State Register of occupational diseases recorded 939 cases of occupational diseases with 556 sick individuals. 88.9 per cent of all registered cases of occupational diseases were diagnosed for men, and 11.1 per cent – for women. The highest percentage of occupational diseases (56.7 per cent) has been diagnosed to individuals in the age of 55 – 64. Individuals, who...
have working record of 30 – 39 years accounted for 46.6 per cent.

It becomes obvious in comparing the number of cases of occupational diseases and the number of sick persons during the period of 1998 – 2004 (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 – 2004, reaching the number of 939 cases in 2004. The number of persons, to whom occupational diseases were diagnosed, correspondingly decreased or increased.

The highest rate in percentage of the registered data in 2004:
- Cases of aural diseases (37.1 per cent);
- Cases of dorsopathia (28.1 per cent);
- Cases of diseases related to vibration (13.5 proc.);
- Cases of polyneuropathia and other peripheral nervous system diseases (12.8 per cent).

The causes of 83.7 per cent of cases of registered occupational diseases are physical factors, consequently, occupational diseases in most cases originate from noise and operation of vibrating equipment.

2.2.4.2. The development of legal basis in 2004–2005

In the second half of 2004 and in the first half of 2005 the implementation of the requirements of the European Union directives on health and safety at work was further continued. Following the Directive 2003/10/EC on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (noise), Regulations on the Protection of Workers from Risks Arising from Noise have been drafted and approved. Following the Directive 83/477/EEC on the protection of workers from the risks related to exposure to asbestos at work (with the latest amendments made by the Directive 2003/18/EC) Regulations on Work with Asbestos have been drafted and approved. Following the Directive 2004/37EC on the protection of workers from the risks related to exposure to carcinogens at work, Regulations on the Protection of Workers from the Risks Related to Exposure to Carcinogens and Mutagens were specified. Following the the Directive 1999/39/EC
amending for the second time Directive 90/394/EEC on the protection of workers from the risks related to exposure to carcinogens at work and extending it to mutagens, the Rules on Protection of Workers from Contact with Vinylchloride Monomer were recognised as void.

Aiming at the implementation of the Regulations on Protection of Workers from the Risks Arising from Vibration, and the Regulations on Protection of Workers from the Risk Arising from Noise, plans of organisational measures for the implementation of the above regulations have been developed. The implementation of the planned measures will lead to corresponding correction of earlier adopted legislation, translation into the Lithuanian language of the international standards and adoption of them as Lithuanian standards, as well as drafting of practical recommendations on the application of the above Regulations.


2.2.4.3. Conclusions

Labour inspectors identified almost 53 thousands of infringements on the health and safety legislation in the inspected undertakings in 2004. Over 9 thousand of employees in the inspected undertakings were at work, when hazardous factors in the working environment exceeded the permitted values. These figures indicate that attention to health and safety at work issues in such undertakings is not sufficient yet.

The number of fatal accidents at work in relation to performance per 100 thousand of employees was lower in 2004 in comparison to 2003, however, it was higher than in 2001 and 2002. The number of serious accidents at work in relation to performance per 100 thousand of employees in 2004 was lower than in 2001, but higher than in 2002 and 2003. Hence, it is obvious, that the number of serious and fatal accidents at work in relation to performance is not decreasing over the period of four years. This indicates that the condition of health and safety of workers at undertakings is not improving, despite the adoption of number of legal acts regulating health and safety at work issues and the control carried out by the State Labour Inspectorate over the implementation of the above legislation.

The number of registered occupational diseases in the country is increasing since 2002. It changes in proportion to the number of individuals, who got sick with occupational diseases. Therefore, a conclusion may be drawn, that the number of individuals addressing to be recognised sick with occupational diseases, is increasing. Over 95 per cent of persons, to whom occupational diseases were diagnosed, are in the age of 45 or senior.

Transposition of the provisions of the EC Directives into national legislation aimed at improving the legal basis on health and safety at work was further continued in the second half of 2004 and in the first half of 2005.


2.2.5. TECHNICAL SAFETY

Technical safety is a very important part of 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.

Lithuania became a full member of the European Union on 1 May 2004 and joined the single market. Corresponding conformity assessment institutions started functioning in Lithuania, providing for a possibility to use the services of such structures, and to ensure conformity of specific working equipment to the essential health and safety requirements. Organisation of the implementation and coordination of the national policy on technical safety is described in this section.

2.2.5.1. Free movement of goods

Free movement of goods is the foundation of the Single market. Mechanisms leading to the achievement of this objective are based on removing of all barriers in trade, the principles of mutual recognition and technical harmonisation. For almost 50 per cent of products available on the internal EU market, similar requirements within the EU are applied, which are set in the New Approach Directives (and sometimes Regulations). The following principles are defined in the new approach technical harmonisation and standardization:

- Legislative harmonisation is limited to essential requirements applied to all products placed on the market of the European Union to make free movement of products beneficial to the Community.
- Technical specifications of products corresponding to essential requirements, as defined in the directives, are laid out in the harmonised standards.
- Application of harmonised and other standards remains voluntary, therefore manufacturers, answering essential requirements of specific directives, may always apply other technical specifications.
- Articles manufactured in conformity to harmonised standards benefit from the presumption of conformity to respective essential requirements.

Different national requirements are imposed on another group of products, sometimes raising difficulties to manufacturers willing to sell their products in another Member State. In these, so called non-harmonised areas, the principle of mutual recognition is applied, meaning that any articles or products legally manufactured in one Member State (or legally imported from the third country) and placed on the market of the said country, may be marketed without any additional restraints in another Member State (on the principle of mutual recognition). In adopting new national legislation in Member States, new technical trade barriers may originate from different requirements in separate Member States on the same products. Therefore Directives 98/34/EC and 98/48/EC were adopted, introducing the preventive mechanism for protection from such barriers. The scope of application of these directives was repeatedly expanded and is now covering all products, including agricultural products and public information services. The possibility to expand the scope of application of the said directives to all services is currently under discussion. Provisions of the directives have been transposed into national legislation pursuant to Resolution No. 472 of the Government of the Republic of Lithuania of 26 April 2004 on the Exchange of Information on Standards, Technical Regulations, Legal Acts on Providing and Utilizing Public Information Services, Legal Acts on Conformity Assessment Procedures and Drafts of such Documentation (Official Gazette, No. 63-2264, 2004).

Seeking to provide the possibility for Lithuanian designers and manufacturers to assess the conformity of safety and primary consumption characteristics of their production to the essential health and safety requirements laid down in corresponding directives, the conformity assessment infrastructure was further developed in 2004, establishing testing laboratories and certification institutions. To achieve this objective, means were allocated to develop and improve the existing laboratories of testing and certification institutions, and to renovate technical basis of testing equipment according to the requirements of the European harmonised and international standards.

In 2004, the Ministry of Social Security and Labour notified four institutions to perform the conformity assessment of machinery, lifts and personal protection equipment, officially informing in the legally set procedure all the EU Member States and the European Commission
Public institution the Technical Supervision Service was appointed the notified body for assessing the conformity of lifts (final inspection of electric and hydraulic lifts – Annex VI to the Technical Regulation on Lifts) and unit verification (Annex X to the Technical Regulation on Lifts). The identification number of the Technical Supervision Service is 1399.

Public institution Supervision Service for elevating gears has been also appointed a notified body to perform the conformity assessment procedures (final inspection of electric and hydraulic lifts – Annex VI to the Technical Regulation on Lifts) and unit verification (Annex X to the Technical Regulation on Lifts). The identification number of the Supervision Service for elevating gears is 1618.

Certification Body for Machines of the State Machines Testing Station has been appointed a notified body to perform conformity assessment procedures as provided for in the Technical Regulation on the “Safety of Machinery” (receipt of technical files, certification of adequacy for the technical file and the EC type-examination). The identification number of the State Machines Testing Station is 1400.

The Textile Testing Laboratory of the Lithuanian Textile Institute has been appointed a notified body to perform conformity assessment procedures (EC type-examination on high visibility warning clothing and protective clothing providing protection from rain) as set in the Technical Regulation on “Personal Protective Equipment”. The identification number of the Textile Testing Laboratory is 1401.

According to the data of the Department of Statistics at the Government of the Republic of Lithuania, the machinery and equipment production industry experienced depression in 1998 – 2000, but in the last few years it was distinguished for a rather rapid development. From the year of 2000, the extent of production increased by 56 per cent. The share of machinery and equipment production in the structure of the national industry accounted for 2.2 per cent. Similar development rate was also of the added value produced in this branch of the industry. In 2004, almost 3 per cent of all added value was generated in the machinery and equipment industry. This was influenced by the possibility to use the services of the notified body of Lithuania – the State Machines Testing Station – and to receive comprehensive information on application of specific harmonised standards in designing products and to perform the relevant product conformity assessment procedures. Before the notification of the above institution, the conformity assessment of machinery according to the requirements of the Technical Regulation on “Safety of Machinery” and the EC type-examination could only be carried out by the notified bodies of other EU countries.

The Market Surveillance is the essential measure in implementing the requirements under the New Approach Directives and taking measures to examine, if products satisfy the requirements of the applicable directive; such measures are taken seeking to make non-compatible products compatible and, if necessary, apply sanctions. The objective of the Market Surveillance is to ensure that provisions of applicable directives were observed in all the states of the Community. Nationals enjoy equal rights to equal level of protection on the Single market, irrespective of the origin of products. Moreover, the surveillance of the market is very important for the interests of economy subjects eliminating unfair competition.

Market Surveillance in Lithuania is carried out by the State Non-Food Products Inspectorate at the Ministry of Economy (on sale) and by the State Labour Inspectorate (on working places).

Personal Protective Equipment (PPE)

In 2004, the State Non-Food Products Inspectorate carried out 165 inspections of Personal Protective Equipment. Infringements were identified in 86 inspections, accounting for 52 percent (in 2003 – 54 percent correspondingly). Currently in Lithuania there are 98 companies (and subsidiaries) producing and distributing personal protective equipment. Last year 78 inspections were carried out in the above companies, including 41 case of identified infringements (53 per cent). Inspections on infringements of the

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1. Review on Economics of Lithuania, 2004/2; Industry 2003; Manufacturing, 2004;
2. “Analysis of the Control of Products on the Market in 2004”, the State Non-Food Products Inspectorate
Regulation on “Personal Protective Equipment” are carried out in the companies of distributors (importers), which are examined as for the first time as repeatedly.

In total 992 types of Personal Protective Equipment were examined. Infringements of the Technical Regulation on “Personal Protective Equipment” were identified in 416 types of PPE, accounting for 42 per cent of the examined products (in 2002 – 60 per cent correspondingly). The examination revealed the following infringements: the CE marking missing – 3.6 per cent (in 2002 – 24 per cent); user instruction unavailable – 22.7 per cent; user instruction in Lithuanian unavailable – 9.9 per cent; EC conformity declaration missing – 13.2 per cent; non-conformity to the requirements on marking – 37.3 per cent.

No infringements were identified on 576 types of PPE. Most of the examined PPE were produced in the EU countries. Of the examined 612 PPE types from the EU countries, infringements were identified on 194 types (32 per cent). Among the examined 105 types of PPE imported from China, infringements were identified in 62 types (59 per cent). Among the examined 231 type of PPE from other countries, infringements were identified in 131 types of products (57 per cent). 44 types of PPE produced in Lithuania were examined and infringements were identified on 29 types of products (66 per cent). Pecuniary penalties were imposed on responsible persons of companies, which have been examined repeatedly identifying recurrent infringements of the Regulation.

Following Article 14 of the Law of the Republic of Lithuania on Safety of Products, inspectors, who identify infringements of the requirements of the Technical Regulation on Personal Protective Equipment in carrying out examinations, charge the manager of the company to remove the identified limitations.

In 2004, documentary examination of 60 PPE types placed on the market was carried out, identifying infringements on 22 types of products (37 per cent).

**Lifting equipment**

In performing surveillance of the market on lifting equipment, 20 inspections were carried out, identifying infringements in 8 examinations (40 per cent). In total 117 types of devices were examined, identifying 45 types with infringements (45 per cent) of non-conformity to the requirements of the Technical Regulation on

![Analysis Of Market Surveillance On Personal Protective Equipment](image-url)
Results of the Market Surveillance on Personal Protective Equipment (dynamics of the examined types in 2002 – 2004 with identified infringements)

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-conformity to the requirements on marking</th>
<th>user instruction unavailable</th>
<th>conformity declaration missing</th>
<th>conformity declaration missing</th>
<th>the CE marking is missing</th>
<th>user instruction in Lithuanian unavailable</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>60%</td>
<td>37%</td>
<td>53%</td>
<td>59%</td>
<td>44%</td>
<td>24%</td>
</tr>
<tr>
<td>2003</td>
<td>59%</td>
<td>37%</td>
<td>53%</td>
<td>59%</td>
<td>44%</td>
<td>24%</td>
</tr>
<tr>
<td>2004</td>
<td>58%</td>
<td>36%</td>
<td>52%</td>
<td>58%</td>
<td>43%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Analysis of Surveillance of Lifting Equipment

In total examined in 2004: 117 types of products, 62 per cent without infringements; in 2003: 103 types of products, 57 per cent without infringements
“Lifting Equipment. Certification and Marking”. The number of infringements of lifting equipment identified in 2004 decreased by 5 per cent in comparison to 2002.

Analysis of monitoring of lifting devices is given in Annex 14. Seven repeated examinations were carried out identifying infringements in one of them. Five examinations were carried out in the wholesale trade.

All examined lifting equipment (wire-ropes, chains, hooks) imported from third countries did not meet the requirements of the Regulation.

Machinery

In total 312 inspections were carried out, identifying infringements in 136 examinations (43 per cent). Inspectors examined 2257 types of machinery and identified 577 types of machinery (26 per cent) with infringements (annexes 15 and 16). In comparison to 2002 the number of infringements decreased by 19 per cent. It should be noted, that less than half of the examined machinery were identified with the missing CE marking (Annex 17).

In the sector of wholesale trade, 64 inspections were carried out, and in 32 examinations infringements were identified (50 per cent). 98 persons were punished for the infringements, including 73 given warnings, and imposing of LTL 3,600 fines. 93 examinations were carried out repeatedly, including 11 examinations, where infringements were identified (12 per cent).

Implementing the Programme on the Examination of Manual Electric Engine Devices, 27 wholesale trade companies were inspected and 206 types of electric engine devices examined. 59 devices did not meet the requirements for safe products.

In relation to machinery, 24 appeals were received and 19 of them were proved true. Three customers got their poor quality products replaced by suitable quality products; for nine customers the defects of the product were eliminated free of charge; for six – the selling – buying contract was terminated and the paid money reimbursed; for one – the broken device was replaced by an equal quality product.

In total examined 2257 types of machinery, 74 per cent without infringements.
Results of Market Surveillance on Machinery (Dynamics of the examined types of machinery in 2002 – 2004 with identified infringements)

Figure 2.2.5.1.–5

Unsafe Machinery, 2002 – 2004

Figure 2.2.5.1.–6
Potentially hazardous equipment


Implementing the Law of the Republic of Lithuania on Supervision of Potentially Hazardous Equipment, before 31 December 2004, the owners recorded 14514 of potentially hazardous equipment (hereinafter – the PHE) in the State Register: in the county of Vilnius – 2233, in Kaunas – 3733, in Tauragė – 337, in Šiauliai – 934, in Klaipėda – 2191, in Marijampolė – 416, in Telšiai – 2055, in Utena – 793, in Alytus – 327, in Panevėžys – 1495. Most of the registered equipment was pressure vessels – 6150, lifts – 3000, lifting equipment – 3160, and the least – funiculars – 3 units, no registered cable roads at all. In 2004, the data base of the PHE State Register increased with 5501 (61 per cent) of potentially hazardous equipment. Owners of all PHE are obliged to register them before 1 January 2006. Data provided by Authorized institutions for examining technical status of the equipment indicate, that not all owners register their equipment, though performing technical status examination and receiving extracts with conclusions on the suitability of the equipment for operation.

With the increasing numbers of PHE, the number of delayed technical status examinations of PHE is also increasing. The number of such cases reached 3035 for the 31 December 2004, mostly in the cities Vilnius and Panevėžys and in the region of Mažeikiai. It is not possible to estimate the reason for the delayed examinations of the PHE from the data collected in the data base of the PHE State Register (it might be that the PHE is no longer in use or the owners terminated their activities, etc.).

Implementing changes to the Law of the Republic of Lithuania on the Supervision of Potentially Hazardous Equipment, the Government of the Republic of Lithuania and other authorities responsible for organisation of the supervision of certain categories of equipment drafted relevant legal acts in 2004. However, the problem remains with regards to absence of legal acts regulating the supervision of such PHE as containers for dangerous substances, platform equipment, cable roads, and lifting platforms.

In 2004, examinations were carried out in 1670 companies, which were using PHE. In every fourth of such companies infringements on the use of PHE were identified (745 in total). In comparison to 2003 by 13 per cent more infringements were identified, which account for 1.4 per cent of all identified infringements in relation to health and safety at work. In 139 companies 188 infringements concerning the condition of the PHE were identified. In comparison to 2003 this is by one fifth less companies and by one third less infringements. Because of non-conformity to the requirements of standard acts 85 potentially hazardous equipment in 52 companies were prohibited from using at work, including 38 PHE in the companies of processing production, 10 – in construction, 9 – in transport, 7 – in trade, and 3 – in agriculture and forestry.

Public institution Technical Supervision Service (hereinafter – TSS) and the Supervision Service of elevating gears (hereinafter – SSEG), also the TUVtechnika examined 21.7 thousand of PHE in 2004, and recognised 2.2 per cent of them unsuitable for the operation at work. According to the data of the TUVtechnika, out of 155 examined lifts and hoists 13.6 per cent were recognised unsuitable, of 10 steam and hot water pipelines – 10 per cent, of 35 pipelines for dangerous substances – 8.6 per cent, of 280 stationary containers for dangerous substances – 4.6 per cent, and of 222 mobile containers for dangerous substances – 2.2
per cent were recognised unsuitable.

The data provided by the SSED indicate, that out of 1898 examined lifts 10 per cent are being in use for more than 30 years and 19 per cent for more than 25 years, and out of the examined 199 lifting cranes – 17 per cent are in use over 25 years. As to the TSS data, the number of unsuitable equipment decreased from 4.2 per cent in 2003 to 2.64 per cent in 2004. However, the majority of unsuitable equipment in recent years was identified among the pressure pipelines for dangerous substances, pressure steam-lines and hot water pipelines – 4.0 per cent, pressure vessels – 4.25 per cent, steam and water boilers – 4.74 per cent.

In the opinion of Authorized institutions for the supervision of PHE, the quality of technical supervision and repair works of PHE has to be further improved, in particular with regards to the owners possessing one or two PHE, as it often happens, that employees assessed in accordance to the set procedure are not appointed for their supervision. Sometimes supervisors of loading lifts and escalators, though assessed in the set procedure, are appointed to supervise several of such equipments, which is practically impossible. Owners of the companies or employees working with or supervising PHE very often do not keep their technical documentation properly – do not fill in technical documentation provided for in the rules: technical maintenance/inspection log and shift log.

Operating or servicing PHE, 3 fatal and 7 serious accidents at work happened in 2004. In comparison to 2003, the number of fatal accidents at work decreased by 4, and serious accidents at work increased by 1. One fatal accident happened when operating the lifting crane, one – in servicing a steam and hot water boiler, one – in maintaining a lift. Four serious accidents at work happened in using lifting cranes, and 3 – in attending steam and hot water boilers. Data on serious and fatal accidents at work (N–1 form acts), which happened in working with PHE in 2003 – 2004 are given below in Figure 2.2.5.1.–7.

Data on accidents at work in operating or servicing potentially hazardous equipment in 2004, are given in Table 2.2.5.1.–1.

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**Occurrence of Fatal and Major Accidents at Work (n–1 form acts) in working with Potentially Hazardous Equipment in 2003 – 2004**

![Graph](image-url)

Figure 2.2.5.1.–7
During four recent years, the number of serious and fatal accidents at work in operating potentially hazardous equipment tends to decrease. The distribution of serious and fatal accidents at work in operating potentially hazardous equipment in 2001 – 2002 is shown in Table 2.2.5.1.–2.

Attention should be given to operation of steam and water boilers. During three previous years, no serious and fatal accidents at work occurred, but in 2004 – 3 and 4 accidents happened correspondingly.

Analysis of accidents at work by economic activities indicate, that in construction companies 1 fatal accident happened in supervising lifts, and 3 serious accidents happened in operating lifting cranes; in companies of processing production 1 fatal and 1 serious accident at work happened in operating lifting cranes, and 2 serious accidents – in operating steam and water boilers; 1 fatal accident at work happened in an educational institution, and 1 serious accident – in a gas and water supply company.
It is not only dangerous to work in such professions or perform such jobs, which are entered in the list of potentially dangerous works (or potentially hazardous equipment), but also in such jobs, which are related to servicing or maintenance of other mechanisms or equipment (drivers, constructors, machinists, operators of machinery, equipment and technological processes, as well as part of unskilled construction, industry and transport workers). Circumstances of technical character determine such accidents at work, where risk and danger is not properly assessed or assessed only in a formal way, when rules and requirements coordinated with the EU directives are not observed in setting work places and in operating equipment.

The State Labour Inspectorate monitors the organisation of supervision of potentially hazardous equipment and gives great attention to the obligations of owners of such equipment to carry out risk assessment in operating such equipment. It facilitates to identify possible troubles and defects of the equipment and to take preventive measures in avoiding accidents at work.
3.1. THE FINANCES OF THE STATE SOCIAL INSURANCE FUND IN 2004

Already for a few years the budget of the State Social Insurance Fund (hereinafter – the Fund) is implemented successfully. Over the year 2004, the apparent Fund budget result – the revenues of the Fund exceeded the expenditures of the Fund by LTL 237.79 million.

In 2004, the revenue calculated by the Fund amounted to over LTL 5 billion 564 million. It is an increase by 13.9 per cent, if compared to 2003. Whereas the expenditures estimated by the Fund were slightly more than 5 billion 326 million and, if compared to 2003, they increased by 13.3 per cent.

Taking into consideration the fact, that the rate of the state social contributions is the same since the year 2000 and that since 2004 a part of the state social insurance contributions is transferred to accumulative pension funds, proper collection of the state social insurance contributions and stable revenues of the Fund was determined by a greater number of the insured with fully comprehensive social insurance than expected, by higher average wage of the latter and larger wage fund of officials insured only by pension insurance. Moreover, the appropriations from the State Compensation (Stabilisation) Fund for compensation of the state social insurance contributions transferred to accumulative pension funds also allowed to ensure the collection of revenues of the Fund.

As in the previous year, the major expenditures incurred by the Fund were pension insurance related expenditures – they accounted for 72.2 per cent of all the expenditures incurred by the Fund. The amount of the calculated pension insurance expenditures was by 9 per cent larger than in 2003. The growth of the pension expenditures in 2004 was mostly determined by the increase of small state social insurance old age pensions and disability pensions effective since March, the growth of the basic pension to LTL 172 since April, the payment of the advance old age pensions as of July and the rise of the insured income of the current year to LTL 990 as of September.

The average annual number of paid social insurance pensions varied only slightly in 2004, i.e. it was by 3,400 higher than in 2003 and amounted to nearly 1 million 69 thousand.

In 2004, the average annual state social insurance old age pension for persons who have completed the compulsory period of insurance was LTL 378.53. Having compared it with the one granted in 2003, the average annual old age pension for persons who have completed the compulsory qualifying period has grown by LTL 31.9 or by 9.2 per cent. The ratio between the average annual old age pension for persons who have completed the compulsory qualifying period and the average annual net wage of persons insured with all the types of social insurance was 49.3 per cent in 2004.

In December 2004, the average annual old
Distribution of the State Social Insurance Fund Budget Gross Revenues and Expenditures According to the Types of Social Insurance, by thousand LTL

<table>
<thead>
<tr>
<th></th>
<th>Approved</th>
<th>Implemented</th>
<th>Implementation %</th>
<th>Report for 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross revenues</strong></td>
<td>5,286,780,0</td>
<td>5,564,141,1</td>
<td>105,2</td>
<td>4,886,199,2</td>
</tr>
<tr>
<td><strong>Gross expenditures</strong></td>
<td>5,263,780,0</td>
<td>5,326,348,2</td>
<td>101,2</td>
<td>4,703,144,4</td>
</tr>
<tr>
<td><strong>Out of them:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For pension social insurance</td>
<td>3,827,190,0</td>
<td>3,844,944,6</td>
<td>100,5</td>
<td>3,528,189,0</td>
</tr>
<tr>
<td>For sickness and maternity social insurance</td>
<td>402,919,0</td>
<td>414,197,2</td>
<td>102,8</td>
<td>358,603,5</td>
</tr>
<tr>
<td>For unemployment insurance</td>
<td>212,251,0</td>
<td>223,735,2</td>
<td>105,4</td>
<td>199,935,7</td>
</tr>
<tr>
<td>For occupational accidents and occupational diseases social insurance</td>
<td>24,143,0</td>
<td>21,216,5</td>
<td>87,9</td>
<td>18,322,8</td>
</tr>
<tr>
<td>Funds transferred into the compulsory health insurance fund</td>
<td>424,954,0</td>
<td>447,905,1</td>
<td>105,4</td>
<td>400,426,6</td>
</tr>
<tr>
<td>Funds transferred into pension funds</td>
<td>178,900,0</td>
<td>173,135,1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3.1–1

3.2. POLICY IMPLEMENTATION IN THE FIELD OF SICKNESS AND MATERNITY SOCIAL INSURANCE

Over the last few years, attempts were made to improve the system of sickness and maternity social insurance. In the end of 2003, the Government submitted to the Seimas amendments to the Law on Sickness and Maternity Social Insurance for deliberation. These amendments were aimed at...
increasing the maternity and maternity (paternity) benefits by providing the opportunity for persons earning a wage bigger than 3.5 insured income of the current year and to receive a maternity or maternity (paternity) benefit calculated according to this wage.

Under the currently effective provisions related to the maternity or maternity (paternity) benefits, the average replacement income of the benefit recipient used for calculation of these benefits can not exceed the amount of 3.5 insured income of the current year approved by the Government. The Ministry of Social Security and Labour proposed to increase this limit and make it equal to the amount of up to 5 insured income of the current year.

Maternity (paternity) benefit of the amount of 60 per cent of the replacement income of the benefit recipient entitled to receive this benefit. It was suggested to increase this amount to 65 per cent.

Nevertheless, after long discussions and deliberations the Seimas decided to adopt a decision to increase the maternity (paternity) benefits from 60 per cent to 70 per cent, but refused to remove the limitation regarding the amount of 3.5 insured income of the current year applied when calculating these benefits. Such procedure became effective as of 1 March 2004.

A second important improvement of the abovementioned system took place in the middle of the year. Amendments to the Law on Sickness and Maternity Social Insurance were registered at the Seimas. These amendments provided for the opportunity of receiving social insurance maternity and maternity (paternity) benefits for persons whose term of fixed-duration contract of employment, term of appointment to a position or powers end during pregnancy and also during a childcare leave until the child reaches the age of one year.

An incentive for such amendments to the Law on Sickness and Maternity Social Insurance was the fact that under this law the maternity benefit for a period of pregnancy and childbirth leave and the maternity (paternity) benefit for a period of a childcare leave until the child reaches the age of one year could be received only by the insured persons. Maternity and maternity (paternity) benefits are not granted after a dismissal from work except for the cases when a person is dismissed from work due to enterprise bankruptcy or liquidation. In case the fixed-duration contract of employment terminates during pregnancy of a woman or during a childcare leave until the child reaches the age of one year, the employer may extend the contract of employment, as the Labour Code provides for the employer and the employee a freedom to negotiate on extension of the contract of employment and in such case a person is insured and is entitled to receive maternity or maternity (paternity) benefits. But the employer is not obliged to extend the fixed-duration contract of employment in the abovementioned cases. Whereas in case of expiry of the term of office or the powers of a civil servant of political (personal) confidence or an acting civil servant specified in the Law on Public Service and also of persons indicated in the Law on Remuneration for Work of State Politicians, Judges and State Officials during the pregnancy of a woman or during a childcare leave until the child reaches the age of one year, the fixed-term service contract or the powers can not be extended and they do not become eligible for a maternity or maternity (paternity) benefit.

So the latter amendments to the Law on Sickness and Maternity Social Insurance came into effect on 1 November 2004.

The improving situation of the State Social Insurance Fund budget made it possible to increase by LTL 89 (from LTL 901 to LTL 990) the insured income of the current year from 1 September 2004. The amount of the insured income is used when calculating the state social insurance sickness and maternity benefits. The minimum monthly sickness and maternity benefit (payable upon a sick leave or for the period of pregnancy and childbirth leave) should have increased by LTL 22. The minimum maternity (paternity) monthly benefit (payable upon taking a childcare leave until the child reaches the age of one year) – by LTL 30.

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2. Law on Sickness and Maternity Social Insurance Amending Articles 16 and 19 No. IX-2483 (Official Gazette No. 158-5755, 2004).
3.3. CHANGES IN THE FIELD OF OCCUPATIONAL ACCIDENTS AND OCCUPATIONAL DISEASES SOCIAL INSURANCE

Although a new version of the Law on Social Insurance of Occupational Accidents and Occupational Diseases was adopted in the end of 2003, amendments were still made in 2004\(^3\).

Since the middle of 2004, the provisions of this Law were amended to be in compliance with Statutes regulating social guarantees to statutory civil servants. It was established that statutory civil servants who receive compensations in case of an accident while at service shall not be insured with social insurance of occupational accidents and occupational diseases.

Under provisions of the law effective until the adoption of the amendments, statutory civil servants shall not be insured with social insurance of occupational accidents and occupational diseases, if they are insured against accidents related to their service at the expense of the State. When the Seimas adopted the Statutes of the statutory civil servants, there arose the situation that a part of statutory civil servants are entitled to insurance at the expense of the State, whereas the others are entitled only to compensations. Moreover, due to specificity of their work, statutory civil servants did not meet the requirements set in the Law on Social Insurance of Occupational Accidents and Occupational Diseases. Therefore, it was suggested to amend the Law on Social Insurance of Occupational Accidents and Occupational Diseases and establish therein the provision that statutory civil servants who may receive compensations in case of an accident while at service shall not be insured with this type of social insurance.

Another important amendment was related to the fact that it was not provided for in the law that accidents that happened at work, on the way to/from work or the established occupational diseases are not considered insured events, if the insured suffered them while being engaged in activity that the pre-trial institution or the court ruled as possessing features of a criminal act or that this activity is related to an administrative law infringement. It is stipulated in the Code of Administrative Law Infringements that the employers or the persons authorised by them, officials and other employees can be punishable for infringing regulations regarding occupational safety and hygiene. Therefore, it resulted in the situation where employees or officials punished for infringing regulations regarding occupational safety or hygiene in case of an occupational accident are not entitled to receive a benefit for accident, as this event can not be considered an insured event. Therefore, it was suggested to include the provision into the Law that an accident shall not be acknowledged as insured event, if this accident is related to administrative law infringement, except for the infringements related to regulations on occupational safety and hygiene.

Having adopted a new version of the Law on Social Insurance of Occupational Accidents and Occupational Diseases, a differentiated rate of contributions for social insurance of occupational accidents was set. It was planned that for each insured person this rate will be established taking into consideration the number and degree of occupational accidents that occurred in the given workplace. An amendment to the aforementioned Law replacing the principle of differentiation of the rate of contribution for social insurance of occupational accidents and occupational diseases was adopted in the end of 2004. Under this amendment, the contribution for this particular type of insurance will be increased only by considering individual indicators related to incidences of traumas and occupational diseases of each insured person. This provision will be applied as of 1 January 2006.

Due to the aforementioned increase of the insured income of the current year by LTL 89 (from LTL 901 to LTL 990) from 1 September 2004, a lump sum benefit to the immediate family members in case of a death of the insured due to an accident at work grew up as well. This benefit is equal to the amount of 100 insured incomes and it has increased by nearly LTL 9,000 amounting to LTL 99,000.

3.4. CHANGES IN THE PENSION SYSTEM IN 2004

3.4.1. INCREASE OF THE STATE SOCIAL INSURANCE PENSIONS AND OTHER BENEFITS IN 2004

Increase of the State social insurance basic pensions

The state social insurance basic pension (hereinafter – the basic pension) was increased by LTL 20 (from LTL 152 to LTL 172) as of 1 April 2004. As the basic pension is the primary parameter used in calculation of the amount of the basic part of the state social insurance pension (hereinafter – the social insurance pension), the increase of the basic pension positively affected all the beneficiaries of the social insurance pension (approximately 880,000 persons), out of this number – approximately 602,300 recipients of the old age pension, 200,300 disabled and 40,200 orphans. Moreover, the service pensions (1,357 beneficiaries) and loss of breadwinner pensions (21,000 beneficiaries) granted in accordance with previously effective legal acts on pensions and compensations for special working conditions (8,500 beneficiaries) has also risen.

Having increased the basic pension by LTL 20, the social insurance pensions for each and every beneficiary of the social insurance pension who has completed the compulsory period of state social pension insurance (hereinafter – the period of pension insurance) set in the Law on State Social Insurance Pension\(^5\) grew up by:

- For the disabled of group I – LTL 30;
- For the disabled of group II and the persons who have reached the old age pension age – LTL 20;
- For the disabled of group III – LTL 10.

For persons who have not completed the compulsory period of pension insurance, the old age pensions and disability pensions were also increasing, but the increase of pensions received by these persons was directly influenced by the period of pension insurance, i. e. the shorter the period of pension insurance the smaller increase of the pension received by such person.

The increase of the basic pension positively affected not only all recipients of social insurance pensions, but also nearly 60,000 recipients of social assistance benefits. The amounts of these benefits, payable to the disabled children, to persons with disability since childhood, to persons nursing these disabled persons and to mothers raising many children also depend upon the basic pension. For such persons, social assistance benefits on average grew by LTL 20. The attendance allowance for persons with total disability increased by the same amount (approximately to 12,000 recipients).

Increase of the insured income of the current year in 2004

The social insurance pensions are increasing not only due to rising basic pension but also due to increasing insured income of the current year. By increasing the basic pension, minimum guarantees in relation to pensions are ensured (for persons who have completed the compulsory period of pension insurance the pensions are increasing by the same amount), whereas, by increasing the insured income of the current year, individually gained rights of every person in relation to the state social insurance are retained, i. e. the increase of the pension directly depends upon the period of pension insurance acquired by the person and the received earnings from which state social insurance contributions were paid. Therefore, having increased the insured income of the current year, the growth of pensions of persons who have completed a long insurance period and have paid bigger contributions will be more apparent than of those who have acquired only a minimum period of pension insurance and have been paying only small contributions prior to starting receiving the pension.

Having started applying the new amount of the insured income of the current year – LTL 990\(^6\) (instead of LTL 901) as of 1 September 2004,

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the increase of the social insurance pension was individual for each recipient and depended upon the amount of the social insurance contributions and the period over which these contributions were paid. On average, the old age pension increased by LTL 20 and the disability pension – by LTL 16.

Due to the increase of the insured income of the current year since 1 September 2004, the old age, disability and orphan’s pensions, as well as the service pensions and loss of breadwinner pensions, awarded in accordance with the previously effective legal acts on pensions have also increased.

**Increase of small state social insurance pensions**

It is provided for in the Law on State Social Insurance Pensions that the social insurance pensions can be increased in two ways:

1. by increasing the basic pension;
2. by approving new, higher insured income of the current year.

Still, by way of exception, small state social insurance old age and disability pensions, i.e. smaller than LTL 325 (or when the sum of all the pensions received by a person is smaller than LTL 325), were increased twice (as of 1 January 2003 and as of 1 March 2004) in accordance with the laws adopted for this purpose. The aim of the increase of smaller than LTL 325 pensions was to support those recipients of the old age or disability pensions who are receiving quite small pensions irrespective of the fact that they have acquired a long period of pension insurance (employment).

So, when increasing small old age and disability pensions both on 1 January 2003 and 1 March 2004, two main criteria were taken into consideration:

1. the amount of the old age or disability pension received by a person (or the sum of several pensions received by a person). It was established in both aforementioned laws that the received pensions (or the sum thereof) can not exceed LTL 325;

2. the period of insurance acquired by a person. Depending upon a type of pension received by a person (old age or disability), the following requirements for the period of insurance were set:

2.1. for the old age pensions – by increasing this type of pensions as of 1 January 2003 – to have a period of pension insurance (employment) not shorter than 25 years acquired prior to 1 January 1995 (prior to coming into effect of the Law on State Social Insurance Pensions). Thus, when increasing the old age pensions since 1 January 2003, an equal requirement in relation to the period of pension insurance – 25 years – was set both for men and for women. When increasing the old age pension as of 1 March 2004, the requirement for a shorter period of the insurance was set for women: they had to have acquired a period of pension insurance (employment) not shorter than 20 years. For men the requirement regarding the period of insurance remained the same – a period of pension insurance (employment) not shorter than 25 years. Such a decision can be explained by the fact that the compulsory period of insurance for a full old age pension was also different prior to 1 January 1995: for women – 20 years and for men – 25 years;

2.2. for disability pensions – taking into consideration the specificity of awarding disability pensions (requirement for the period of insurance depends upon the age of a person), when increasing this type of pensions as of 1 January 2003, it was required to have a compulsory period of insurance for the disability pension and half of this period had to be acquired until 1 January 1995 or to have acquired the period of insurance for a full disability pension set in the laws effective until 1 January 1995. The disability pensions were increased as of 1 March 2004, if their recipients at least part of their period of insurance (irrespective of the duration of the period) have acquired under the employment contract, or on the basis of membership or service until 1 January 1994.

While increasing the smallest old age and disability pensions, both as of 1 January 2003 and 1 March 2004, the same procedure for increasing

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7 State social insurance old age and disability pensions smaller than LTL 325 were increased as of 1 January 2003 in accordance with the provisions of the Law Amending Articles 2, 10, 28, 29, 34, 35, 38, 39, 40, 45, 49, 54, 56 and Supplementing Articles 551, 552, 553, 554, 555 of the Law on State Social Insurance Pensions (Official Gazette No. 124-5620, 2002).

State social insurance old age and disability pensions smaller than LTL 325 were increased as of 1 March 2004 in accordance with the provisions of the Law Amending Articles 9, 16, 28, 35, 36, 40, 43, 45, 49, 50, 54 and Supplementing Article 556 and Chapter VII of the Law on State Social Insurance Pensions (Official Gazette No. 32-1008, 2004).
The increase of the old age and disability pensions, both as of 1 January 2003 and 1 March 2004, was individual for each person. Individual increase of the pension depended on the period of insurance acquired by the person and the amount of the pension that he or she was receiving (the sum of the received pensions). The longer the period of insurance the person has acquired and the smaller pension was he receiving, the more his or her pension increased.

According to the data of the State Social Insurance Fund Board (SSIFB), from 1 March 2004, small social insurance old age and disability pensions were increased to 268,100 people, i.e. to one third of all the recipients of the old age and disability pensions. According to the type of the pension, small pensions were increased to 197,100 recipients of old age pensions (33 per cent of all the recipients of the old age pension) and to 70,900 recipients of disability pensions (36 per cent of all the recipients of the disability pension). The average increase of a pension was LTL 23.07 (out of this number LTL 26.34 for old age pensioners and LTL 13.96 for disability pensioners). Over the year 2004, LTL 61.8 million were spent for increasing small pensions.

The increase of small pensions (since 1 March 2004) and the basic pension (since 1 April 2004), gave positive results in the distribution of the number of pensioners according to the amount of the pension. Figures 3.4.1.–1 and 3.4.1.–2 reveal apparent re-distribution among the recipients of both old age and disability pensions especially within the boundaries of the pensions amounting to LTL 230 to LTL 290 and over LTL 290 up to LTL 350. If, prior to the increase of small pensions and the basic pension (according to the data of 1 January 2004), there were as many as 159,800 recipients of the old age pensions were receiving pensions amounting to from LTL 230 to LTL 290, then after the increase of small pensions (according to the data of 1 July 2004) the number of persons receiving pensions of the abovementioned amount reduced considerably and was only 55,900. The number of pensioners receiving old age pensions over LTL 290 to LTL 350 grew significantly after the increase of small pensions and the basic pension. Before the increase of small pensions and the basic pension the number of such persons was 188,200, whereas after the increase – 244,500. Analogous situation can be observed among the recipients of disability pensions (Figure 3.4.1.–2).

Distribution of the Recipients of the Old Age Pension according to the Amount of the Pension

<table>
<thead>
<tr>
<th>Recipients (in thousand)</th>
<th>Litas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Up to 230</td>
</tr>
<tr>
<td></td>
<td>230-290</td>
</tr>
<tr>
<td></td>
<td>290-350</td>
</tr>
<tr>
<td></td>
<td>350-410</td>
</tr>
<tr>
<td></td>
<td>410-500</td>
</tr>
<tr>
<td></td>
<td>500-600</td>
</tr>
<tr>
<td></td>
<td>Over 600</td>
</tr>
</tbody>
</table>

Data of the State Social Insurance Fund Board

Figure 3.4.1.–1
Distribution of the Recipients of the Disability Pension according to the Amount of the Pension

Data of the State Social Insurance Fund Board

Figure 3.4.1–2

Change of the Amounts of the Average Old Age Pension and Disability Pension in the period 1998–2005

Data of the State Social Insurance Fund Board

Figure 3.4.1–3
It should be noted that currently, as a result of constantly increasing basic pension and the insured income, the amounts of pensions paid from the State Social Insurance Fund budget funds have also increased. Comparing the amount of the average old age pension in July 2005 with that of 1998, the old age pension has increased by 54.7 per cent over this period, and, comparing the amounts of the average disability pension received in the abovementioned period, the disability pension grew by 50 per cent (Figure 3.4.1.–3). Over the last three years (from the middle of 2002 till the middle of 2005) the average old age pension has increased by LTL 124.55 (i.e. by 37.9 per cent), and the average disability pension – by LTL 108.87 (by 38.6 per cent).

3.4.2. CHANGES IN THE FIELD OF STATE SOCIAL INSURANCE PENSIONS

Advance payment of state social insurance old age pensions commenced

Taking into consideration the fact that in case a person of pre-pensionable age becomes unemployed, it is very difficult for him or her to find another job and therefore seeking to solve the problem of providing the means of subsistence for these people, the Law on Advance Payment of State Social Insurance Old Age Pensions⁸ (hereinafter – the Law on Advance Old Age Pensions) was adopted in the end of 2003 (effective as of 1 July 2004).

Pursuant to the provisions of the Law on Advance Old Age Pensions, the persons of pre-pensionable age meeting all the requirements set in this Law, since 1 July 2004 are entitled to apply for award and payment of advance old age pensions. Therefore, such pensions can be awarded and paid to the persons who:

- on the date of applying for this pension have reached the age which is by five years younger than the established old age pension age (for women – 55 years and for men – 57.6 years) and have acquired the period of pension insurance of at least 30 years;
- during the last 12 months before application of advance old age pension were enrolled as unemployed with territorial labour exchanges of the Lithuanian Labour Exchange;
- do not receive any other pensions and/or any other pension benefits, compensations for special working conditions, social assistance compensations or unemployment benefits and also any other regular benefits specified in the Law; are not employed under the employment contract, on the basis of membership or service; are not owners of an individual enterprise; are not engaged in individual activities; are not working under a business license and also are not farmers or partners of holdings thereof.

Taking into consideration the fact that for objective reasons certain persons were not able to work and acquire the period of pension insurance of 30 years, the requirement established in the Law on Advance Old Age Pensions, it was set in this Law that the persons who have completed the period of pension insurance of 15 years and satisfy other conditions specified below may apply for award of the advance old age pension:

- mothers who gave birth and raised five and more children until they reached the age of 8 years;
- individuals who nursed at home disabled persons for at least 15 years (the disabled children or children disabled from childhood attributed to disability groups I or II or persons with total disability).

Advance old age pensions are calculated in the same way as ordinary old age pensions, i.e. the amount of these pensions depends upon the length of period of pension insurance acquired by the person and the wage received prior to the award of the pension. Still, after the calculations, the advance old age pension is reduced by 0.4 per cent for each full month remaining for a person till the old age pension age. Such reduced pension is paid for a person not only until he or she reaches the old age pension age but also after reaching this age.

Table 3.4.2.–1 presents the change of the amount of the advance old age pension depending upon the number of years left until the old age pension age upon retirement. The average amount of the advance old age pension calculated on the grounds of the average amount

of the old age pension awarded to persons who have completed the compulsory period of pension insurance – LTL 400.71 (according to the data of the SSIFB of 1 January 2005) – is also presented in this Table. Thus, should a person apply for an advance old age pension when 2 years are remaining until the old age pension age, the amount of his or her pension will be reduced by 9.6 per cent. In such case, if the amount of the old age pension calculated for this person is LTL 400.71, the person will be actually receiving the pension of the amount of LTL 362.24. Should a person apply for an advance old age pension when 5 years are remaining until the old age pension age, the amount of his or her pension will be reduced by 24 per cent. Then, if the amount of the old age pension calculated for this person is LTL 400.71, the person will be actually receiving the pension of the amount of LTL 304.54, i.e. by LTL 96 smaller than the calculated old age pension.

### Change of the Amount of the Advance Old Age Pension depending upon the Number of Years left until the Old Age Pension Age upon Retirement

<table>
<thead>
<tr>
<th>The number of years left until the old age pension age</th>
<th>Per cent by which the old age pension is reduced</th>
<th>The average amount the advance old age pension, in LTL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>4.8</td>
<td>381.48</td>
</tr>
<tr>
<td>2 years</td>
<td>9.6</td>
<td>362.24</td>
</tr>
<tr>
<td>3 years</td>
<td>14.4</td>
<td>343.01</td>
</tr>
<tr>
<td>4 years</td>
<td>19.2</td>
<td>323.77</td>
</tr>
<tr>
<td>5 years</td>
<td>24</td>
<td>304.54</td>
</tr>
</tbody>
</table>

Table 3.4.2.–1

According to the data of the State Social Insurance Fund Board, on 1 January 2005 there were only 4000 persons entitled to advance old age pensions. The advance old age pensions were awarded to the similar number of women and men: 1,900 men and 2,100 women. The distribution of the recipients of the advance old age pensions according to gender and the amount of the advance old age pension is presented in Figure 3.4.2.–1. It should be noted that as many as 92 per cent of women receive the advance old age pensions smaller than LTL 320, whereas the distribution of men according to the amount of the advance old age pension was uneven (there are 33.4 per cent of men who receive the advance old age pensions smaller than LTL 320).
Other changes in the field of state social insurance pensions

In 2004, several laws amending the Law on State Social Insurance Pensions were adopted providing for the possibility of receiving higher social insurance pensions for certain categories of social insurance pension recipients.

As of 1 March 2004, the Law Amending and Supplementing the Law on State Social Insurance Pensions⁹ where it was provided to:

- increase the amount of the orphan’s pension paid to the deceased person’s children from 25 per cent of the pension awarded or could have been awarded to the deceased to up to 30 per cent;

- mitigate the procedure for accumulation of the requirements for a compulsory period of insurance for awarding a full disability pension by establishing a more favourable aforementioned procedure to young disabled persons;

- grant the right to repeatedly apply for an old age or disability pension according to the new data regarding the period of pension insurance and earnings in case a period of pension insurance of 2 years is acquired after the award of the pension (until 1 March 2004, it was possible to repeatedly apply for a pension, if the person has acquired a period of pension insurance of 3 years after the initial award of the pension).

According to the data of the SSIFB, having implemented these amendments to the Law, the social insurance orphan’s pensions will have to be recalculated to 39,400 of people, and on average these pensions increased by LTL 7. According to the data available to the SSIFB, during the period of March-July 2004, nearly 4,000 persons applied for awarding of the revised pension due to the fact that the person has worked 2 years after the initial award of the old-age or disability pension and their pension on average increased by LTL 16. In 2004, LTL 2.9 million were spent for increasing the pensions.

On 11 May 2004, the Law amending the Law on State Social Insurance Pensions¹⁰ was adopted and under this Law, as of 1 January 2005, the period of compulsory military service in the soviet army shall be regarded as the period of insurance acquired while working under employment contract. This means that the period of compulsory military service shall be taken into consideration not only when calculating the basic part of social insurance pension (old age or disability pension), but also when calculating the supplementary part of this pension. Under these provisions, the old age or disability pensions have increased for those persons who have served the compulsory military service in the soviet army and for whom the pension was awarded after 1 January 1995, including the persons, who have worked 2 years after the award of the pension (until 1 March 2004 – 3 years). Whereas for the persons to whom the old age or disability pensions were awarded until 1 January 1995, in accordance with the provisions of the legal acts effective at that time and regulating the award of pensions, the period of compulsory military service in the soviet army was included into the period of pension insurance of these people, and therefore the amount of the social insurance pensions did not increase for them.

The increase of the old age or disability pension was individual for each recipient of the pension as it depended upon the length of the acquired period of pension insurance and the wage received prior to the award of the pension.

According to the data of the SSIFB, the number of persons to whom the pensions were calculated anew as of 1 January 2005 by including the period of compulsory military service in the soviet army into the period of pension insurance was 104,500 and, out of this number, 54,600 accounted for the recipients of the old age pension and 49,800 – for the disability pensions. On average, the pensions of these persons increased by LTL 21.88, and, out of this number, the old age pension – LTL 23.36, and the disability pension – by LTL 20.24. It is forecasted that LTL 27.4 million will be used for payment of such increased pensions in 2005.

After the adoption of the amendments to the Law on State Social Insurance Pensions under

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which only the period of compulsory military service in the soviet army shall be regarded as the period of insurance acquired while working under employment contract, the estimation of the compulsory military service in the soviet army and the compulsory initial military service and the alternative national defence service in the Lithuanian army differed. Thus, since 1 January 2005, for the persons who served the compulsory military service in the soviet army, the length of this period will be taken into consideration when calculating both the basic and the supplementary parts of the social insurance pensions, whereas for the persons who served the compulsory initial military service or those who have completed the alternative national defence service in the Lithuanian army, the length of this period will be taken into consideration only when calculating the basic part of the social insurance pension (the basic pension).

Considering the above-mentioned inconsistency, in 2004, the Ministry of Social Security and Labour initiated the amendments to the Law, under which soldiers of the compulsory initial military service of the Republic of Lithuania and persons performing the alternative national defence service, as of 1 January 2005, shall be insured at the expense of the state not only for the basic pension, but also for a supplementary part of the social insurance pension. The period of service of these people will be regarded as the period of insurance acquired while working under the employment contract, or on the basis of membership or service and the insured income will be considered the amounts from which the pension insurance distributions into the State Social Insurance Fund budget were paid for these people. Therefore, when calculating the supplementary part of the pension, the period spent while performing military service in the Lithuanian army will be taken into consideration. Persons, who performed the compulsory initial military service and those who have completed the alternative national defence service in the Lithuanian army, upon reaching the old age pension age or in case of disability will receive higher old age or disability pensions.

3.4.3. CHANGES IN THE FIELD OF STATE PENSIONS AND SOCIAL ASSISTANCE BENEFITS

As of 1 April 2004, the Law of the Republic of Lithuania on State Social Assistance Benefits became effective. Under this Law:

- the rates of social assistance pensions paid to the disabled children were differentiated according to the level of disability of such children;
- the social assistance pensions paid to the disabled children with severe disability were increased twice and also these pensions were increased for persons recognised as disabled before the day (inclusive) they reach the age of 24 and also for persons with disability since childhood;
- the conditions limiting the rights of young disabled to be awarded the social assistance pension were removed and currently are granted to all the persons recognised as disabled prior to their 24th anniversary. As of 1 April 2004, the social assistance pensions shall be awarded to all 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) and who are not entitled to social insurance disability pension or state pensions;
- the right for orphans to receive the orphan's social assistance pension was granted for those orphans who are not receiving the social insurance orphan's pensions due to the fact that their deceased parents (one of the parents) had not acquired the required period of pension insurance;
- the social pensions, awarded under the provisions of the laws effective until 1 January 1995 were indexed.

Under the provisions of the Law on State Social Assistance Benefits, as of 1 April 2004, attendance allowances allocated to persons with total disability were started being awarded and paid. It is established in this Law that as of 1 April 2004,

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2004, attendance allowances of the amount equal to the basic pension shall be paid, as of 1 July 2004, attendance allowances shall be increased from one basic pension to 1.25 of the basic pension (LTL 215) and as of 1 January 2005 they shall be increased to 1.5 of the basic pension (LTL 258).

On 18 May 2004, the Law amending the Law on State Pensions was passed\(^\text{13}\), where it is set that since 1 January 2005 mothers who have given birth to and raised 7 or more children and have provided them with a good upbringing are entitled to receive second degree state pensions of the Republic of Lithuania (2 basic state pensions; currently – LTL 276), if they have reached the old age pension age or are recognised as persons with group I or II disability. Until 1 January 2005, the second degree state pensions were granted and paid only to those mothers who have given birth to and raised 10 or more children and have provided them with a good upbringing.

The above-mentioned second degree state pensions for mothers who have raised 7 or more children are granted by the Pension Commission for First and Second Degree Pension Awards of the Republic of Lithuania under the Ministry of Social Security and Labour upon the proposal from the municipalities of towns or districts as well as from county administrations.

It is forecasted that over the year 2005, the state pensions will be awarded to nearly 6,000 mothers who have given birth to and raised 7 or more children and have provided them with a good upbringing. In 2005, LTL 20 million are allocated in the State budget for payment of such pensions.

On 12 January 2005, the Seimas of the Republic of Lithuania approved of the amendments to the Law on State Pensions\(^\text{14}\) initiated by the Ministry of Social Security and Labour. Under this Law, higher state pensions for victims for the defenders of the independence of the Republic of Lithuania, who became disabled as a result of aggression perpetrated during 11–13 January 1991 and subsequent events and for close relatives of persons who died in the course of this aggression shall be awarded and paid as of 1 February 2005.

For persons recognised as persons with group I disability due to the events of January 1991, the pensions were increased to reach the amount of 8 basic state pensions (LTL 1104), for persons with group II disability – up to 6 basic state pensions (LTL 828), for persons with group III disability – up to 4 basic state pensions (LTL 552). Before 1 February 2005, these benefits were respectively LTL 552, LTL 414 and LTL 276.

For children, spouses and parents of the deceased defenders of state independence, higher state pensions for victims – in the amount of 8 basic state pensions (LTL 1104). These pensions are paid for children until they reach the age of 18 (if they are studying – until the age of 24), for mothers who have reached the age of 50 or are recognised as disabled, for fathers who have reached the old age pension age or are recognised as disabled and for widows who have not remarried.

It is forecasted that LTL 0.73 million will be required to allocate from the State budget for these pensions in 2005.

With this Law, it was also decided to entitle defenders of the independence of the Republic of Lithuania who were injured as a result of aggression perpetrated during 11–13 January 1991 and subsequent events, but who did not become disabled, to receive state pensions for victims of the amount of a basic state pension. These pensions will be awarded when they reach the old age pension age or should they become disabled and recognised as persons with group I or group II disability in the event of illness not related to the aggression perpetrated during 11–13 January 1991 and subsequent events. These amendments to the Law will become effective as of 1 July 2005. It is forecasted that LTL 250,000 will be required from the State budget for the implementation of these amendments.

\(^{13}\) Law No. IX-2238 Amending Articles 4, 5 and 6 of the Law on State Pensions (Official Gazette, No. 88-3209, 2004)

\(^{14}\) Law No. X-75 Amending Articles 11, 12 and 13 of the Law on State Pensions (Official Gazette, No. 7-188, 2005)
3.5. OTHER CHANGES IN THE SOCIAL INSURANCE POLICY

In the end of 2004, the Seimas passed a revised version of the Law on State Social Insurance. The aim of this new version was to ensure clarity of this legal act and to avoid ambiguities. In this Law, the following aspects were newly established:

- the main concepts were clearly defined: the insured, the insured income, the insurers, the self-employed persons, social insurance contributions, benefits and recipients of these benefits, State Social Insurance Fund institutions and other concepts;
- a possibility for persons not insured by social insurance to independently insure themselves by social pension insurance for the basic and supplementary part of the pension and by sickness and maternity social insurance to be entitled to receive sickness and maternity benefits was legalised;
- separate categories of persons who are insured by all or only several types of social insurance were defined.

Seeking to simplify the application of the Law on State Social Insurance for the insurers, the insured and the recipients of the benefits, the following main aspects were set in the Law:

- the obligation to pay social insurance contributions. It was laid down that social insurance contributions must be paid by the insured persons and/or their insurers. The rate and the amount of social insurance contributions for different types of social insurance is approved by the Seimas upon the proposal of the Government when adopting the Law on Approval of the Indicators of the State Social Insurance Budget for a respective year;

- the income from which state social insurance contributions are calculated. It was stipulated not to calculate social insurance contributions from benefits that are paid by the employer in case of death of the insured or the members of his family; from the benefits to cover material damage for mutilation, for any other damage to health or in case of the death of the breadwinner; the amounts paid by the enterprise, institution or organisation for training of employees, for qualification raising or re-qualification carried out in seminars, courses or educational institutions; payments, not taxable with the income tax of individuals, to cover expenses incurred while on a business trip; payments to compensate for the expenses incurred by the employees whose job is performed while travelling, outdoors, is related to driving or is mobile in nature; contributions paid by the employer to the insurance company for additional insurance of the employees against accidents or for civil liability insurance; royalties received under copyright agreement concluded.
in writing, and royalties received under agreement for publishing the work in the periodicals and other payments;

- payers of social insurance contributions and the sources of payment. It was specified in the Law that the compulsory social insurance contributions have to be paid by the insured themselves and their employers (insurers) from their own resources. Self-employed persons pay the contributions of the set amount from income gained from their activities. Respective institutions pay for persons insured by compulsory social insurance at the expense of the state by using the funds allocated for this purpose and which are planned for each year when approving the State budget;

- presentation of statements about the calculated contributions received from the insurers and the insured. It is established in the Law that the State Social Insurance Fund institutions shall collect the data from the insurers and accumulate this data required for calculation and payment of the social insurance benefits. The insurers are obliged to submit such data. It was also provided that social insurance institutions have to ensure that the collected data will be used only for the specified purpose and the insurers, the insured and the recipients of benefits are entitled to familiarise themselves with the data about them collected in informational databases. There are no such provisions in the currently effective version of the Law on State Social Insurance.

It is established anew in the Law that the Fund budget covers both current assets and fixed assets, acquired using the funds from the Fund or donated by other entities. It is also stated that these assets kept separately from the state or municipal budgets in the Fund budget can be used only for the purposes of social insurance and for gaining additional, stabilising the Fund budget, income. Moreover, it was provided for in this Law that the Fund Board in accordance with the procedure set by the Government or an institution authorised by it shall manage, use and have in its disposition the assets kept in the Fund budget.

Under this Law, the management of the social insurance system was regulated taking into consideration the most relevant aspects of the civil service management. The competences and functions of the Ministry of Social Security and Labour, the State Social Insurance Fund Council, the State Social Insurance Fund Board and the territorial units of the State Social Insurance Fund were set therein. It was established in the Law which functions in the process of administration of the social insurance contributions would be implemented by the State Social Insurance Fund administration institutions and which – by the territorial units of the State Tax Inspectorate. Rights and responsibilities of public servants and employees of the State Social Insurance Fund administration institutions, as well as the procedure for filing an appeal and solving disputes were also set in this Law.

The Seimas, already in the middle of 2004, when specifying the Law on State Social Insurance Pensions and with the aim to provide higher pensions for soldiers upon reaching the old age pension age or in case of disability established that the aforementioned persons will be insured at the expense of the state not only for a basic pension but also for a whole pension. As of 1 January 2005, the social insurance contributions of soldiers will be calculated as of the minimum monthly wage. The period of pension insurance of soldiers will be treated as the period of insurance acquired while working under the employment contract, on the grounds of membership or service. Prior to this amendment, the soldiers of the compulsory military service were insured at the expense of the state only for a basic pension and the contributions of the amount of 50 per cent of the basic pension were made.

In 2004, the collection of data on previous periods of insurance and previous income of the individuals continued. The Fund Board repeatedly encouraged the people to gather all the documents required for the award of the pension in advance, not waiting until actually reaching the old age pension age.

Individual record of the insured by social insurance is kept only since 1994 and therefore there is no data on the length of period of insurance and/or the income received. The documents confirming this data are required when granting the social insurance pensions.
As a number of companies are going bankrupt, are changing their names or legal status, the future recipients of the pensions should bring all the required documents to the territorial units of the Fund Board even earlier than they reach the old age pension age.

If a person retired on a pension prior to 31 December 2008, he would have to bring to the territorial unit of the Fund Board his state social insurance certificate or a certificate issued by the employer or an institution belonging to the state archive system confirming the length of period of insurance and the income received over the period of 1984–1993. In case a person should retire on a pension as of 1 January 2009 or later, he will have to bring his state social insurance certificate or a certificate issued by the employer or an institution belonging to the state archive system confirming the length of period of insurance acquired until 31 December 1993. The data from the documents will be entered into the computer database of the Fund Board. Upon the request of the person, the original documents can be returned to him or be kept in the State Social Security Fund Board.

In the beginning of 2004, it was decided that new social insurance certificates with only minimum records about the insured person will be introduced in the beginning of the year 2005. The following information will no longer be included into these certificates: the date of birth of the insured person, the received wage, the amounts of contributions paid by the employer and the insured, and the periods of insurance. Only the photo and the following data will be provided in the new certificates: name and surname of the insured, personal identification number, the social insurance number, the date of issuance of the insurance certificate and the surname of the person who has issued the certificate. The social insurance number would be used to identify a person in the information database of the Fund Board and to get access to the information collected about this person. The social insurance number given to a person would be unique in Lithuania and would consist of two letters and a seven digit number.

New certificates will be issued as of 1 January 2005. No data will be entered into the old certificates as of 1 January 2005, but they will still be valid alongside with the new ones.

3.6. DISCUSSIONS REGARDING THE ESTABLISHMENT OF THE UPPER LIMIT („CEILINGS“) OF THE SOCIAL INSURANCE CONTRIBUTIONS

In 2004, the discussions regarding the setting of the amount of the maximum wage from which social insurance contributions would not be calculated were ongoing. According to some politicians, lighter tax burden would be useful for the employers. This would attract qualified labour force and there will be no need to hide part of the wage which is currently paid by the employer unofficially. On the other hand, having established the limits on wage for calculation of social insurance contributions, there will be fewer possibilities of increasing the pensions and other social insurance benefits.

In the opinion of some experts, the fairest decision would be not to calculate the state social insurance contributions when the wage exceeds five average wages. Such setting of the „ceilings“ in relation to social insurance contributions would encourage foreign investments as well.

According to the calculations of the Fund Board, having established the “ceiling” of five average monthly gross wages from which the social insurance contributions would no longer be calculated and paid, the budget of the Fund would loose LTL 130 million in 2005, and the pension funds would receive by LTL 13.3 million less revenue.

Analogous limitation regarding the maximum amount of contributions (from LTL 3 500) has already been applicable in Lithuania, but, due to the influence of the crisis in Russia in 1998–1999, it was abandoned.
3.7. ORGANIZATIONAL CHANGES OF SODRA AND IMPROVEMENT OF ITS ACTIVITIES

In 2004, the State Social Insurance Fund Board continued improvement of the arrangement of the main activity spheres: a system for the evaluation of the activity of the territorial offices of the Fund Board was introduced; a system for activity planning comprising multiple activity planning (planning of the strategic activities of the Fund Board; planning of the annual activities of the Fund Board; planning of the annual activities for the departments, territorial offices of the Fund Board and other Fund establishments) was proposed. Improvement of customer care has received considerable attention: customer care system was introduced, documents pertaining to customer care (Customer Care Strategy, the standards of customer care, key regulations on customer care, the procedure for generalization of complaints considered by the territorial offices of the Fund Board, the procedure for the analysis of responses of the territorial offices of the Fund Board, rules of evaluation of the quality of customer care of the territorial offices of the Fund Board) were prepared and validated; all territorial offices carried out customer opinion polls; 13 various types of flyers and brochures, intended to inform the insurers and the insured on different issues of social insurance, were issued in 2004; Sodra information system was presented at Infobalt fair and the visitors of the fair were demonstrated the possibilities of pension calculation and prognosis.

In 2004, information technology and information system underwent further development: the management information system, designed for distribution of information, requisite for solution adoption, to the management of the Fund Board and the heads of the departments, was developed and tested; an application system was designed and introduced for the management of the contributions to the pension accumulation funds; the central client data basis and a centralized application system of pensions and benefits was developed; a test module of the documentation control system was designed under the PHARE project; the audit of the security and risk of the information system was carried out, in the process of which it was determined what organizational, technical and technological resources are needed in order to further increase the security level of the information system of the Fund Board; regulations of the security of information system data of the Fund Board; the territorial computer network (WAN) was rearranged (prioritization of the transferred information, backup of all lines, optical connection with Vilnius city section, access of the territorial offices to direct information interchange with the banks through VPN, special firewall of internet flow); with regard to the amendments to legislation and the needs of the Fund Board for information over 180 adjustments to the information system software were made throughout 2004.

The improvement of insurance arrangement in the Fund Board entailed the research of work time consumption and calculation of rates for services of a monopoly nature along with the preparation and validation of the procedure for the application of rates of services of a monopoly nature; the formulation of the rules of the state social pension insurance from the finances of the state for the mothers (fathers) without insured income, who are not provided (or provided) with the child care leave until the child reaches the age of 3; the definition of rules of state social pension insurance for the unemployed spouses of the state officials and professional military service soldiers; the establishment of the rules of the process of the inclusion data transfer of the officers of the Customs Department and custom criminal service, carrying out operational activity and insured by the state social insurance; the introduction of the rules of correction of data of the inclusion of the insured; the definition of the procedure of the state social insurance for the professional military service soldiers, volunteers, soldiers of active reserve, statutory officials performing civil defence service at the Second Investigation Department Services under the Ministry of Defence, persons of the initial compulsory military service of the army of the Republic of Lithuania and persons performing alternative defence service.

While performing the functions assigned to the Fund Board in the reform of the pension
3.8. LITHUANIAN NATIONAL STRATEGY REPORT ON ADEQUATE AND SUSTAINABLE PENSIONS HAS BEEN PREPARED

The main goal of the National Report is to deliver information to the EU institutions and Member States how the Republic of Lithuania intends to develop the pension system in respect of its present and expected demographic and social challenges.

The National Report evaluates how the Republic of Lithuania has achieved and what strategic actions it is going to undertake to reach the objectives formulated at the Laeken European Council Summit in December 2001 and categorized into three major groups – adequacy of pensions, financial sustainability of the pension system, and modernization of the pension system with regard to economic and demographic changes occurring in the country. The Report discusses the present...
present and forecasted situation of the Lithuanian pension system, evaluates the adequacy and sustainability of the pension system in the long-term perspective (until the year 2050 inclusive). The Lithuanian pension system is evaluated with regard to the aforementioned objectives – how the Republic of Lithuania plans to ensure poverty prevention, sufficient income replacement, solidarity of generations, high employment rates, promoting the elderly to stay longer in the labour market, sufficient financing of reformation of the pension systems, proper ratio of the employed and their contributions and the benefit receivers, management of pension schemes, compatibility with the flexibility of the labour market, possibilities of gender equality, transparency and application of pension systems. The measures to achieve the latter objectives are discussed along with the definition of possible risks and measures to avoid them or reduce their impact.

The National Report was produced by a working group set by the order of the Minister of Social Security and Labour and consisting of the representatives of all institutions participating in the performance and reformation of the pension system. The Draft of the National Report has been discussed together with social partners – the representatives of the Tripartite Council, the State Social Insurance Fund Board and the Lithuanian Council for the Affairs of the Pensioners.

The National Report has been produced while implementing the program of the EU Member States, designed to apply the method of open coordination, and with regard to the assignment of the European Council to submit the analysis of the national pension system.
THE DEVELOPMENT OF THE SOCIAL SUPPORT INFORMATION SYSTEM

With a view to improving performance of municipal social support departments and agencies for the protection of children’s rights in exchanging information, a Strategic Partnership Programme designed for the development of a single national social support information system covering data on beneficiaries of social support and information exchange mechanisms between the Ministry and municipalities was introduced in 2005.

The Ministry of Social Security and Labour in joint efforts with the International Bank for Reconstruction and Development (World Bank) in 1997 started the implementation of the project “The Development of Social Policy and Community Social Services”. In 2004, the activities related to the implementation of the project component ‘Agreement on Strategic Partnership between the MSSL and Municipalities’ were carried out.

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 MSSL and municipalities has to be created. For the implementation of this goal, the MSSL decided to make use of the saved means from the World Bank loans (over LTL 3,500,000) allocated for the development of the social support information system (SPIS).

**SPIS is going to be developed in the following stages:**

**Stage I.** The development of the applied software

This software will make it possible for all municipalities and the MSSL to receive information on social support beneficiaries using the adapted data collection, filing and processing methodology. On the basis of the received and correspondingly filed information it will be possible to draft the strategy for the development of social support with well-founded and justly distributed resources for separate types of social services and cash benefits, providing possibilities for people to receive urgent social support. The MSSL indicators achieved with the help of this applied software should form the basis for making social policy and estimating the outcomes of the implementation of the social support system.

**Stage II.** Purchasing of hardware for the departments and centres of social support and agencies for the protection of children’s rights at municipalities (VTAT)
4.1. SOCIAL ASSISTANCE FOR FAMILIES AND CHILDREN

This chapter focuses on social assistance for families and children, social assistance in cash for low-income families (single residents) taking into account family income and family property as well as provides statistics on the assistance concerned and on its recipients. As social assistance is directly related to the population policy, this chapter outlines the measures for the implementation of the National Demographic (Population) Policy Strategy.

This will allow to ensure functioning of the computerised network at municipalities answering the actual needs of the social support information system and to achieve proper collection of data on social support provided in each municipality: social services, benefits in cash, remuneration of costs, and social allowances. This network will also cover the 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 the children's rights protection agencies will be connected to the same information network and interlinked with each other and the Ministry.

**Stage III.** Signing of the Strategic Partnership Agreement between the MSSL and municipalities

The Agreement has been drafted by local experts jointly with the World Bank specialists and approved by the MSSL jurists. On the basis of the information received under this Agreement, it will be possible to draft the strategy for the development of social support with well-founded and justly distributed resources for separate types of social services and benefits in cash, providing possibilities for people to receive urgent social support. The implementation of the Strategic partnership will enable municipalities to plan the development of social support in a more effective way, to carry out the assessment of such development and more precisely identify the demand for social support defining the most efficient ways of providing social support. The MSSL indicators achieved under the Strategic Partnership Agreement should form the basis when making social policy and estimating the outcomes of the implementation of the social support system. Agreements were signed with all municipalities.

**Stage IV.** Installation of hardware in the departments and centres of social support at municipalities and agencies for the protection of children's rights

The respective equipment was installed in all municipalities.

**Stage V.** Installation of software and training of staff

The software was installed in all municipal social support departments and centres, and agencies for the protection of children's rights; training provided to the staff.

**Stage VI.** Sending of data to SPIS and data exchange

Provision of data started from 1 July 2005.

**Maintenance and the development of SPIS**

The scheduled centralised maintenance of SPIS (for software, classificatory, and use of registers, and etc.) will be financed from the State budget. Further development and improvement of SPIS will be carried out with the help of the EU funds allocated for the Institutional development measures during the Transition (Transition programme) and Structural Funds. In stage II of the SPIS development (end of 2005 and the year 2006) link with other information systems and registers of governmental institutions and authorities (the Lithuanian Labour Exchange, SODRA, the State Tax Inspectorate, the Register of Real Estate, the Register of Population, and etc.) is planned including the implementation of electronic exchange of information according to E400 forms in the sphere of family benefits with other EU countries.
4.1.1. CHILD BENEFITS

In order to render monetary support to families with children, and to encourage families to bring up and maintain their children, the scheme of state benefits to families bringing up children has been reformed since 1 July 2004.

After the analysis of the advantages and disadvantages of the scheme of current assistance for families and of the experience of other countries, and considering the potential of the State budget, the Law on Benefits to Children was adopted on 18 May 2004.

Previously the assistance for families was provided only in two cases: until a child reaches the age of 3 (0.75 MLS per month for each child) and in the event a family raises three and more children (1 MLS per month for each child in case of three children and plus 0.3 MLS for another child; this benefit is paid on the basis of family income), whereas since 1 July 2004 the assistance for each child brought up in the family, from their birth until the age of majority, has been implemented by following the example of most European countries. The benefit to families raising one or two children under 3 years old has not been changed (0.75 MLS – LTL 93.75), while the benefit to families bringing up three and more children has been slightly raised (1.1 MLS – LTL 137.5). Children between three years of age and the age of majority, have become eligible for child’s money – a monthly benefit equal to 0.4 MLS (LTL 50). Since approximately LTL 300 million per year would have been additionally needed from the State budget for the introduction of this benefit to each child (about 800 thousand children under 18 live in Lithuania), but the State budget does not have such financial opportunities, it has been decided to gradually implement this provision. As of 1 July 2004, a monthly benefit amounting to LTL 50 has been paid to families with one or two children between 3 and 7 years of age and to families with three and more children between 3 and 18 years of age and while they are studying, but who are not above 24. A benefit of LTL 50 to children under the age of majority, brought up in families with one or two children, will be introduced taking into consideration the country’s financial opportunities and in accordance with the procedure set forth by the Government, but not later than from 1 January 2009.

The Law on Benefits to Children entitles women having the state social insurance to receive a child benefit as of the date of a child’s birth (previously a family benefit was paid after a child care leave up to 1 year). A lump sum maternity benefit for unemployed women equal to 2 MLS (LTL 250) payable 70 days before childbirth has been introduced. Previously only female students pursuing full-time studies in educational institutions qualified for a slightly lower benefit during study leave.

The following benefits have not been changed under this Law:

- birth grant equal to 6 MLS (LTL 750);
- benefit to a conscript’s child amounting to 1.5 MLS (LTL187.5 per month);
- guardianship (curatorship) benefit paid during the period of fostering and during a child’s studies and equal to 4 MLS;
- settlement grant to foster children for acquiring a dwelling or for settling amounting to 50 MLS (LTL 6250).

In order to satisfy new provisions of the Law on Benefits to Children additional LTL 44.6 million was allocated from the State budget in 2004.

Since expenses of families raising babies have grown after a 18 per cent VAT was imposed on baby diapers in May 2004, the Government of the Republic of Lithuania adopted Resolution No. 1117 of 2 September 2004 On Assistance for Children in Compensating for the Value-Added Tax Imposed on Baby Diapers. By rationalizing the 2004 State budget choices, LTL 5 million was provided for partially covering these expenses. Children born between May and December 2004 have become eligible for an additional lump sum benefit equal to LTL 220, while children born between May 2003 and April 2004 have become entitled to an additional lump sum benefit amounting to LTL 20 multiplied by the number of months from May 2004 until a child reaches the age of one year, including the month in which a child attains that age.

Since Article 5 of the Law on Benefits to Children was amended on 1 January 2005, a birth grant has increased from 6 MLS (LTL 750) to 8 MLS (LTL 1000). LTL 7.75 million was allocated for this increase.

Table 4.1.1.–1 provides the list and amounts of benefits to families raising children and of foster benefits which are currently applicable.
### Family Benefits and Foster Benefits

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Types of Benefits</th>
<th>Amount of Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Birth grant</td>
<td>8 MLS (LTL 1000)</td>
</tr>
</tbody>
</table>
| 2.         | Child benefit to families raising one or two children:  
– for each child under 3 years of age;  
– for each child between 3 and 7 years of age | 0.75 MLS (LTL 93.75) per month  
0.4 MLS (LTL 50) per month |
| 3.         | Child benefit to families raising three and more children:  
– for each child under 3 years of age;  
– for each child between 3 and 18 years of age and older, attending a full-time comprehensive school or pursuing full-time study in a vocational, post-secondary school or a university, but who is not above 24 | 1.1 MLS (LTL 137.50) per month  
0.4 MLS (LTL 50) per month |
| 4.         | Benefit to a conscript’s child | 1.5 MLS (LTL 187.5) per month |
| 5.         | Pregnancy grant   | 2 MLS (LTL 250)    |
| 6.         | Guardianship (curatorship) benefit | 4 MLS (LTL 500) per month  
Where an orphan’s pension and (or) a maintenance obligation is paid, the benefit is equal to the difference between 4 MLS and these benefits |
| 7.         | Settlement grant  | 50 MLS (LTL 6250)  |

In order to protect children from social risk families and to ensure the use of benefits for their needs, the Law on Benefits to Children establishes that benefits should be paid to social risk families in accordance with the procedure set out by municipal councils. Benefits to social risk families can be paid in the form of: foodstuffs, clothes, footwear, hygiene products and other products necessary for children; supermarket cards; luncheon vouchers; services, in accordance with the Law on Social Services; covering food expenses of children in schools or day care centres; bearing subsistence expenses of children in nursery schools; in other forms as prescribed by municipal councils. Each municipal council establishes and approves the Procedure for the Payment of Benefits to Social Risk Families. In most cases the municipality sets up special commissions of representatives of different fields, who make a decision on whether a family should be considered a social risk family and choose a form of benefit. This helps to ensure that benefits paid to a child are certainly received by a child.

So as to guarantee effective implementation of the Law, the administration of all benefits from one source has been established. Since 1 January 2005 an orphan scholarship for studying orphans and a maternity benefit for studying women have been paid not in educational institutions but in municipalities’ social assistance divisions.

### 4.1.2. ASSISTANCE IN CASH FOR LOW-INCOME FAMILIES AND SINGLE RESIDENTS

Since the Law on Cash Social Assistance for Low-Income Families (Single Residents) of the Republic of Lithuania came into force on 1 April 2004 and certain amendments to this Law were adopted on 1 October of the same year, the country has been implementing the coherent scheme of social assistance in cash on the basis of income and property evaluation, guaranteeing the poor a minimum subsistence income to survive on and to pay for basic public utilities.
Recipients of Social assistance in cash

Social assistance in cash is rendered to families and single residents who are unable on objective grounds to obtain by themselves enough funds for living (capable to work family members are actively looking for a job through state territorial labour exchanges) and to those who do not receive assistance from other sources or get limited assistance, especially from the social security scheme (pensions, social benefits, compensations, services and etc.). Thus, a family (single resident) applying for social assistance is required to first of all receive all the income that it can get on its own, i.e. to receive any benefits it is entitled to, capable to work family members are required to actively look for a job through the State territorial labour exchanges, it is required that paternity of children of unmarried persons should be admitted or determined and that maintenance for these children and for those of divorced parents should be established by the contract approved by the court or by court decision and etc.

The right of a child to know his/her parents and to receive their care is enshrined in the United Nations Convention on the Rights of the Child and in the national legislation of the Republic of Lithuania. First of all, both parents either married or not, are responsible for supporting their minor child (children). Therefore, it is laid down in the Law that social assistance in cash shall be provided for families of unmarried persons bringing up children on their own in the event the paternity of a child has been admitted or determined and the court has awarded a child maintenance.

Should there be no possibility of determining the father’s (mother’s) paternity of a child, the family is still given social assistance, and should women refuse to claim child maintenance from the child’s father, a social benefit is paid only for a child.

The Establishment of the Entitlement to Social Assistance in Cash by the Amount of Property Owned

One of the major problems concerning rendering social assistance in cash before the new Law came into force was the evaluation of family income (earnings, pensions, benefits and etc.) without taking into account any family property. The official income of family members often did not reflect the actual financial situation of families.

When people hide their illegal income, it is particularly difficult to avoid cases of the abuse of state assistance, when part of assistance is received by families not in strong need of it.

As prescribed by the new Law, families or single residents are eligible for social assistance in cash in case the total value of their property does not exceed the average property level set for their residential area. To this end, the normative property value is established for each municipality centre, district, city, small town or rural settlement, consisting of the normative dwelling value (60 m2 per one family member plus 15 m2 per another family member), plus the value of the plot of land (the value of the estate or the agricultural plot of land up to 1 ha – 6 ares in cities and 25 ares in the countryside; the value of the plot of land larger than 1 ha – 3.5 ha), plus personal property standard (45 SSI (state supported income) (LTL 6075) per spouse, 30 SSI (LTL 4050) per the other spouse and 15 SSI (LTL 2025) per child).

When a family or a single resident apply for social assistance in cash, the total value of their property indicated in the application is calculated. A family or a single resident qualify for social assistance in cash on the basis of property value, in the event the total value of their property is not higher than the normative property value calculated for the Lithuanian city and municipality centre or the district in which they live.

The total value of the property owned by a family or a single person is determined without taking into account inexpensive property. The value of domestic animals, poultry, pets and bee families as well as the value of the property acquired during the declaration period is included into the total property value only in case it exceeds 30 SSI (LTL 4050) and in the event of works of art and jewellery – 15 SSI (LTL 2025). Also should the value of stocks, bonds, bills and other securities as well as of shares, works of art and jewellery, funds, loans received (due); funds lent to other persons (due) not exceed LTL 2000 each, they are not included into the property owned by a family (single person).

Amounts of Social Assistance in Cash

Families and single residents 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 per cent of the difference between the state supported income and a family's (single resident's) monthly income.

A family or a single resident are granted compensation for heating of the dwelling which they have declared their place of residence, but not larger that the normative useful floor space. One family member (one single resident) is compensated for up to 38 m2 and another family member receives compensation for up to 12 m2. The compensation for the determined useful floor space of dwellings guarantees assistance for the poor living in medium-sized dwellings: a single resident is provided with compensation for heating of a medium one-room flat, while a two-person family for that of a two-room flat. A family or a single resident pay for heating of the dwelling not more than 25 per cent of the difference between their income and 90 per cent of the state supported income. The rest of the dwelling’s heating cost is compensated for from the State budget. This principle of calculation of the compensation protects residents from the increase in the cost related to the rise in energy prices and in costs of public utilities.

Each poor resident is guaranteed compensation for 1.5 m3 of hot water and 2 m3 of cold water used per month to satisfy basic hygiene needs. The part of the cost of cold water, exceeding 2 per cent, and the part of the cost of hot water, exceeding 5 per cent of the family’s (single resident’s) income, are compensated for.

So as to reduce the social exclusion of recipients of social assistance in cash, the Law has extended assistance-related rights of municipalities and provided obligations for the recipients:

- family members (single residents) registered in the state territorial labour exchanges shall be required to meet the obligations laid down in individual employment plans of the state territorial labour exchanges, and the unemployed capable to work family members are required to take part in socially useful work organized by the municipality;
- municipalities shall be entitled to render social assistance in cash to families (single residents) who do not comply with the obligations in the form of services (by buying products, by providing free of charge meals and etc.);
- should any uncertainties about the data on the property owned and on the income received and specified in the application, arise or should the inspection give rise to a suspicion that the information indicated is false or that the information has been hidden, municipalities shall be entitled to check a family’s (single resident’s) living conditions, property and employment, to draw up a domestic inquiry report, in respect of which the municipality shall make a decision on the family’s (single resident’s) right to social assistance in cash, as well as to require that family members (a single resident) should declare their property and income as prescribed by the Law on the Declaration of the Property of the Population.

Moreover, it is laid down in the Law that municipalities, in accordance with their procedures, can provide families (single residents) with social assistance in cash from their budget in other cases not referred to in the Law (can pay a lump sum benefit, or a social benefit, compensate for the costs of public utilities not indicated in the Law, compensate for heating cost of the useful floor space of the dwelling larger than the standard established in this Law, pay off dwelling arrears and etc.).

### 4.1.3. CHANGES IN THE SCOPE OF FINANCING SOCIAL ASSISTANCE IN CASH AND IN THE NUMBER OF ITS RECEPIENTS

Municipalities decide on the entitlement to benefits provided for in the laws and pay them to families (single residents) and children with the State budget funds transferred to municipalities as a special target grant. Lump sum benefits for persons in social support are paid from municipal budgets in accordance with the procedure set forth by municipalities.

Figure 1 shows the 2004 structure of family and child benefits and of the expenses of other assistance.

The Figure 4.1.3.–1 shows that allowances
and benefits to families raising children paid regardless of family income make up the largest portion of the expenses of social assistance in cash (55 per cent). Social benefits and compensations paid on the basis of family income and property amount to a quarter (26 per cent) of the overall expenses of social assistance in cash.

The total amount of family and child benefits plus other assistance set out in the laws was equal to LTL 524.5 million in 2004 and, in comparison to 2003, fell by almost LTL 21 million.

See Table 4.1.3.–1 for the recipients and expenses of social assistance in cash in 2003 and 2004. The expenses of benefits to families raising children increased by 16 per cent in 2004, as compared to 2003.

The expenses of the birth grant amounted to LTL 22.2 million in 2004. 29.6 thousand children were awarded birth grants. Neither expenses nor the number of the recipients of this benefit have changed considerably in comparison to 2003.

By implementing this Resolution of the Government, in 2004 LTL 5.08 million was paid to compensate for the value-added tax imposed on baby diapers. This target assistance was rendered to almost 30 thousand children.

Since the Law on Benefits to Children came into effect on 1 July 2004, maternity benefits have been paid not only for studying women, but for all women not eligible during pregnancy for the state social insurance maternity benefit. Therefore, the number of the recipients of this benefit has risen considerably. 3.8 thousand women have received the pregnancy grant. LTL 950 thousand was paid in the second half of the year 2004, while in 2003 only around 200 studying women received maternity benefits making up just LTL 46 thousand.

The family benefit for children under 3 years of age and the benefit to families raising many children was replaced by the child benefit as of 1 July 2004. The child benefit has been paid to families with 1 or 2 children under 7 years old and to families bringing up 3 and more children under 18 years of age and older, while they are studying. In the second half of the year 2004, child benefits reached LTL 102 million. They were received on average by 266 thousand children per month. Child benefits paid in the second half of 2004 exceeded family benefits and benefits to families raising many children paid in the first half of 2004 by LTL 10.9 million.

The number of recipients of the benefit to a conscript’s child dropped in 2004, as compared to 2003. In 2004, on average 37 persons per month received such benefits amounting to LTL 74 thousand.

There is a further tendency for the number of foster children to grow. In 2004, guardianship (curatorship) benefits were paid on average to 9.5 thousand people per month, while in 2003 – to 9.1 thousand. In 2004, such benefits reached LTL 50.4 million, while in 2003 they amounted to LTL 48.6 million.

2004 Distribution of Family and Child Benefits and of Expenses of Other Assistance

- Allowances and benefits to families raising children (55%)
- Social assistance (26%)
- Free of charge meals for pupils (6%)
- Lump sum benefits from municipal budgets (12%)
- Funeral grant (1%)

Figure 4.1.3.–1
## Recipients and Expenses of Family and Child Benefits and of Other Assistance in 2003 and 2004

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Benefits</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Recipients by Thousand</td>
<td>Expenses in Million LTL</td>
<td>Number of Recipients by Thousand</td>
</tr>
<tr>
<td></td>
<td>x</td>
<td>545,8</td>
<td>x</td>
</tr>
<tr>
<td>1.</td>
<td>Benefits to families raising children, namely:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.</td>
<td>Birth grant</td>
<td>30,0</td>
<td>22,4</td>
</tr>
<tr>
<td>1.2.</td>
<td>Lump sum benefits for the compensation of the higher cost of baby diapers</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.3.</td>
<td>Maternity benefit for studying women *</td>
<td>0,2</td>
<td>0,046</td>
</tr>
<tr>
<td>1.4.</td>
<td>Pregnancy grant*</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.5.</td>
<td>Family benefit**</td>
<td>76,6</td>
<td>82,9</td>
</tr>
<tr>
<td>1.6.</td>
<td>Child benefit**</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1.7.</td>
<td>Benefit to a conscript’s child</td>
<td>0,1</td>
<td>0,123</td>
</tr>
<tr>
<td>1.8.</td>
<td>Benefit to families raising 3 and more children***, namely:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>raising 3 children</td>
<td>31,4</td>
<td>51,0</td>
</tr>
<tr>
<td></td>
<td>raising 4 and more children</td>
<td>12,1</td>
<td>27,6</td>
</tr>
<tr>
<td>1.9.</td>
<td>Guardianship (curatorship) benefit</td>
<td>9,1</td>
<td>48,6</td>
</tr>
<tr>
<td>1.10.</td>
<td>Orphan scholarship</td>
<td>2,5</td>
<td>14,9</td>
</tr>
<tr>
<td>1.11.</td>
<td>Settlement grant</td>
<td>1,3</td>
<td>5,4</td>
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<td>2.</td>
<td>Benefits and other types of assistance for low-income residents, namely:</td>
<td>x</td>
<td>264,7</td>
</tr>
<tr>
<td>2.1.</td>
<td>Social benefit</td>
<td>119,4</td>
<td>94,3</td>
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<td>2.2.</td>
<td>Compensations for the cost of heating and for the cost of waterkompensacijos</td>
<td>x</td>
<td>105,1</td>
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<td>2.3.</td>
<td>Lump sum benefits</td>
<td>56,4</td>
<td>4,3</td>
</tr>
<tr>
<td>2.4.</td>
<td>Free of charge meals for pupils</td>
<td>158,1</td>
<td>61,0</td>
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<td>2.5.</td>
<td>Assistance for the preparation for a new school year</td>
<td>40,0</td>
<td>1,0</td>
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<tr>
<td>3.</td>
<td>Funeral grant</td>
<td>37,6</td>
<td>28,1</td>
</tr>
</tbody>
</table>

* The maternity benefit for studying women was paid before 01/07/2004, since 01/07/2004 the pregnancy grant has been paid
** The family benefit was paid before 01/07/2004, since 01/07/2004 the child benefit has been paid
*** The benefit was paid before 01/07/2004

Table 4.1.3–1
Settlement grants for orphans and for the children deprived of parental care made up LTL 5.43 million in 2004. In 2004, neither the expenses nor the average number of the recipients of this benefit has changed significantly, as compared to 2003.

Assistance provided for low-income residents decreased by 25 per cent. Expenses of the compensations for the cost of heating and for the cost of water diminished the most, by as much as 39 per cent. In 2003, the compensations amounted to LTL 105.1 million, while in 2004 only to LTL 64.4 million.

Expenses of social benefits decreased by 26.4 per cent in 2004 in comparison to 2003. 2.43 per cent of the resident population of Lithuania received social benefits in 2004 (on average 83 thousand people per month). The average amount of per capita social benefit per year was equal to LTL 69.5. In 2003 social benefits were paid to 3.4 per cent of the population (about 120 thousand people). The average amount of the benefit was equal to LTL 65.79.

The decline in the number of the recipients of social assistance in cash was caused by:
1. the increase in the income of the population (the average monthly wage grew by 7.9 per cent, while the average retirement pension rose by 9 per cent in 2004);
2. the fall in unemployment rate (the number of unemployed residents dropped by 10 per cent in 2004);
3. the fact that while the income of the population was growing, the state supported income has not risen since 1998. It is planned to increase it from LTL 135 to LTL 155 only after 1 October 2005;
4. the fact that cash assistance for poor families was more accurately calculated taking into consideration not only family income, but also the property owned by the family.

The amount of lump sum benefits paid from municipal budgets slightly rose from LTL 4.3 million in 2003 to LTL 4.7 million in 2004. The number of the recipients of the benefit has dropped by almost 6 thousand from 56.4 thousand to 50.7 thousand.

The same amount of funds – LTL 61 million, was allocated for free of charge meals for pupils in 2004 as in 2003, yet the number of pupils eligible for free of charge meals fell by 17 thousand due to the decline in the total number of pupils and growing income of the population. In 2004, on average 141 thousand pupils (25 per cent of all pupils) per month received free of charge dinner, while 15 thousand pupils (2.7 per cent of all pupils) were entitled to free of charge breakfast.

In 2004, during summer holidays schools organized daytime recreation summer camps in which 24.4 thousand pupils (about 4.4 per cent of the total number of Lithuanian pupils) received free of charge meals. To this end, LTL 1.25 million allocated from the State budget for free of charge meals for pupils was used.

In 2004, the expenses of funeral grants amounted to LTL 30.4 million and were higher by 8 per cent than in 2003. The benefit (6 MLS – LTL 750) was paid for 41 thousand deceased persons.

In 2004, the State budget allotted LTL 1 million to the poorest families raising children of school age as the assistance before a new school year.

The assistance was rendered to approximately 40 thousand pupils, i.e. 7.4 per cent of all the pupils of comprehensive schools. On average each pupil received LTL 25.3. The average assistance per pupil ranged from LTL 6.5 to LTL 100 in different municipalities. Pupils brought up by poor unemployed parents with one or two children and pupils growing in families with many children received the greatest assistance. Pupils were provided with various products such as the necessary stationery, text books, teaching literature (dictionaries, reference books), school bags and sportswear. Pupils received mostly writing materials, exercise books, materials for art, work and music lessons as well as notebooks.

4.1.4. THE NATIONAL DEMOGRAPHIC (POPULATION) POLICY STRATEGY AND THE MEASURES FOR ITS IMPLEMENTATION

After the assessment of Lithuania's demographic situation, after highlighting inter-related most pertinent issues, the priorities of the population policy and the opportunities for the state's and the public's actions, the National Demographic (Population) Policy Strategy was approved on 28 October 2004. The Strategy not only analyses the country's demographic
issues, but also establishes the goals of three priority constituent parts (family welfare, public health and migration of the population) of the population policy and the action line until 2015. The implementation of the Strategy is laid down in that Strategy.

Following the analysis of the strengths, weaknesses and the most thorny issues of the population policy, special attention has been devoted to the improvement of family welfare by covering all areas of family life: the employment, guarantee of gender equality, family stability, child safety, generation solidarity, child care, education, family planning and reproductive health, provision of a dwelling and social guarantees.

The decision to have a child is individual for each family and it depends on numerous factors: a job, income, whether the family has a dwelling, child care facilities, the level of health system, social guarantees, moral values and etc. Public attitudes also affect the decision of the family. A lot of people associate families raising many children with endless trouble and hardship. Many children are born outside marriage.

The major goal of the Strategy is to promote an independent and vital family based on mutual care and responsibility of family members and ensuring the replacement of generations, and to create legal, social and economic conditions for strengthening families and guaranteeing their effective functioning.

Strengthening families is one of the crucial steps in raising the birth rate. Young people need stability and safety, only then risk factors will cease to influence them. Therefore, the Government by adopting decisions tries to win the trust of the youth in their state, to create all legal, social and economic conditions for them and to encourage them to responsibly start families and raise children.


The measures provided for in the Plan of the Measures are aimed at the increase of youth employment, the development of flexible employment forms and the creation of conditions for the family members to combine professional career with family duties.

It is planned to prepare the Programme for the Provision of Pre-school Education Services (to facilitate access to services and to develop their variety) and the Model of the Improvement of Children's Living and Education Conditions from Birth to the Beginning of the Compulsory Education (to facilitate access to the aid and assistance for children and to co-ordinate the operation of institutions).

Opportunities for the choice of a dwelling will be further developed. Young families with children will receive compensation for the interest on the loan for building a dwelling or on the mortgage loan. The Three-Year Programme for the Development of Subsidized Housing Stock has been drawn up. It is planned to compensate low-income families who rent a dwelling in the private sector and who are entitled to subsidized housing for a part of rent.

There are plans to gradually increase maternity (paternity) benefits for employed parents (up to 100 per cent of the salary), to extend the entitlement to the child benefit equal to LTL 50 to the age of majority, to pay the benefit for the preparation for a new school year to children growing in poor families and etc.

4.1.5. IMPROVEMENT OF SOCIAL ASSISTANCE

State assistance for families will be constantly improved and raised in the future as well in order for it to reach its immediate target and perform its main function – to help a family compensate for child raising-related expenses.

The reform of the assistance for families raising children, aiming at gradually extending the entitlement to benefits to each child under 18 years of age or older, while they are attending a full-time comprehensive school, will be carried on. There are plans to extend the payment of the child benefit to 9 year-old children from 1 September 2006.

So as to guarantee state social assistance in cash to all residents in need of it, it is planned to carry out the monitoring and the assessment of the Law on Cash Social Assistance for Low-Income Families (Single Residents) of the Republic of Lithuania and to evaluate the effectiveness of social assistance in cash rendered in order to further develop this scheme.
Lithuania has drawn up a draft Law on Social Assistance for Pupils from Poor Families Attending Comprehensive Schools, which governs the provision of free of charge meals and of necessary schooling materials for children from poor families going to comprehensive schools. In order to increase municipalities’ responsibility for and interest in the effective organization of social assistance for pupils, 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 organization of this social assistance. There are plans to consider not only family income, but also family property in providing social assistance to pupils, as prescribed in the event of social assistance for poor residents.

The scientists from the Institute for Social Research help to 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 specificities, tendencies and results of the development of family assistance policy of East and West European countries. After the examination, priority action lines for restoring the natural replacement will be formulated and the outline of the Programme for the Maintenance of the Natural Replacement of Population will be made.

Conclusions

Since 1 July 2004 the scheme of the state benefits to families, guaranteeing all families raising children social security, has been reformed on a complex basis. Due to the solidarity of the public in compensating for a part of maintenance expenses for each 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. The model of the assistance for families with children has become closer to the schemes of family assistance of other countries. In establishing the procedure for and in expanding social work with social risk families and in organizing the payment of benefits they are entitled to in kind and the provision of social services directly for children, municipalities ensure the expedient use of state benefits for children’s needs.

Since the Law on Cash Social Assistance for Low-Income Families (Single Residents) of the Republic of Lithuania came into force on 1 April 2004 and certain amendments and supplements to this Law were adopted on 1 October of the same year, the country has been implementing the coherent scheme of social assistance in cash on the basis of income and property evaluation, aimed at rendering state assistance to residents who are unable on objective reasons to obtain by themselves enough means for living, by guaranteeing the poor the minimum subsistence income to survive on and to pay for basic public utilities.

Definite measures intended to settle demographic issues have been taken. The National Demographic (Population) Policy Strategy was approved by Resolution No. 1350 of the Government of the Republic of Lithuania of 28 October 2004 and the measures for the implementation of the National Demographic (Population) Policy Strategy for 2005 – 2007 were approved by Resolution No. 572 of Government of the Republic of Lithuania of 23 May 2005. The measures are designed to strengthen families, to promote healthy lifestyle and healthy behaviour and to solve migration issues.

4.2. CHILD CARE

This section overviews dynamics of the number of children in socially disadvantaged families, assistance provided to such families and children, as well as the impact of such assistance provided. The tendencies and reasons of child placement into care, its expiration in general and in different municipalities will also be discussed. In this section dynamics of local and inter-country adoption will be looked into too. A separate subsection will deal with the tendencies of violence against children and the assistance provided to children who suffered from violence.
4.2.1. SOCIALLY DYSFUNCTIONAL FAMILIES AND CHILDREN DEPRIVED FROM PARENTAL CARE

The year 2004, as well as 2003, witnessed only slight decrease in the number of socially dysfunctional families. The positive impact on decrease of the number of disadvantaged families has been achieved due to the social services provided to families and children at the community level, improved inter-institutional cooperation between the municipal Children’s right protection office (CRPO) and their social partners providing assistance. Usually day care centres for children from disadvantaged families are established by NGOs which are paid from the State budget for the services they are giving to children and families (out-of-school activities for children, the development of social and parenting skills for parents).

However, it should be noted that every year new socially dysfunctional families are cleared out by the municipal CRPOs. In 2004, the biggest number of children, out of the total number of children, living in socially dysfunctional families, was recorded in the counties of Panevėžys (5.9 per cent), Tauragė (5.5 per cent), Marijampolė (5.1 per cent), Utena (5.0 per cent), and the smallest number – in the counties of Vilnius (3.1 per cent) and Telšiai (3.6 per cent).

Poor parenting skills, lack of family counselling, long-term unemployment or poorly paid work of parents, could be the reasons of poor living conditions of children and course their development or health impairment or result in poor education. On 1 January 2005, according to the data of Lithuanian Labour Exchange Office in the country the highest ratio of registered unemployment were in districts of Akmenė (16 per cent), Mažeikiai (14.3 per cent), Ignalina (13.7 per cent), Šalčininkai (12.7 per cent) and the municipality of Druskinkai (14.1 per cent).

On 1 January 2005, the number of socially dysfunctional families where parents were abusing alcohol, other psychotropic substances, amounted to 12466 or 73.8 per cent of the total number of socially dysfunctional families. 27079 children or 73.3 per cent, were raised in such families. Parents addicted to alcohol and children deprived from parental care remain the main reasons determining inclusion of families with children into the register of socially dysfunctional families in CRPO’s.

In 2004 the highest number of children living in socially dysfunctional families out of total number of children was recorded in Moletai (12.0 per cent), Šakiai (11.5 per cent), Pasvalys (9.8 per cent), Širvintai (9.4 per cent) districts and the municipalities of Pagėgiai (11.0 per cent), Kazlų Rūda (10.2 per cent). In Alytus (1.2 per cent) and Vilnius (1.6 per cent) cities was the lowest number of recorded such families.

According the law, municipalities has an independent right to provide social assistance to the families in need. It is an additional assistance which the family can get as social assistance in cash and in kind from the state budget. The highest number of beneficiaries out of total number of residents, was recorded in Pagėgiai (5.9 per cent), Kelmė (5.6 per cent), Šalčininkai (5.6 per cent), Joniškis (5.5 per cent), Skuodas (5.4 per cent), Akmenė (5.3 per cent) and Lazdijai (5.2 per cent) municipalities.

4.2.2. TENDENCIES IN CHILD CARE

Every year 3 thousand children are placed into care. In comparison to the year 2003, in 2004 the number placements increased by 8 per cent, from 3023 (in 2003) to 3267 (in 2004). Table 4.2.2.–1 provides analyses of the main reasons for placement of children into care in 2004. As in the previous years, alcohol abuse and bad parenting due to the lack of proper parenting skills, parental right abuse (approximately 60 per cent of all the cases of appointed guardianship in 2004) were the main reasons for putting child in care (Table 4.2.2.–1).

In 2004 in 15 per cent of child placements under the guardianship (curatorship) were because children were separated from his/her parents in accordance with the law. Most of the court decisions regarding children’s separation were taken as the parents or the only one existing parent (usually mother) has a long-term health problems and were not able to take care of their children. In 11 per cent of cases, parent(s) were ill or were sentenced to prison.

In 2004, as in 2003, in 80 per cent of the cases, children were placed under temporary
Children placed under Care in 2004 (according to the type of guardianship (curatorship))

According to the data of the municipal CRPO’s, in 2004, in the age-group of 0 to 6 years 1340 children or 0.6 per cent out of the total number of children, were taken into care. The number of children under the care in the school age group (7–17 years) was relatively smaller and accounted for 0.03 per cent out of total number of children of this age group. However, in absolute figures this amounted to 60 per cent or 1 927. 23.54 per cent of children who were put into care, before this were raised by both parents. In 2004 the waste majority (62.78 per cent), as in 2003 (60.7 per cent), before the care were growing in one-parent families: single mother’s – 31.16 per cent, widower/widow’s families – 12.18 per cent; were cared by one of the cohabiting partners – 6.43 per cent; a divorced person – 13.01 per cent out of the total number of children deprived from parents (Table 4.2.2–2).

Lithuania, as many other states, has ratified the UN Convention on the Rights of the Child, as well as other international legal acts. By this it has assumed international obligations to ensure the best conditions for the development of a child is his family. In case of care – a child should be placed into family-like environment (foster family or adoptive family). However, it is only a small number of persons willing to become foster families and even temporary assume caring obligations for a child. It could be explained by the lack of support and methodical assistance for the foster or adoptive families in local communities. That is why it is easier to find a child care residential institution which could be not always has a child friendly environment. Tendencies of child placement in 2000 – 2004 are described in the Table 4.2.2–3. In 2004, as in 2003, approximately 42 per cent of children in care were placed into foster care families. In most cases close relatives become the guardians of children: grandparents – 49.4 per cent; senior, sisters or brothers – 10.3 per cent; other relatives (aunts, uncles) – 17.7 per cent. In 2004, tendencies of child care remained unchanged in the majority of municipalities. In comparison with the year 2003, the number of children placed into care significantly increased in districts of Vilnius city and region, as well as in districts of Utena, Tauragė, Šilalė, Šilutė, Raseiniai, Mažeikiai, Kaunas, Kelmė. The year 2004, in comparison with the year 2003, witnessed a significant decrease in the number of children placed into care in Telšiai, Vilkaviškis, Šiauliai, Šakiai, Šiaulėnai, Ignalina districts.

Under the laws, temporary guardianship (curatorship) of a child expires when a child is returned to parents, attains majority age or is emancipated, or a child is placed under permanent guardianship (curatorship), a child is adopted or enters into marriage (Article 3. 255 of the Civil Code). In 2004, in approximately 38.4 per cent of cases temporary guardianship (curatorship) of a
# The Number of Children in Care Deprived from Parental Care in 2004

<table>
<thead>
<tr>
<th>Reasons for the loss of guardianship</th>
<th>Number of children</th>
<th>In percentage out of the total number of children deprived from parental care</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In total</strong></td>
<td>3 267</td>
<td>100 %</td>
</tr>
<tr>
<td>Both parents or a lone parent are dead</td>
<td>242</td>
<td>7,4</td>
</tr>
<tr>
<td>Paternity or close family relationship were not established within three months following the day of finding a child</td>
<td>4</td>
<td>0,1</td>
</tr>
<tr>
<td>Both parents or a lone parent declared dead or missing by the court’s judgment</td>
<td>1</td>
<td>0,0</td>
</tr>
<tr>
<td>Parents or a lone parent declared legally incapable under the established procedure</td>
<td>9</td>
<td>0,3</td>
</tr>
<tr>
<td>Parents or a lone parent are missing and their search has been launched</td>
<td>74</td>
<td>2,3</td>
</tr>
<tr>
<td>Child was separated from parents under the procedure established by laws</td>
<td>491</td>
<td>15,0</td>
</tr>
<tr>
<td>Parents or a lone parent do not take care of the child, are not concerned about him/her, do not properly educate him/her</td>
<td>1 970</td>
<td>60,3</td>
</tr>
<tr>
<td>Use physical and psychological violence against a child</td>
<td>117</td>
<td>3,6</td>
</tr>
<tr>
<td>Parents or a lone parent temporarily are not able to take care of a child due to the illness of both parents or one of the parent</td>
<td>359</td>
<td>11,0</td>
</tr>
<tr>
<td>arrest, an obligation to serve the sentence</td>
<td>191</td>
<td>5,8</td>
</tr>
<tr>
<td>other important reasons</td>
<td>65</td>
<td>2,0</td>
</tr>
<tr>
<td></td>
<td>103</td>
<td>3,2</td>
</tr>
</tbody>
</table>

Data of the municipal Children’s Rights Protection Offices

The law provides that the children who was deprived from parental care or orphaned and grow up in the municipal or state residential care institution, by attaining the majority age, can get an Orphan’s grant paid from the state budget for housing which amounts to 50 MSL (6250 LTL). This Grant could be taken by person from 18 to the age of 24 and be used for renting or buying the dwelling. During the period of 2000–2004, annually the number of persons who get such state support is increasing. The number of benefits paid in this period increased 2.3 times. (Table 4.2.2.–4).

---

1 Under the laws of the Republic of Lithuania a child attains majority at the age of 18; emancipation means a decision passed following the judicial proceedings declaring a person under the age of 18 sufficiently mature and capable of representing and defending his own legal interests. In such a case a legal guardian is not appointed (usually such actions are performed with the aim to legalise a marriage between persons under the age of 18).
### Data about Families whose Children were placed into Care in 2004

<table>
<thead>
<tr>
<th></th>
<th>Number of families</th>
<th>Number of children</th>
<th>Out of the total number of children (in percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children were raised by both parents</td>
<td>442</td>
<td>769</td>
<td>23.54</td>
</tr>
<tr>
<td>One of the parents:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a widower/widow</td>
<td>1 428</td>
<td>2 051</td>
<td>62.78</td>
</tr>
<tr>
<td>a divorced person</td>
<td>278</td>
<td>398</td>
<td>12.18</td>
</tr>
<tr>
<td>one of the cohabiting partners</td>
<td>295</td>
<td>425</td>
<td>13.01</td>
</tr>
<tr>
<td>a single mother in case there is no data about the father (single)</td>
<td>121</td>
<td>210</td>
<td>6.43</td>
</tr>
<tr>
<td>A child’s grandparents</td>
<td>734</td>
<td>1 018</td>
<td>31.16</td>
</tr>
<tr>
<td>A child’s aunt or uncle</td>
<td>178</td>
<td>249</td>
<td>7.62</td>
</tr>
<tr>
<td>A child’s senior sister, brother</td>
<td>53</td>
<td>64</td>
<td>1.96</td>
</tr>
<tr>
<td>other persons</td>
<td>26</td>
<td>31</td>
<td>0.95</td>
</tr>
<tr>
<td><strong>Total number of children deprived from parental care</strong></td>
<td><strong>2 198</strong></td>
<td><strong>3 267</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*1340 children (41 per cent) out of 3267 children unattended by parents were under 7 years of age.

### Placement Tendencies of Children unattended by Parents of 2000–2004

<table>
<thead>
<tr>
<th>Placement of children deprived from parental care and placed into child care residential institutions, foster families and foster families, foster family type homes. In total</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>in foster families</td>
<td>1 287</td>
<td>1 274</td>
<td>1 359</td>
<td>1 436</td>
<td>1 368</td>
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<tr>
<td>in foster family type homes</td>
<td>45</td>
<td>32</td>
<td>36</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>in infants homes</td>
<td>232</td>
<td>239</td>
<td>254</td>
<td>248</td>
<td>295</td>
</tr>
<tr>
<td>in state child care homes</td>
<td>348</td>
<td>410</td>
<td>483</td>
<td>459</td>
<td>599</td>
</tr>
<tr>
<td>in child care residential institutions for disables children</td>
<td>11</td>
<td>4</td>
<td>10</td>
<td>30</td>
<td>19</td>
</tr>
<tr>
<td>in boarding schools of general education</td>
<td>80</td>
<td>76</td>
<td>45</td>
<td>36</td>
<td>40</td>
</tr>
<tr>
<td>in special boarding schools</td>
<td>96</td>
<td>54</td>
<td>49</td>
<td>41</td>
<td>64</td>
</tr>
<tr>
<td>in municipal child care homes</td>
<td>170</td>
<td>249</td>
<td>444</td>
<td>348</td>
<td>397</td>
</tr>
<tr>
<td>in municipal child care groups</td>
<td>232</td>
<td>252</td>
<td>200</td>
<td>280</td>
<td>301</td>
</tr>
<tr>
<td>in child care homes established by NGOs</td>
<td>38</td>
<td>19</td>
<td>123</td>
<td>118</td>
<td>159</td>
</tr>
<tr>
<td>in parish child care homes</td>
<td>80</td>
<td>59</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>in temporary child care homes</td>
<td>131</td>
<td>170</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>in special child education and care homes</td>
<td>65</td>
<td>16</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>in vocational, higher, high educational institutions where children receive state maintenance</td>
<td>11</td>
<td>2</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>in other children’s care institutions</td>
<td>...</td>
<td>7</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

*Data of the municipal Children’s Rights Protection Offices*
4.2.3. ADOPTION

Adoption is the possibility to provide a family ties to a child whose biological parents are not willing or due to various reasons not capable to take care of them child. This is a life-long lasting process for those who take part in it. This process starts when an abandoned child appears. A search of a family which could substitute a biologic parents is started. For this legal procedures are being carried out. The adoption process is not completed when the court passes the decision on adoption. This is the end of only one, but very important phase. The Adoption Service under the Ministry of Social Security and Labour organises and promotes adoption in Lithuania. One of the primary and underlying tasks of the Adoption Service is to seek that the largest possible number of abandoned children were adopted. If there no possibility to find an adoptive family or a proper care for a child in Lithuania, the law allows to look for an adoptive family abroad and inter-country adoption procedures are started.

At the end of 2004, 1446 children were in the Register of possible to adopt children. From them 815 were boys and 631 – girls. Among them only 543 children who could be actually adopted (322 boys and 221 girls). Even 958, or 66 per cent, of children included in the Register were not possible to adopt as it were no legal grounds to limit parental authority of biological parents for unlimited period, i.e. they are placed under temporary care with the hope that situation in the biologic family will improve and the child will return to his parents. As in 2003, most of the children possible to be adopted were of age 11–18. Figure presented below (Figure 4.2.3–1) indicates comparative data of possible to adopt children in the years 2003–2004 divided into age groups. According to the data provided by the Lithuanian Adoption Service, in 2004, 41 per cent of children included in the Registry of children possible to adopt, had health problems. Prevailing reasons were as follows: 35 per cent had psychological-social development disorders (i.e. specific speech development disorder, specific motor or other...
development disorders), 23 per cent of children had vision impairments, 17 per cent – heart and blood vessels disorders, 11 per cent – orthopaedic problems. More than one third of these children with health problems were from the age group of 11–18 years. According to the data of the Adoption Service, such health disorders as brain damages, alcohol syndrome of foetus, congenital syphilis, Hepatitis C, genetic disorders were specific to children possible to adopt in the age group up to 3 years.

Table 4.2.3.–1 presented below describes health situation of children who were possible to adopt in 2004. Usually one child had more than one health problem.

As in 2003, parental authority for unlimited period was limited in 8 out of 10 cases of children who were put onto the Register of children possible to adopt. If parental authority was limited perpetually, for the parents it mean that they finally lose they child and a child can be adopted without they concern. That is why the court before giving a final decision to limit parental rights perpetually, so thoroughly investigates all the circumstances of a particular case to make it sure that abuse of parental rights may course irreversible damages for the development of a child. This is a time consuming process. Majority of children, with regard to whom parental authority is limited for an unlimited period, are older than 6 years.

Both perspective adoptive parents of Lithuanian and foreign citizenship, apply for a younger that 6–8 years old child who has slight or curable health disorders. Already 265 children out of 543 children included in the Working Registry of Children Possible for Adoption, could be adopted under the Programme for Children with Special Needs. Children with special needs, as all the children possible to adopt included in the registry, are first of all proposed to be placed under guardianship or curatorship in the families of citizens of the Republic of Lithuania. In 6 months after they were included into the register of children possible to adoption, if they were not adopted by Lithuanian families, they may go for inter-country adoption. Since 2001, the Adoption Service, together with adoption agencies from foreign countries, is implementing a special program for adoption of children with special needs. The aim of the program is to find and prepare families who could adopt and care for children with health problems or other special needs. Three main groups of children with special needs are singled out under this program:

1) children with serious health problems;
2) children over the age of 10 (presently, with regard to the requests of the families included in the registry of foreigners, children over the age of 10 years are being proposed for adoption under
The State of Health of Children possible to Adoption (data of the year 2004)

<table>
<thead>
<tr>
<th>The type of health problem</th>
<th>The age of children</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0–3</td>
</tr>
<tr>
<td>Heart and blood vessels disorders</td>
<td>58</td>
</tr>
<tr>
<td>Abnormalities of respiratory system</td>
<td>8</td>
</tr>
<tr>
<td>Disorders of gastrointestinal system</td>
<td>2</td>
</tr>
<tr>
<td>Disorders of urinary tract</td>
<td>3</td>
</tr>
<tr>
<td>Disorders of vision</td>
<td>45</td>
</tr>
<tr>
<td>Hearing impairments</td>
<td>2</td>
</tr>
<tr>
<td>Orthopaedic problems</td>
<td>14</td>
</tr>
<tr>
<td>Brain development disorders</td>
<td>15</td>
</tr>
<tr>
<td>Epilepsy</td>
<td>3</td>
</tr>
<tr>
<td>Cerebral Palsy (CP)</td>
<td>3</td>
</tr>
<tr>
<td>Genetic abnormalities</td>
<td>13</td>
</tr>
<tr>
<td>Down's syndrome</td>
<td>3</td>
</tr>
<tr>
<td>Alcohol syndrome of foetus</td>
<td>2</td>
</tr>
<tr>
<td>Disorders of psychosocial development (mental retardation, specific speech and speech development disorders, specific disorders of motor development, multiply developmental disorders, other disorders of psychological development)</td>
<td>72</td>
</tr>
<tr>
<td>Congenital Syphilis</td>
<td>8</td>
</tr>
<tr>
<td>Hepatitis C</td>
<td>3</td>
</tr>
<tr>
<td>Without health problems</td>
<td>64</td>
</tr>
<tr>
<td>Other</td>
<td>39</td>
</tr>
</tbody>
</table>

Data of the Adoption Service
Children proposed for Adoption under the Program for Children with Special Needs

<table>
<thead>
<tr>
<th>Reasons</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>75</td>
<td>74</td>
</tr>
<tr>
<td>Age</td>
<td>47</td>
<td>103</td>
</tr>
<tr>
<td>Groups</td>
<td>61</td>
<td>87</td>
</tr>
</tbody>
</table>

Data of the Adoption Service

Figure 4.2.3–2

In 2004, 16 sibling groups, comprised of 3 brothers and sisters, 6 groups comprised of 4 brothers and sisters and 3 groups comprised of 5 children were offered for adoption under the programme for children with special needs. Since there are not many families who could adopt such big groups of siblings, it is hard to adopt them and not to separate. In such cases inter-institutional cooperation is essential. Child care institutions and local municipal CRPO's must evaluate situation and provide a conclusion for possibility of separation. Foreign Adoption Agencies should act properly and prepare families for adoption of bigger groups of siblings. This is the only way to assert the right of large groups of brothers and sisters to be raised in the family.

In comparison with the data of the years 2003–2004, we can witness that in 2004 under the Program for children with special needs, the number of children over the age of 10 proposed for adoption has doubled. The adoption of such children is very topical, since older children account for 4/5 of all children who are in the register. It is particularly difficult to find families able to satisfy the needs of such children.

The distribution of such children in the Complete Registry depends on the number of families included in the Registry of Citizens of the Republic of Lithuania permanently residing abroad and in the Registry of foreign citizens wishing to adopt a child. As in 2003, Italians comprise the biggest part of foreigners included in the Registry of families for inter-country adoption wishing to adopt children of various age and state of health.

Dynamics of the number of national and inter-country adoptions are showed in Table 4.2.3.2 and Table 4.2.3.3.
### Adoption by Citizens of the Republic of Lithuania in 1999 – 2004

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of adopted children</td>
<td>126</td>
<td>314</td>
<td>293</td>
<td>227</td>
<td>204</td>
<td>119</td>
<td>137</td>
<td>159</td>
<td>117</td>
<td>194</td>
</tr>
<tr>
<td>Among them – children unattended by parents</td>
<td>124</td>
<td>57</td>
<td>43</td>
<td>37</td>
<td>56</td>
<td>75</td>
<td>61</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Among them – children of spouses</td>
<td>169</td>
<td>170</td>
<td>161</td>
<td>82</td>
<td>81</td>
<td>84</td>
<td>56</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data of the Adoption Service

### Adoption by Foreign Nationals in 1992 – 2004

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Argentina</td>
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<td>Australia</td>
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<td>Austria</td>
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<td>Belgium</td>
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<td>Brazil</td>
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<td>Denmark</td>
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<tr>
<td>United Kingdom</td>
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<td>2</td>
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<td>Spain</td>
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<td>Norway</td>
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<tr>
<td>Residing in Lithuania</td>
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<tr>
<td>TOTAL NUMBER OF ADOPTED CHILDREN</td>
<td>15</td>
<td>30</td>
<td>166</td>
<td>94</td>
<td>104</td>
<td>130</td>
<td>134</td>
<td>92</td>
<td>40</td>
<td>43</td>
<td>72</td>
<td>104</td>
<td>103</td>
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</table>

Data of the Adoption Service

Table 4.2.3.–2

Table 4.2.3.–3
In 2004, the number of persons who wished to adopt a healthy child has increased significantly. Even 116 families out of 299 included in the Registry wished to adopt a healthy child. There were 71 such families at the end of 2003.

The number of foreigners willing to adopt older children also increased. At the end of 2003, there were 16 persons wishing to adopt children of the age of 7–10 years, but at the end of 2004 there were already 60 such persons. Increase of families who wish to adopt older children makes it possible to implement the Programme for children with special needs.

However, the number of 4–5 years and health children who could be offered for adoption to foreign nationals is decreasing. Due to this reason the waiting period for possible adoption is becoming longer and will remain in the future.

The Figure 4.2.3–3 indicates that the largest share of families of foreign nationals, even 160, wish to adopt children aged 4–6. In 2004, the number of children of that age offered for inter-country adoption reached 66, 28 out of them are already offered for adoption. Remaining 38 have serious health disorders and thus, they are offered for adoption under the programme for children with special needs. The issue of inter-country adoption of 16 children of that age is yet in the stage of consideration. 68 families of foreign nationals wish to adopt children under the age of 3 years. 19 children under the age of 3 years are offered for adoption for foreign nationals, even 26 children of that age have serious health disorders and are offered for adoption under the programme for children with special needs. The issue of inter-country adoption of 15 children of that age is yet in the stage of consideration. 60 families wish to adopt children aged 7–9, there are 68 children of that age offered for inter-country adoption.

4.2.4. VIOLENCE AGAINST CHILDREN. POSSIBILITIES AND NECESSITY FOR INTER-AGENCY COOPERATION

According to the data of the municipal CRPO’s, in 2005, 2359 children suffered from violence (Figure 4.2.4–1). Number of cases when children are subjected to violence is increasing every year: in 2003 –1400 children suffered from violence, thus, two times more than it was registered in 2003. This is due to improved information of the society, inter-institutional cooperation
and professional preparation of specialists who investigate such situations and provide assistance to children who experience violence of various forms including sexual abuse. In 2004, more cases of violence were recorded in the cities than in the country (66 per cent – in the city, 34 per cent – in the country). Boys were subjected to violence two times as much as girls.

As in the previous years, in 2004, physical violence, (which accounted for 70 per cent of all the recorded cases) has dominated among the recorded cases of violence (Figure 4.2.4–2). This could be explained by the fact that physical injury (bruises, trauma, etc.) is easy to notice and possible to identify, if to compare with psychological violence, sexual abuse or sexual commercial exploitation. Identification and proving of these forms of violence requires more competence from specialists, as well as closer cooperation between institutions. Complex assistance and confidentiality must be also ensured to children who become victims of violence.
In 545 cases children were taken from parents or other legal representatives. In 1147 penal files were issued against perpetrators. In 226 cases files were started by CRPOs.

Assistance provided by the municipality to a child who has suffered from violence was as follows: 489 children were consulted by a psychologist, 562 children and their families were provided assistance from a school social worker, in 1699 cases family of a child received social support. To 298 children get support in a day care centre, 350 were taken from the family into temporary guardianship (curatorship). Complex assistance was provided to less than a half of children who suffered from abuse.

Currently the system of multidisciplinary team work support for a children who become victims of abuse is under establishment. Parents of a child who become a victim of abuse or a child himself can apply for assistance to various institutions including medical establishments, municipal CRPOs, police institutions, school staff, etc. There are the cases when assistance or medical treatment for a child who has been abused is provided but it was not reported neither to the police station no to CRPO.

Due to this reason there is no exact statistical data on the extent of violence experienced by children. The mechanism determining how a child is to be passed from one authority to another does not function properly in Lithuania. It is not clear what authority is responsible for coordination of activity.

The most effective way to provide help for victim of violence is a multidisciplinary approach and team work both with a child and members of his/her family. Support should be given from the very beginning.

It is established by the laws that in cases when the rights of a child are violated, a child himself/herself or other persons have the right to apply to the CRPO, law enforcement or other relevant institution that must take measures established in the laws. Meanwhile, the civil servants of public or municipal services who become evident of the case of children right violation, must immediately inform competent institutions about the cases of children’s rights infringement known to them.

The municipal CRPO has the right to receive all the necessary information from the law enforcement institutions about children who become victims of abuse, the reasons of these facts, measures that were undertaken by them.

In 2004, the National Program for 2005–2007 of Prevention of Violence against Children and of Support for them was developed. The main task of the Program establishment of complex measures to support children who experienced different forms of violence, to ensure accessibility of services for victims of abuse, to develop an multidisciplinary and inter-institutional cooperation, as well as to continue awareness raising campaign and education of the society to make it sensitive to the child abuse and zero tolerant to it.

4.2.5. CONCLUSIONS AND SUGGESTIONS

1. The decrease in the number of socially dysfunctional families was noticed in those municipalities where preventive measures were implemented and not only social assistance, but social work was provided for families and children such as out-of-school activities for children, parent consulting by specialists on parenting, etc.. Such measures helps prevent separation of children from parents and putting them into care institutions or foster families. The Program of Day Care Centres for Children which is carried out already for several years gives a positive impact on social exclusion of children form socially disadvansed families. Further development of the network of such services is needed in every municipality to facilitated timely assistance for children and families.

2. In 2004, as in the previous years, the main reasons determining the placement of a child into care were full abandonment by parents or abusive behaviour. Heavy alcohol abuse, poor parental skills, lack of motivation were the man reasons of the abusive behavior of parents against their children. One of the essential means of prevention of improper care of children is parental education, the establishment of family consultation centres and the inclusion of the integrated training course on family functions and mutual obligations and responsibilities of parents and children into school programmes.

3. In 2004, similarly to the previous years, in 80 per cent of cases children were placed under temporary guardianship by the decision of the Head of the municipality administration, hoping
that the situation in the family would change and children could return to the family. Starting from 2004, almost in 60 per cent of cases of appointed guardians were the residential institutions, but not the foster families. This means that families even knowing that state is providing benefit for a cared child do not take decision to become even a temporary guardian being worried that they would not be able to take proper care or properly educate the cared child. In order to improve and encourage the placement of children into foster families, it is necessary to ensure the provision of assistance to foster and adoptive parents should be provided not only at the very beginning before decision taking to become adoptive parent or fostering family, but also in the latter phase – to organise the assistance for families who already have adopted or taking care of children as a foster family.

4. In 2004, the number of families who adopted a child increased in Lithuania and with the start of the implementation of the special program encouraging the adoption of older children and children with health problems, the number of adopted children with special needs also increased.

5. In 2004, the increase of the number of reported cases of violence against children was determined by the improved information of the society, inter-institutional cooperation and professional preparation of specialists who investigate such situations and provide assistance to children who become victims of violence. However, the assurance of accessibility of timely and qualified assistance to children who suffered from violence not only in the big cities, but also in districts, remains one of the main objectives to be achieved. This requires close and coordinated cooperation from local authorities, personal responsibility of specialists in the investigation of cases of violence and ensuring the provision of the necessary assistance.

The study of the youth situation in Lithuania commissioned by the State Council for Youth Affairs in 2004, identified the main youth problems, needs and their value tendencies. The study showed that inclination towards harmful habits, unemployment, fee-paying education, issues related to spare time and occupation, difficult material situation were indicated as the most serious youth problems by young people themselves and by older people. Young people and respondents working with youth also mentioned psychological problems of young people as urgent problems although not considered as the most serious ones. Youth employment poses the greatest threat. According to the data of the Department of Statistics, in 2004 the overall level of unemployment reached 11.4 per cent (in the group of persons aged 15–64) and the level of youth unemployment amounted even to 22.5 per cent (in the group of persons aged 15–24). Taking into consideration a high rate of unemployment among youth, specific measures putting the greatest emphasis on the improvement of vocational training of young people are being developed in the territorial labour exchanges:

- the programme First Step in the Labour Market is being implemented is aiming to prepare and integrate persons in the labour market who start their working activity for the first time;
- activity of Youth Work Centres is being carried out offering search engines of individual work and professions. These search systems provide information on job vacancies, the places where a profession could be acquired and entrance requirements into higher, high and vocational educational institutions;
- the data base of specialists of high qualifications The Bank of Talents was developed and is available on the website of the Lithuanian Labour Exchange aiming to create wider employment possibilities to the specialists of high qualification and studying youth and assist the employers in the search for needed employees.

Efforts are made that the upgrading of professional preparation, the search engines of
individual work, and the databases would help young people to adapt in the changing labour market more rapidly and more effectively, would open more possibilities of finding the job and presenting yourself as a young, qualified and perspective employee to an employer who is in search for a worker.

According to the data of the study carried out upon the initiative of the above mentioned State Council for Youth Affairs, one fifth of young people are of the opinion that a lot of spare time is the main feature characterising youth. The biggest part of spare time of young people (65 per cent) is spent watching television, meeting with friends and listening to the music. Low youth occupancy rates, the lack of different ways of occupancy and spare time spending and the domination of formal ways of spare time organisation are indicated not only by young people, but also by experts of various fields.

Young people are of the opinion that the activity carried out by youth organisations and youth round tables in the districts usually reaches only the active part of youth, which, in most cases, is “working for itself”. It was also established that studying youth and young people from cities and towns take a more active part in the activities of various organisations, whereas the residents of smaller towns and villages are less active. Two fifths of young people argue that they do not know at least one youth organisation. The biggest number of persons who could not name at least one youth organisation is among young people aged 25–29 living in rural areas and small towns.

It is obvious that the infrastructure required for implementing youth policy in many regions is poorly developed. However, the efforts of local authorities (politicians) and specialists of relevant fields, as well as political will, could help to change this situation.

Youth policy means purposeful activity intended to resolve youth problems and to seek to create favourable conditions for the formation of the personality of a young person and his integration into public life, as well as the activity aimed at achieving understanding and tolerance towards young people. Such a definition of youth policy is provided for in the Law of the Republic of Lithuania on Youth Policy Framework which is the main legal act regulating youth policy.

4.3.1. INSTITUTIONS IMPLEMENTING YOUTH POLICY

Currently the following main state institutions implement and form youth policy in Lithuania:

- The Youth and Sports Affairs Commission of Seimas of the Republic of Lithuania;
- The Ministry of Social Security and Labour;
- The State Council for Youth Affairs;
- municipal coordinators for youth affairs.

The State Council for Youth Affairs plays an important role. It is composed on parity bases from representatives of state institutions and representatives nominated by youth organizations (6 representatives from state institutions and agencies and 6 representatives from youth organisations delegated by the Council of Lithuanian Youth Organisations (LiJOT)), is an effectively working expert commission forming the main guidelines of youth policy, ensuring the implementation of youth policy, distributing state support to youth organisations.

4.3.2. FINANCING OF IMPLEMENTATION YOUTH POLICY

In 2004, direct financing from the State budget (through policy implementation structures) for youth policy amounted to:

- LTL 400 thousand for co-financing the administration of the EU programme YOUTH;
- LTL 80 thousand for co-financing the administration of the EU information network EURODESK;
- LTL 1,840 thousand for the municipal coordinators for youth affairs (for the maintenance of 58 posts);
- LTL 958 thousand for the maintenance of the State Council for Youth Affairs and the administration of programmes;
- LTL 1,400 thousand for the projects of youth organisations financed by the State Council for Youth Affairs (projects are financed through the tender procedure).
4.3.3. YOUTH POLICY OF THE EUROPEAN UNION AND THE IMPLEMENTATION OF YOUTH PROGRAMMES OF THE EUROPEAN UNION IN LITHUANIA

The White Paper published by the European Commission in 2001 A New Impetus for European Youth is one of the key guidelines according to which the Member State of the European Union forms and implements youth policy. In order to create proper conditions for youth to take an active part in a democratic, open and caring society, the White Paper suggests taking into consideration the opinion of youth, providing for a possibility to present local initiatives, encouraging the Member States to seek for more effective cooperation, offering specific ideas with regard to the already implemented European programmes and paying more attention to “youth” aspect in all the fields of politics. The key task of the White Paper is to offer the European Union a new cooperation system in the field of youth policy, which has two specific features: the application of the Open Method of Coordination in a relevant field related to youth and more attention to youth in the implementation of other forms of politics.

Membership in the European Union opened up new possibilities for Lithuania with regard to the participation in the formation of the EU Youth Policy. This new area of activity would provide Lithuania with an opportunity to acquire experience, would help to determine the general objectives taking into consideration the situation within the country. Some provisions of the European Commission’s White Paper A New Impetus for European Youth are already reflected in the new Law on Youth Policy Framework.

Since the year 2000, Lithuania is an active participant of the EU programme YOUTH and since 2004 it takes part in the activity of the information network EURODESK. Hundreds of youth initiatives and international projects were financed under these programmes; a youth website was also created www.eurodesk.lt providing for a possibility for youth and for people working with youth to access information on new developments in the field of youth policy implemented by Lithuania and the EU.

4.3.4. THE LAW ON YOUTH POLICY FRAMEWORK

The Law No. IX-1871 of the Republic of Lithuania of 4 December 2003 on Youth Policy Framework (Official Gazette, 2003 No. 119-5406), consolidated the most relevant aspects of present youth policy. The Law establishes the main concepts of youth policy, determines the implementation principals of policy, and defines the fields of youth policy. The establishment of institutions which organise and manage youth policy on the national and municipal level is very important part of the Law. For the first time the Law establishes the concepts of the youth organisation and the councils of youth organisations. The Law also gives proper attention to an informal education of youth; currently this is one of the most important fields of youth policy. This Law consolidates framework of regional youth policy as well. It determines institutions which form and implement youth policy paying special attention to the municipal councils for youth affairs and coordinators for youth affairs. Regional youth policy is one of the most relevant issues of youth policy, which is the focal point of not only state and municipal institutions, but also of youth organisations.

In 2004, proposals concerning the amendments of the Law on Youth Policy Framework were submitted. It is expected that these amendments to the Law, having clearly defined functions of separate institutions and having legally determined the legal form of the Council for Youth Affairs, would help to solve the most serious youth issues more effectively and rationally. According to the prepared Draft Law amending the Law on Youth Policy Framework, the Youth Affairs Department under the Ministry of Social Security and Labour of the Republic of Lithuania shall implement national youth policy. An advisory body will also be established – the Council for Youth Affairs which will be formed of delegates of state institutions and youth organisations.
4.4. SOCIAL SERVICES

The leading principle in the system of social support is the principle of decentralisation. This principle is exceptionally relevant for the management of social services – no one else can be better familiar with social problems of its members than the community itself and be ready to provide the necessary support in time. Therefore, primary responsibility in organising and rendering social services lies with municipalities.

In 2004, social services were further developed increasing the number of institutions, recipients of services and social workers. Improvement and drafting of new legislation was continued, as well as the implementation of programmes related to the development of social services and upgrading skills of social workers.

According to the data of the Department of Statistics in 2004 about 17,8 thousand recipients of social services were at stationary social care institutions, 3,5 thousand – at houses of temporary accommodation, 9,6 thousand received home help services, 56,2 thousand – at day care establishments (in total – 87,1 thousand). Division of recipients according to the type of social services provided is shown in Figure 4.4.–1.

In addition, about 144 thousand inhabitants were provided with other communal social services organised by municipalities – free meals, provision with the most necessary things, organised services for personal hygiene and transport, provision of technical assistance and etc.

In 2004, social services were provided by almost 6,5 thousand social workers. Under the jurisdiction of counties, about 2,2 thousand of social workers are employed, at municipalities and NGOs – approximately 4,0 thousand social workers, and about 0,3 thousand individuals involved in social work activities are employed at health care institutions, educational establishments and law enforcement institutions.

4.4.1. THE DEVELOPMENT OF SOCIAL SERVICES

Social services for elderly people

Elderly people, who make about one fifth of our society, are the main users of social services. In 2004, the services for elderly people at the stationary social care institutions were provided

![Figure 4.4.–1](image-url)
in 95 homes for elderly people of various types (state owned, municipal, or parish). By the end of the year 4.8 thousand inhabitants lived in such homes. Almost the same number of elderly people (4.3 thousand) received services at home. About 1.1 thousand people are placed into social care institutions per year. Almost half of them are single persons without children or family.

The number of social care institutions for the elderly within the competence of counties is not changing for several years, but the number of municipal social care institutions for senior persons is increasing. In 1991, there were only 3 municipal social care institutions and in 2004 the number has increased to 55. At present, stationary care services for elderly people are provided in 56 municipalities and there is place for 14 individuals at social care institutions for the elderly per 10 thousand inhabitants in Lithuania (in 1990 – only for 6).

### Stationary Care Institutions for Old Persons (by the end of the year)

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<tr>
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<th>2003</th>
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<tr>
<td><strong>Stationary care institutions for old persons, in total</strong></td>
<td>94</td>
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<tr>
<td><strong>No of inmates</strong></td>
<td>4761</td>
<td>4780</td>
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<tr>
<td><strong>County care institutions</strong></td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td><strong>No of inmates</strong></td>
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<tr>
<td><strong>Municipal care institutions</strong></td>
<td>54</td>
<td>55</td>
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<tr>
<td><strong>No of inmates</strong></td>
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<tr>
<td><strong>Other social care establishments¹</strong></td>
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</tr>
<tr>
<td><strong>No of inmates</strong></td>
<td>333</td>
<td>326</td>
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<tr>
<td><strong>Non-governmental care institutions</strong></td>
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<td>30</td>
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<tr>
<td><strong>No of inmates</strong></td>
<td>723</td>
<td>738</td>
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Data of the Department of Statistics at the Government of the Republic of Lithuania

Table 4.1.1.

¹Veisiejų pension, care home „Tremitinių namai“ (Home for the exiles), Centre of Gerontology and Rehabilitation

Social services are especially needed in rural areas, as almost one quarter of rural inhabitants (24 per cent) are 60 and senior. It must be admitted that social services are easier accessible to urban dwellers: rural inhabitants make only one third among the recipients of general social services, and less than half among the recipients of services at home.

There are quite a few municipalities, where the issues of the elderly are addressed in creating alternative institutions of social services – day care centres, community centres or centres of social services at stationary social care institutions providing non-institutional social services. 36 community centres and day care centres for elderly people functioned in Lithuania in 2004.

Day care centres make it possible to improve the quality of life for senior people creating conditions for communication and addressing urgent issues in helping themselves and each other.

### Social services for disabled people

The number of people with mental illnesses has been increasing in recent years leading to the increased demand in social services for this group of persons. According to the data of the Department of Statistics, disability resulting in mental and behaviour disorders was recognised to almost 3 thousand people, i.e. by 15 per cent more than in 2002, and the number of children with mental and behaviour disorders during this period almost doubled. The number of
The number of children deprived of parental care in 2004 reached 3.3 thousand, including 41 per cent under 7 years of age. 1.4 thousand of children (42 per cent) were directed to family-type foster homes for guardianship. About three quarters of them were taken for guardianship by close relatives. Day care services for the disabled children and adults were provided by 59 day care (occupational, educational) centres.

3 care institutions under the jurisdiction of counties for children and young persons with mental disabilities provided 675 of recipients by the end of 2004, and one municipal institution (The Vilnius Children Pension) cared 57 children.

Social services to individuals of risk groups
Services to individuals without permanent place of residence or those, who cannot temporary make use of it, are provided at the institutions of temporary accommodation: shelters, crisis centres, and etc. By the end of 2004, about 1200 persons stayed at 22 shelters and 15 crisis centres. 3.5 thousand people stayed in temporary institutions during the year 2004. Moreover, about 300 beds were available at shelters, where approximately 100 individuals found shelter for at least one night.

Services at home are also rendered to individuals of risk groups and their families. In 2004, such services were provided to almost 730 persons or families.

Social services for children
In 2004, social services for orphans and children deprived of parental care were provided in 230 child care institutions of different jurisdiction: infant homes, boarding schools of general education and special training centres, childcare homes under the jurisdiction of counties and municipalities, families, pre-school educational childcare groups, and etc. In total, care at such institutions was provided to 7.6 thousand children.

The number of children deprived of parental care in 2004 reached 3.3 thousand, including 41 per cent under 7 years of age. 1.4 thousand of children (42 per cent) were directed to family-type foster homes for guardianship. About three quarters of them were taken for guardianship by close relatives. According to the data of the Ministry of Social Security and Labour by the end of 2004 there were 14.5 thousand neglected children, 55 per cent of them were under guardianship in families, 2 per cent in family-type foster homes, and 43 per cent at various child care establishments. 8.0 thousand of children were under guardianship in families by the end of 2004.

The improvement of social work with social risk groups within the period of the last three years allowed to decrease the number of such families to 1.8 thousand (by 10 per cent) and to 5.9 thousand of children (by 14 per cent) in them. According to the data of the Ministry of Social Security and Labour, 16.9 thousand families at social risk with 36.9 thousand children in them were registered by the end of 2004 in the records of the Agencies for the protection of children’s rights.

More detailed information on child care issues see in chapter 4.2.

Non-governmental organisations
There are about 1500 non-governmental organisations (NGOs) in Lithuania: 43.5 per cent in the sphere of education, 31.1 per cent in the sphere of providing social services, and 25.4 per cent in representing the interests of the population. In 2004, the following NGOs were established by the institutions providing social services: 30 care homes for the elderly (with 738 recipients), 12 children care homes (with 385 children), 18 long-term social rehabilitation establishments for drug addicts (for 270 persons) – [note: data of the Drug Control Department]. Moreover, there were about 100 day care centres established by NGOs (where social services were provided to almost 7.4 thousand of children), and almost every
municipality has established one or more day care centres providing services to the disabled.

**4.4.2. POLICY CHANGES IN THE SPHERE OF SOCIAL SERVICES**

The demand for social services is tending upward. The growth of the demand is conditioned by socio-demographic tendencies: increasing numbers of social risk families and children in them, increasing numbers of individuals with disabilities, and ageing of the society. The network of social services is not adequately developed.

The system of social services is currently oriented towards the governmental (municipality) passive support and does not motivate individuals to look for self-help measures. No quality criteria are set for services yet; quality control is actually non-existing. The legislation is lacking behind the needs and tendencies of today. Aiming at clear regulation of the management, provision and granting of social services, as well as the determination of the municipal and state responsibilities targeted at matching the services to the corresponding requirements, defining the procedure for monitoring of social services, legislation shall be revised and improved on a continuous basis, including the drafting of new legal acts.

**4.4.2.1. Legal Acts and Drafts**

**Methodology for the assessment of the individual demand for social services**

The outline for the procedure and principles in defining the individual demand for social services was approved by the Order of the minister of Social Security and Labour\(^1\). The outline describes major criteria in defining the individual demand for social services, the procedure for the assessment of individual physical and social independence, living conditions and the support by family members, as well as recommendations on social services. The outline shall be applied in defining the individual demand for social services for persons, who addressed for social services organised by municipalities or the state, and funded from the State or municipal budgets.

The demand for social services to individuals shall be defined by the assessment of the independence level of a person in question, taking into consideration the sphere of individual needs, and the social group to which the person is attributed, filling in the Assessment form of individual needs for social services, attached in Annex to the Outline. The individual needs for social services shall be defined by a municipal (communal) social worker in the place of residence of the person in question, and the decision on awarding social services shall be taken by the municipality administration. In such cases, when a person is receiving social services at home or at the institution of social services, the need for social services shall be assessed by the social worker of the institution providing social services, or the social worker of the office organising the help at home. The outline also defines the duties and responsibilities of individuals willing to receive social services, dispute settlement procedure, and protection of personal information.

It is expected that the application of this Outline will enable people to receive social services answering their needs in the best possible way.

When restructuring the system of social services, it is planned to relate as much as possible the assessment of the individual (family) demand for social services and the administration of social services to the measures of social support in cash, the protection of children's rights, employment, the provision of social (municipal) housing, special and technical support, health care, education and training.

**The Draft Law on Social Services**

A new draft Law on Social Services has been recently prepared.

The draft law defines the basic outline for the organisation and management of social services, terms and conditions for providing, awarding and receiving social services, fundamental principles on monitoring, financing and remuneration for social services.

Adoption of the new Law on Social Services envisages the extension of the groups of individuals

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entitled to social services, the determination of a more detailed and objective assessment procedure for the individual needs for social services, the specification of functions of municipal and county administrations, the itemization of funding sources for social services and the identification of new forms of financing; gradual refusal of direct financing from the State budget of the institutions under the jurisdiction of counties and proceeding to granting State subsidies to municipalities for organising the provision of respective social services; the establishment of similar requirements for providers of social services irrespective of their subordination, creating equal opportunities for competing on the market of social services and providing possibilities for profit making subjects to render social services with regard to the principle of solidarity; introduction of differential remuneration for social services taking into consideration individual capacity of covering the costs for services, leaving the possibility for the poorest individuals to receive social services free of charge, and encouraging persons capable of paying for the services to cover the greater part of costs for social services delivered by the municipality or invite them to use social services provided by private subjects; and the determination of a solid system for licensing institutions providing social services and the standard system of social care and guardianship.

When restructuring the system of social services, it is planned to relate as much as possible the assessment of the individual (family) demand for social services and the administration of social services to the measures of social support in cash, the protection of children’s rights, employment, provision of social (municipal) housing, special and technical support, health care, education and training.

Draft of standard norms on quality of social care

The development of standard norms on quality of social services started from setting the standard norms on social care for children. The draft of standard norms for social care of children was prepared in 2004 during the implementation of the activities under Component IV “To work out national standard norms and to develop a solid monitoring system” under the project on the Development of Social Policy and Community Social Services in Lithuania (financed by SIDA – Swedish agency for international development) Trust Fund means.

Specialists from MSSL, the Ministry of Education and Science, representatives of the department for supervision and audit of social institutions, scientists, providers of services-practitioners and foreign experts participated in the development of standard norms on social care for children.

In 2004, draft standard norms for day care, long-term guardianship, care in families and family foster care homes were prepared for further application in favour of children deprived of parental care, as well as children with disabilities or at risk. Accordingly, the following major spheres are regulated: granting of the service and planning; the staff; environment and housing; management and administration; security of the need for the development of a child; creating family home environment (welfare for a child).

During the implementation of the Project, training was organised with participation of some managers of the state and municipal child care institutions as well as the members of the working group involved in defining the standard norms. The training was held for 7 days and carried out in stages for about 25 participants. The participants studied the nature of standard norms for social care of children and the importance of quality of social services, principles for applying the requirements in stages, for defining and applying the set criteria. The participants of the training acquired knowledge on how to apply standard norms in social care related to the future control system of set requirements.

The development of the monitoring system – the next stage in the implementation of the standard norms in social care, aiming to ensure that standard norms are not just applied, but are also realistic, measurable and adaptable to different types and sorts of social services.

Aiming at disseminating the information and practical examination of the functioning of the draft standard norms on social care for children, a pilot project on the application of standard norms at child care institutions is planned for 2005 on the territory of one county (preliminary – in Šiauliai county).
The development of the quality control of services is inseparable from the provision of methodology to the providers of support services. Provisions of the draft standard norms not only reflect the qualitative side of the delivery of services, but also guarantee children's rights. This is related to new forms of work in rendering services, application of which strengthens the ties with the family or persons close to the child and the community. Therefore, in the first stage of application of the standard norms it is important to ensure that structures performing monitoring should concentrate up to 75 per cent of their functions in giving methodical advice and support to the providers of services. This process could be assessed as the preparatory stage for the introduction of the system of licensing, which is expected to start functioning from the year of 2010 and will be applied for all social care institutions rendering social services to children irrespective of their jurisdiction.

Drafting of standard norms on social care for the elderly started in 2004. Preparation of the requirements (norms) on the quality of social services covering all groups of recipients of social services is anticipated for 2007.

Announcement of the Day of Social Workers

The 27th of September in 2004 was for the first time officially commemorated as the Day of Social Workers. The Day of Social Workers is officially legitimized in the Law of the Republic of Lithuania on the Amendments of Article 1 of Law on Commemorative Days. The proposal for this amendment was submitted by the Ministry of Social Security and Labour taking into consideration the request from the Association of Social Workers. The date of the 27th of September was chosen not accidentally for the commemoration of the day of social workers. This is the day of St. Vincent of Paul. St. Vincent of Paul (1581 – 1660) was a French priest, preacher and the founder of monkshoods. He is considered to be the protector of all charity organisations and the initiator of social movement. In 1737, St. Vincent of Paul was canonized. Upon the initiative of the Lithuanian Association of Social Workers, the 27th of September was recognised as the day of professional day of social workers.

This event has been celebrated by almost 5000 practising social workers. Every year the number of social workers is increasing together with the improvement of professional skills and the quality of provided social services amplifying the significance of social workers in addressing social issues in the society. We hope that the announcement of the Day of Social Workers will advantage the improvement of the status of the profession of social workers and will attract more attention of the society to the importance of social work and its professional experts in addressing the social issues of the country and improving welfare of all the members of the society.

4.4.2.2. Programmes and Projects

Attestation of social workers and upgrading of skills

Implementing the Programme on Initial Attestation of Social Workers for practising social workers without special education in social work, training courses for upgrading skills were organised in the period of 1999 – 2004 awarding the qualification of a skilled social worker. Training according to this programme was attended by nearly 43 thousand persons involved in social work and respective qualification was awarded to almost 5.0 thousand practising social workers.

In 2004, the Programme on Initial Attestation of Social Workers was finished. (More detailed information about social workers assessed under this programme in 1999 – 2004 and the acquired level of qualification is provided in the Social Report of 2003).

The assessment of social workers is planned to be continued in 2005.

Methodical Centres

Implementing the Project on Methodical Centres for Social Work, 12 advanced institutions and organisations of social services were selected to become Methodical Centres of social work. It was planned that such Methodical Centres apart from their direct functions will also perform functions of practical training, implementation of innovations, probation and dissemination of good

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practice experience to other institutions involved in similar activities.

In January – March 2004, the experts from Stockholm University trained 3 specialists from each methodical centre (36 persons in total) to work as trainers at these centres. The trained trainers of the Methodical Centres will organise training within their competence to upgrade the skills of specialists developing social work in various institutions of Lithuania.

Methodical Centres of social work started functioning in October 2004. The main task of Methodical Centres is to provide qualified support to social workers employed at the existing social care institutions in order to enable them to share the experience with their colleagues from newly established institutions, to practice the acquired experience in reaching high quality provision of social services.

In 2004, following the curricula approved by the Ministry of Social Security and Labour training was organised at 11 Methodical Centres of social work for 510 employees of various institutions providing social services.

Since the activities of Methodical Centres were aimed at providing support and sharing of experience with social workers, the major part of trained participants at Methodical Centres were social workers (49 per cent) and their assistants (10 per cent). Social pedagogues working at agencies for the protection of children’s rights (5 per cent) are also very closely related to the nature of social work, as well as workers providing attendance care services (2 per cent).

Seeking to evaluate the opinion of staff on the activities of Methodical Centres and the usefulness of the material provided in assessing further needs for upgrading skills at Methodical Centres, the participants were asked to fill in a questionnaire on the evaluation of the training. 463 employees (90 per cent of the total number of participants) filled in the questionnaire.

Participants of the training at Methodical Centres emphasised that the training subject was new and delivered in an interesting way, based on practical observations and surveys. Handouts were relevant and useful. Participants were given the opportunity to discuss urgent issues and share their successful experience.

Support to services providing psychological assistance by phone

The Ministry of Social Security and Labour participates in the implementation of measures under the Programme on Suicide Prevention for 2003 – 2005 by covering the costs of population

### Participants of the Training

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% Directors and their deputies</td>
<td></td>
</tr>
<tr>
<td>4% Specialists</td>
<td></td>
</tr>
<tr>
<td>10% Assistants to social workers</td>
<td></td>
</tr>
<tr>
<td>1% Specialists in technologies, etc.</td>
<td></td>
</tr>
<tr>
<td>2% Attendance care workers</td>
<td></td>
</tr>
<tr>
<td>5% Social pedagogue</td>
<td></td>
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<tr>
<td>1% Teachers/tutors</td>
<td></td>
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<tr>
<td>1% Others</td>
<td></td>
</tr>
<tr>
<td>0% Psychologists</td>
<td></td>
</tr>
<tr>
<td>49% Social workers</td>
<td></td>
</tr>
<tr>
<td>17% na</td>
<td></td>
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</table>

Figure 4.4.2.2–1
telephone calls to psychological service lines from the State budget funds. LTL 190,000 was allocated in 2004 for covering the costs of telephone calls to 11 psychological assistance lines.

Services provided by phone are among the most accessible ways to receive psychological assistance and support in case of a critical situation or intentions to commit suicide. The demand for this type of assistance is proved by increasing numbers of calls to the relevant services.

Since 2004, a possibility to call the effectively functioning lines from mobile network is being gradually provided. This also influences the increase in the number of calls to the service lines.

Aiming at strengthening the activities of such lines providing quality services and setting the fixed source of partial funding for covering the administration costs, the Ministry initiated the amendment to the resolution of the Government of the Republic of Lithuania\(^1\), which enabled not only to cover the incoming telephone calls from individuals, but also to allocate funds for partial reimbursement of administrative costs of the services (funding of wages for coordinators and consultants, dissemination of information, remuneration of costs to volunteers in relation to performance of volunteer activities).

8 lines were functioning by the end of 2004 linking 17 telephone services providing psychological assistance to the population by phone: the line for Children, the line for Young Persons, the line for School Students, the line for Russian Speakers, the line of Hope, 2 professional psychological assistance lines by phone, the line of psychological assistance for Women.

**Social Services Infrastructure Development Programme**

With the view to further developing the advanced forms of social services in the community and establishing the network of social services in counties and municipalities targeted to ensure the provision of social services to the most vulnerable groups of individuals, the Ministry of Social Security and Labour following the Resolution of the Government of the Republic of Lithuania\(^2\) in 2004 organised a new tender for the selection of projects intending to implement the Social Services Infrastructure Development Programme (hereinafter referred to as the Programme).

In total 141 development project was submitted to the tender by institutions of social services. The total requested amount from the Programme budget of 2004 reached LTL 11,830,000. For the implementation of the Programme, the State budget allocated LTL 1,600,000.

Implementing the Social Services Infrastructure Development Programme in 2004, the highest priority was given to the projects aimed at the development of institutions providing multiple social services to the community covering different social groups of the inhabitants. Other priorities were given to projects aimed at the development of day care and temporary accommodation institutions.

18 best projects for the development of institutions providing social services were selected from the projects submitted to the 2004 tender of the Programme. The selected projects were implemented in 15 municipalities: 3 were aimed at social risk families and children, 1 – at social risk adults, and 11 – at the development of multiple social services. The implementation of these development projects at institutions of social services helped them to increase the provision of services up to approximately 990 clients per month and to create 83 new jobs.

Social services shall be further developed aiming to ensure the efficiency and quality of social services, creating legal, administrative and financial preconditions for organising and delivering social services answering urgent needs of individuals and stimulating themselves for looking of self-help measures. Hopefully, active involvement of NGOs, volunteers and private suppliers into the process of the delivery of social services, and the dissemination of good practice by the providers of social services in municipalities will help to develop the infrastructure of high quality social services answering the demands of the recipients.

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\(^2\) The Republic of Lithuania Government Resolution of 18 September 2003 No1178 „Concerning the Approval of the 2004 – 2006 Social Services Infrastructure Development Programme“. 
4. 5. SOCIAL INTEGRATION OF THE DISABLED

A model of social integration of the disabled based on the perception of the conflict between an individual and the environment becomes more and more anchored nowadays, leading to the prevailing opinion that treatment and rehabilitation, though being very important as such, make only a small part of the needs of the disabled persons. Further integration into society highly depends on changing and adapting to the environment, on creating flexible conditions for independent life. Old methods, based on sympathy for the disabled and understanding of their incapacity, are no longer acceptable. At present other actions are initiated, starting with the rehabilitation of the disabled, leading to their successful integration into society, and finishing with global philosophy, aimed at changing the community in such a way that it would be capable of involving all its members, including the disabled.

Considerable attention in the model of social integration is paid to the legal basis oriented towards avoiding discrimination of the disabled because of their special needs.

In this chapter you will find the description of major indicators characterizing disability, social integration programmes currently implemented within the sphere of social integration of the disabled, the build-up and development of legal basis regulating the process of social integration of the disabled, and scientific studies.

Major indicators characterizing disability

Each year the Ministry of Social Security and Labour collects and files information on disabled persons. According to the data available at the Ministry of Social Security and Labour, in 2004 there were 243548 individuals in Lithuania receiving disability pensions and about 2 thousand persons, who were not entitled to any disability pensions, i.e. approximately 7 per cent of the total population of the country.

The number of the disabled in our country is similar to the figures of the United Nations Organisation, stating that people with disabilities amount to 10 per cent of the total population in the world. It can be seen in Figure 4.5.–1, the largest group of the disabled are individuals with recognised disability group II – 144687 persons, accounting for as much as 59 per cent of the total number of the disabled. Persons with most severe – with disability group I - make about 13 per cent of the total number of the disabled, and these are persons who are not capable of taking care of their private, social or public life, because of illness or
other health disorders, and who are in constant need of assistance, nursing or care provided by others. In 2004, the number of individuals with group III disability was 50038 or 21 per cent of the total number of the disabled. The number of handicapped children under 18 was 16121 or 7 per cent.

The process of ageing society has a significant impact on the growth of the number of the disabled – the increasing numbers of elderly persons lead to the increase of their comparative share in the total number of the disabled. According to the data of the Ministry of Social Security and Labour, 36 per cent of the total number of disabled persons is actually individuals in the age of retirement. Persons of employable age with recognised disability group totalled to about 57 per cent, handicapped children – to about 7 per cent of the total number of the disabled.

In most cases, children are recognised disabled because of nervous system and sensory organs disorders (in 2004, children recognised disabled for the first time made up 25 per cent). The number of children with inborn abnormalities has decreased. In 2004, this number decreased by 14 per cent in comparison with 2003. However, the number of children with mental illnesses and behaviour disorders doubled, if compared to 2003. The most common reason for recognising disability to elderly people is circulatory failure (29 per cent in 2004) and skeleton muscular system disorders (19 per cent), and also cancer (13 per cent).

Social guarantees for the disabled could be divided into two main groups – benefits in cash and social services. The pension scheme, social pensions, various reimbursements and privileges were directly related to the assessment of disability. Since medical factor dominates in the assessment of disability, the amount of the pension and the entitlement to other types of support is related to the disability group.

Social security measures in cash are partly meant to compensate for income lost because of incapacity. The legislation of the Republic of Lithuania provides for the state social insurance disability pension, the social pension, as well as certain privileges, remunerations and benefits.

Disabled persons with recognised disability group are entitled to disability pension paid to individuals insured by national social insurance at the expense of the State Social Insurance Fund (hereinafter SODRA). Individuals who are not insured with national social insurance receive social pensions and benefits paid from the State budget. As it is indicated in Figure 4.5.–2, variation of the number of persons receiving social disability pensions is insignificant and in comparison to 2001 increased by 3252 making 35014 in total. It could be explained by the provisions in the amendments to the Law of the Republic of Lithuania on Social Integration of the Disabled, enforced from 1 April 2004 concerning the assessment of disability for children till the age of 18 instead of 16. However, the same cannot be referred to individuals receiving SODRA disability pensions – this number slightly increases every year, and in comparison with the data of 2001, the number of such persons in 2004 was higher by almost 13 per cent and amounted to 207327. The increasing numbers in this category of persons was also influenced by a high unemployment rate, demanding requirements on the labour market, extension of the retirement age and also the adoption of the new Law on Social Integration of the Disabled, providing that the disability level for individuals in the retirement age shall not be assessed. Therefore, persons close to the retirement age were striving for being awarded certain privileges and social guarantees, attempting to undergo disability assessment test before the enforcement of the new Law. More detailed information on the new Law is provided in other sections of this chapter.

**Main programmes in the sphere of social integration of the disabled in 2004**

**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, occupational 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. The programme is carried out by providing technical aids and appliances to the disabled, including repair.

The Centre of Technical Aid for Disabled
Dynamics in the Numbers of Individuals receiving Disability Pensions

![Graph showing the dynamics in the numbers of individuals receiving disability pensions from SODRA and the State budget from 2001 to 2004.]

People under the Ministry of Social Security and Labour (hereinafter – 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 2004, as in every previous year, the procedure for public purchasing of technical aids and appliances was followed and carried out. The State budget allocated LTL 2735 thousand for the implementation of this programme.

In total 2669 units of technical aids costing more than LTL 500 were purchased in 2004, including 338 devices for children (20 stands for children with CP; 32 wooden work chairs; 186 pushcarts; 25 wheel-chairs for children with CP; 12 wheel-chairs with turndown back and head support, and etc.), and 2331 units of technical aids for adults (135 pneumatic anti-bedsore seats; 15 stands; 60 folding baths; 2001 various wheel-charts, and etc.).

21349 technical aids and appliances costing more than LTL 500 were purchased in 2004, including 20989 units of technical equipment for adults (9000 crutches; 2630 various sticks, 1560 walkers, 706 anti-bedsore mattresses, 160 anti-bedsore seats, 1152 toilet chairs, 4680 tips of the sticks, 280 bath benches, and etc.), and 360 units of technical equipment for children (20 toilet chairs, 55 various walkers, 25 chair angles, 30 mattresses for exercising, 10 anti-bedsore mattresses, 5 anti-bedsore seats, 190 rolls for exercises).

Sponsors donated 1142 units of various technical aids and appliances.

Payments for repair services amounted to LTL 256448 and were provided under contracts on repair and individual fitting of technical equipment. In total 2240 units of various technical equipment were repaired and adjusted to individual needs.

14 thousand inhabitants were provided with...
technical aids and appliances in the year 2004, meeting the need for technical equipment up to 67 per cent in total.

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 occupational 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 Šiauliai and Klaipėda started their activities in 2004.

Implementation of Measures under the National Programme of Social Integration of People with Disabilities

In 2004, the Lithuanian Council for the Affairs of the Disabled under the Government of the Republic of Lithuania (hereinafter – the Council), carried out the Programme of Social Integration of People with Disabilities (hereinafter – 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 27201.8 thousand for the implementation of this programme in 2004.

In 2004, the following programmes of social integration of the disabled according to 7 priority components of the programme were funded: rehabilitation (occupational, psychological and social, development of skills for independent living), social services, accessibility of the environment, training, employment, public education, culture, sports, and recreation.

It can be seen in Figure 4.5–3, that in 2004 the biggest attention was given to the issues of employment of the disabled, the provision of social services and the accessibility of the environment.

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 5750 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 24 thousand at the beginning of 2004 to 28.7 thousand at the beginning of 2005. Every seventh disability pensioner was employed in 2004.

According to the data of the Lithuanian Labour Exchange, 9.8 thousand unemployed persons registered with the labour exchange in 2004 were recognised disabled. 2.7 thousand disabled persons found jobs within a year.

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. 250200 disabled persons received social services through the implementation of the funded programmes.

**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 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 occupational rehabilitation. After the implementation of the funded programmes, over 6720 individuals with disabilities received rehabilitation services and restored their independence.

**Training.** The aim of such programmes – to develop training of the disabled children, young persons and adults with special needs, to ensure adaptability of curricula and provision of social services necessary for the training process. For this purpose, two major programmes were funded in 2004 – training of disabled children and young persons with special needs, and informal training of the disabled. 8000 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 diseases, preventive measures, rehabilitation, social services, training, employment, legal issues, etc., reached over 38 thousand disabled persons.

**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 in adaptation of 292 objects, including 243 housing facilities (satisfied 20 per cent of the need for improving housing settings) and 49 objects of public attendance. Over 4000 disabled persons had access to the newly arranged information and communication means.

The New 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 – 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 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.

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 new 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 insuring the quality of life of the disabled.

The Law envisages the introduction of the new assessment system of disability and working capacity level, which will lead to positive changes in different spheres of life of the disabled. 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 occupational 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. Disability and Working Capacity Assessment Authority under the Ministry of Social Security and Labour, which is in charge of taking the decisions, concerning:

- the disability level, the cause and starting time of disability and its duration;
- the working capacity level, the cause, time and duration;
- the need for occupational 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 assessment of general primary 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, which do not require vocational qualification, after all other possibilities of medical and occupational 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 per cent working capacity, he is considered incapable of work;
- if an individual is assessed to be of 30 - 55 per cent working capacity, he is considered partly capable of work;
- if an individual is assessed to be of 60 – 100
per cent 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 occupational rehabilitation programme. Having received the conclusion of the Authority confirming the need for occupational 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 occupational rehabilitation for the person and issue a reference to the institution providing occupational rehabilitation services. Here an individual occupational rehabilitation programme shall be tailored and the scheduled services provided. When the occupational 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 occupational 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, which was established for this particular purpose and which starts the activities from 1 July 2005. The Commission of Disputes is an independent institution in charge of investigating appeals, concerning the assessment of disability and working capacity level, and ensuring independent and high quality system of appeals’ investigation. The Commission of Disputes shall be accountable to the Ministry of Social Security and Labour. It will be an efficient and effectively functioning system.

With the view to ensuring better satisfaction of special needs of the disabled, the new Law systematizes 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).

An individual willing to undergo the assessment test for estimating the level of special needs shall have to submit an application to the corresponding municipality office, which is in charge of assessing and answering special needs in the place of his residence. Municipality officials shall estimate the level of special needs and issue the decision with a list of special assistance measures, which shall be provided and individually adapted in the order of priority by the municipality.

It is very important, that the provisions of the new Law retain the rights and guarantees for the disabled, who were recognised as such before the enforcement of the new Law. This Law and other related legislation shall not downgrade the material and social status of the disabled, who were recognised disabled according to the previous procedure prior to the enforcement of the new Law.

PHARE project – Institutional development in the sphere of disability pensions

In 2004, the EU PHARE project – Institutional Development in the Sphere of Disability pensions – was carried out at the Ministry of Social Security and Labour. The aim of the project was to prepare proposals concerning by-laws related to the assessment of disability and working capacity level, special needs, occupational rehabilitation, resolutions on revision of disability pensions during the period of transition, the establishment of the Dispute Commission and the investigation procedure.

Taking into consideration the recommendations given by PHARE experts...
corresponding by-laws regulating the assessment of working capacity and disability level, the need for occupational rehabilitation and the estimation of special needs of the disabled were drafted.

Training needs analysis was carried out and training of specialists working in the sphere of social integration of the disabled was organised. The greatest attention during the training was given to the following three spheres: the assessment of working capacity, the training of the Lithuanian Labour Exchange staff, and the training in change management issues.

Some staff members from the Lithuanian Labour Exchange were trained to implement the new Law on Social Integration of the Disabled. This training also included the strengthening of skills of trainers so that they were able to train other staff members of the Lithuanian Labour Exchange.

Training in the assessment of working capacity level took place in August – September 2004. Employees from the Ministry of Social Security and Labour, the State Commission of Medical Expert Examination, Vilnius University and State Social Insurance Fund Board participated in the training, and the pilot project of assessing working capacity level, where they were trained how to perform the assessment of working capacity level and how to transfer the knowledge and skills to other colleagues. 8 persons in total completed the training course.

In September-October 2004, a pilot assessment of working capacity level was carried out. Working capacity level of 50 individuals was assessed following the new methodology prepared according to the recommendations of PHARE experts.

In September 2004, PHARE experts also organised training courses on change management issues for employees from the Ministry of Social Security and Labour and the State Commission of Medical Expert Examination, who participated in the preparations for the implementation of the new Law.

During the course of the implementation of this project, comprehensive manuals and training methodology from three training rounds were prepared.

Public information and education
Preparing for the implementation of the newly adopted Law of the Republic of Lithuania on Social Integration of the Disabled, the Ministry of Social Security and Labour organised a series of presentations at seminars and conferences on changes in the system of social integration of the disabled. Seminars for groups of disabled persons were organised jointly with the Lithuanian Council for the Affairs of Disabled. Other seminars on strategic planning were targeted for the heads and specialists of institutions and employees at municipality offices.

Presentations of the Law on Social Integration of the Disabled were organised in all counties with participation of municipality employees and NGO representatives. Separate seminars were held for NGOs dealing with disabled persons.

The Ministry of Social Security and Labour organised initial training for all employees at the State Commission of Medical Expert Examination on the assessment of working capacity and disability level. Officials from the Ministry of Health also participated in the training and delivered presentations.

In November 2004 a tele-conference was held at Kaunas University of Technologies (Kaunas – Klaipėda – Vilnius), where the new Law was introduced together with by-laws – the Procedure and Criteria for the Assessment of Working Capacity Level, the Procedure and Criteria for the Assessment of the Disability Level, the main aspects of estimating and answering the special needs of the disabled. General practitioners from health care institutions took part in the conference as well.

Aiming at informing the public at large, the Ministry of Social Security and Labour performed the following activities: organised public awareness raising campaigns with the view to introducing the new Law to the public and the media, published information leaflet, prepared and published information bulletin for internal sub-offices of institutions participating in the reform, made an explicable video-film. This film was for the first time publicly demonstrated on 21 September 2004 during the seminar at municipalities.

The Internet website of the Ministry has a page called “INTAKAS”, where the latest information on the reform can be found.

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 muscular system, cancer, traumas and mental disorders may be prioritized.


For the implementation of the programme on Provision of Technical Aids and Appliances to the Population, the Government has allocated LTL 2735 thousand from the State budget. 14 thousand inhabitants were provided with technical aids within the year 2004. The need for technical aids was satisfied by 67 per cent.

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 Šiauliai and Klaipėda in 2004.

In 2004, Lithuanian Council for the Affairs of the Disabled under the Government of the Republic of Lithuania (hereinafter – the Council) implemented a Programme of Social Integration of Individuals with Disabilities (hereinafter – the Programme), 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 27201.8 thousand in 2004. In the year 2004, considerable attention was paid to the spheres of the employment of the disabled, the provision of social services to the disabled and the adaptability of the environment.

A relevant legal basis regulating the rights of the disabled has been created in Lithuania corresponding to the economic possibilities of the state and pursuing to ensure the needs of people with disabilities.

The Law of the Republic of Lithuania on Social Integration of the Disabled (hereinafter - the Law) was adopted by the Seimas of the Republic of Lithuania on 11 May 2004 and came into effect as of 1 July 2005. The main goal of this Law is to ensure equal rights and opportunities for the disabled individuals in the society, to define principles of social integration of the disabled, to determine the system of social integration, the preconditions and terms, and the institutions in charge of the implementation of social integration of the disabled, the procedure for 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.

In 2004, the Ministry of Social Security and Labour carried out the EU PHARE project on Institutional Development in the Sphere of Disability pensions. The goal of this project was to prepare proposals concerning by-laws related to the assessment of working capacity and disability level, the identification of special needs, vocational rehabilitation, the decisions regarding the revision of disability pensions during the period of transition, establishment of the Commission of Disputes and the procedure for resolution of disputes.

Taking into consideration the recommendations, submitted by PHARE experts the abovementioned by-laws were drafted for regulation of the assessment of working capacity and disability level, the methodology for the identification of the need for occupational rehabilitation and estimation of special needs.
4.6. SOCIAL POLICY ON VICTIMS AND SOCIAL RISK GROUPS

Social policy on victims and social risk groups involves the implementation of 4 programmes for the integration of political prisoners and the exiles, and social risk groups into society, and the improvement of legislation concerning social assistance to victims and social risk groups. The programmes are as follows:

1. Programme on Return of Political Prisoners and the Exiles and their Family Members to Lithuania for 2002 – 2007;
2. Programme on Social Adaptation of Convicts and Ex-prisoners for 2004 – 2007;

Support and assistance to victims and social risk groups was continuously improved during the period of 2003 – 2004. A review on the improvement of legislation regulating this sphere of life is given below indicating the achievements and further development guidelines of each programme under implementation.

4.6.1. IMPROVEMENT OF LEGISLATION CONCERNING THE SUPPORT AND ASSISTANCE TO VICTIMS


Pursuing to resume remunerations to individuals mutilated in the soviet army and to the families of persons perished in this army, as provided in the Law On Social Assistance to Conscripts Mutilated in Performing Military Service in the Soviet Army and to Families of Persons Perished in this Army (22 July 1945 – 31 December 1991), a Draft Resolution of the Government of the Republic of Lithuania was prepared for the implementation of this Law On Approval of the Description of the Procedure for Payments of Lump-sum Reimbursements to Conscripts Mutilated in Performing Military Service in the Soviet Army and to Families of Persons Perished in this Army (approved in the Resolution No. 1004 of 19 August 2004).


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1 Law No. I-576 of the Republic of Lithuania of 20 July 1994
and Subsequent Incidents.

Also, a draft Law supplementing Article 7 of the Law of the Republic of Lithuania on the Legal Status of Individuals who Suffered Losses or Damage due to Occupations of 1939 – 1990, suggesting the determination of the definition of participants of the process of eliminating the fatal consequences of the accident at Chernobyl nuclear power plant. The legal status of an individual who suffered losses or damage after the adoption of the supplemented Law could be granted to all participants, thus addressing the issue of uniform certificates and simplifying the keeping of records. After the adoption of the amended Law, uniform certificates could be issued by the Genocide and Resistance Research Centre of Lithuania to all participants and all other victims of occupations.

In 2004, state support to mutilated volunteer soldiers, to families of perished volunteer soldiers and fighters for freedom in the 1940 – 1990 fights of resistance against occupations was further provided, and funeral grants awarded in the case of a death of a volunteer soldier. The amount of LTL 5,020,000 was paid in 2004, providing assistance to 406 families. In 2003, these allocations amounted to LTL 6,930,000 and were granted to 560 families.

4.6.2. THE DEVELOPMENT AND IMPLEMENTATION OF PROGRAMMES FOR VICTIMS AND SOCIAL RISK GROUPS

4.6.2.1. Programme on Return of Political Prisoners and the Exiles and their Family Members to Lithuania for 2002 – 2007


According to the provisions of the abovementioned Resolution of the Government of the Republic of Lithuania applicable before the beginning of 2004, municipalities were in charge of receiving the applications from persons returning to Lithuania concerning their enrolment on the waiting list for housing facilities on the basis of a lease before 31 December 2002. However, the applications were not accepted from about 50 persons, who failed to meet the deadline and addressed municipalities and the ministry in the period of 2002 – 2003. The reason for this delay was that the persons willing to return to Lithuania lived in remote places of former Soviet Union (Vorkuta, Magadan, Kazakhstan, Igarka, etc.), where the information on possibilities of returning and receiving this support from the state is hardly accessible. Therefore, the Ministry initiated respective changes and supplements to the Resolution No. 320 of the Government of the Republic of Lithuania of 5 March 2002. The Government accepted the proposals of the Ministry and approved the amendments to the abovementioned Resolution by adopting Resolution No. 207 of 23 February 2004. This Resolution extended the deadline for accepting the applications till 31 December 2005. The Resolution was also supplemented with the provision stating that the returning children of the exiles registered on the waiting list at municipalities for the acquisition of housing facilities on the basis of lease before the enforcement of the amended Resolution shall not be requested to submit certificates on the status of an exile issued by the Genocide and Resistance Research Centre of Lithuania to the victims of occupations for the award of the state support. This will help to avoid misunderstandings should municipalities refuse to rent housing facilities to persons entered on the waiting list according to the previous procedure (referring to Resolution No. 1294 of the Government of the republic of Lithuania of 27 November 1997 on the Provision of Housing Facilities for Rehabilitated Political Prisoners and the Exiles Returning to Lithuania where such certificates were not requested).

It is anticipated that the implementation of the provisions of the Resolution will not exceed the budget allocated for the implementation of the 2002 – 2007 Programme on Return of Political Prisoners and the Exiles and their Family Members
to Lithuania, as some individuals who have earlier entered on the waiting list for renting housing facilities have not returned due to the change of circumstances – their marriage, a better paid job, and etc., and also due to passing away.

In 2004, housing facilities were provided to 20 returning families (see Figure 4.6.2.1.-1), and social guarantees were ensured addressing the issues of employment and their integration into society. In total LTL 73,350,000 was allocated and used for the acquisition of housing facilities for the returning exiles during the period of 1992 – 2004, including 46,03 million from the State budget funds, and LTL 27,320,000 – a share of the loan from the EC Development Bank. This amount of funds was used to acquire housing facilities for 1572 families of returnees (see Figure 4.6.2.1.- 3). Since 1999, a decrease in funding for purchasing and constructing housing facilities can be traced from 4.6.2.1.- Figure 1, accordingly, the number of the assigned apartments dropped as well, despite the fact that the number of families in need for housing facilities was increasing annually, with the exception of the last 3 years.

746 families of political prisoners and exiles willing to return to Lithuania were registered on the waiting list for the acquisition of housing facilities on 1 February 2005 (see Figure 4.6.2.1.- 2). It can be seen from the Figure that the largest number of families (463) were registered for the housing in the city of Vilnius. According to the existing procedure applications with supportive documents for the enrolment on the waiting list of returning persons can be submitted to municipalities until 31 December 2005. State support for such families in acquiring housing facilities on the basis of lease from municipalities is going to be provided until 31 December 2007.

4.6.2.2. Programme on Social Adaptation of Convicts and Ex-prisoners for 2004 – 2007

In 2004, the Ministry of Social Security and Labour continued the implementation of the Programme on Social Adaptation of Convicts and Ex-prisoners for 2004 – 2007.

According to the data of the Prisons Department at the Ministry of Justice of the republic of Lithuania, 10946 persons were kept at places of imprisonment by the end of 2004. In 2004, the number of sentenced individuals was 555 per 100,000 population. The number of individuals released from imprisonment in 2001 was 4,394, in 2002 – 6,497, in 2003 – 7,748, in 2004 – 4,452. Many persons, who had served their sentence of imprisonment, get imprisoned repeatedly (the number of individuals, who repeatedly offended...
The Use of Funds for Purchasing or Construction of Apartments for the Families of the Exiles in 1992 – 2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of registered families willing to return to Lithuania</th>
<th>Allocated funds</th>
<th>Assigned apartments</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>250</td>
<td>34,150,000 roubles</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>750</td>
<td>310,000,000 coupons</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>850</td>
<td>LTL 3,100,000</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>833</td>
<td>LTL 3,100,000</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>717</td>
<td>LTL 8,600,000</td>
<td>246</td>
<td>A temporary housing station was constructed</td>
</tr>
<tr>
<td>1997</td>
<td>656</td>
<td>LTL 8,120,000 LTL 4,000,000</td>
<td>22479</td>
<td>State budget funds; Care home „Tremitių namai“ was built</td>
</tr>
<tr>
<td></td>
<td></td>
<td>114</td>
<td></td>
<td>Loan from the EC Development Bank</td>
</tr>
<tr>
<td>1998</td>
<td>654</td>
<td>LTL 11,110,000 LTL 9,950,000</td>
<td>113 148</td>
<td>State budget funds; Loan from the EC Development Bank</td>
</tr>
<tr>
<td>1999</td>
<td>710</td>
<td>LTL 2,630,000</td>
<td>88</td>
<td>Means from the Privatisation Fund</td>
</tr>
<tr>
<td>2000</td>
<td>836</td>
<td>LTL 800,000</td>
<td>25</td>
<td>Means from the Privatisation Fund</td>
</tr>
<tr>
<td>2001</td>
<td>954</td>
<td>LTL 3,390,000</td>
<td>78</td>
<td>State budget funds; Loan from the EC Development Bank</td>
</tr>
<tr>
<td>2002</td>
<td>856</td>
<td>LTL 3,850,000</td>
<td>78</td>
<td>State budget funds; Loan from the EC Development Bank</td>
</tr>
<tr>
<td>2003</td>
<td>776</td>
<td>LTL 8,590,000</td>
<td>55</td>
<td>State budget funds; Loan from the EC Development Bank</td>
</tr>
<tr>
<td>2004</td>
<td>746</td>
<td>LTL 940,000</td>
<td>20</td>
<td>State budget funds</td>
</tr>
<tr>
<td></td>
<td>In total</td>
<td>LTL 73,350,000</td>
<td>1572</td>
<td></td>
</tr>
</tbody>
</table>
the law in the period of 2000 – 2002 amounted to 28 per cent). People released from places of imprisonment are concerned how to find a job and in most cases they have neither home where to return, nor means for subsistence. It is obvious that the problem of social adaptation of convicts and ex-prisoners is relevant and acute.

Measures aimed at addressing the issue were taken and an open tender was organised “To support projects of organisations on social integration of convicts and ex-prisoners into the society”. Accordingly, the implementation of 31 projects was supported, allocating LTL 250,000. Contracts on the funding of projects were signed with the Inspectorate of Corrective Actions of Kaunas city and region, with the Inspectorate of Corrective Actions of Panevėžys region, with the Police Commissariats of Kėdainiai and Plungė regions, with the organisation for supervision of released persons on probation, the association “Kris Vilnius” and others. Other measures funded from the State budget were also carried out, such as “To organise psychological and occupational counselling to the convicts including vocational training” (LTL 230,000 used), “To provide vocational training to ex-prisoners”, and “To assist in finding jobs for ex-prisoners” – (78,200 LTL used).

The executors of these projects provided services to 2120 convicts and to 1758 ex-prisoners. About 38 per cent of all the convicts were visited, and almost half of them participated in various events. Psychological assistance was provided to 7 per cent of the convicts. Meals were only provided to the smallest group of beneficiaries – to about 2 per cent of convicts.

During the reporting period, almost 56 per cent of all ex-prisoners participated in the implementation of the abovementioned projects - meals were provided to 29 per cent of them, psychological assistance – to 28 per cent. About 45 per cent of all the ex-prisoners participated in the organised events. Material support was given to 41 per cent of them. Individual contracts were concluded with 4 per cent of the ex-prisoners. Psychological, legal and medical assistance was also provided to the ex-prisoners, as well as mediation services in finding employment, vocational guidance, labour therapy, food, temporary housing, help in restoring relationships with the family, references to labour exchange offices, to target groups for treatment from dependencies, health care, assistance in organising documents, training programmes, and special programmes for developing social, psychological and job search skills. Some individuals were temporary placed into jobs, trained for a profession and participated in summer camps. Training was also provided to the staff.

The implementation of the projects included the organisation of seminars, the delivery of lectures, the publishing of leaflets and the development of one Internet site. Cooperation with other organisations, such as the Association of the Disabled, the Inspectorates of Corrective Actions and the Prisons Department was organised as well.

490 employees, including 41 per cent of volunteers, worked in various organisations and carried out respective activities specified in the projects. When carrying out the activities of the project under the planned measure “To organise psychological and occupational counselling of the convicts including vocational training” LTL 230,000 was used. The Šermukšniai labour market training centre organised vocational training of convicts serving sentence at the Panevėžys corrective institution, where 162 imprisoned women acquired professions, and the amount of LTL 145,000 of the State budget funds was used. With a view to getting the convicts ready for further integration into the society special training programmes were selected as a response to the needs of the labour market.

Psychological and occupational guidance was provided to 203 convicts at Panevėžys corrective institution and Praveniškės medical and corrective institution making use of LTL 55,000 State budget funds. Group sessions were organised under 2 programmes: “Self-study Portraits” and “Correction of Non-adaptive Behaviour”.

The assessment of the advantage of training of convicts was carried out by analyzing the data of survey (LTL 30,000).

Under the planned measures of the project “To provide vocational training to ex-prisoners” and “To assist in finding jobs for ex-prisoners”, the Lithuanian Labour Exchange carried out vocational training of ex-prisoners and mediated in finding employment. 6 local labour exchange offices (of Alytus, Kaunas, Klaipėda, Šiauliai, Panevėžys and Vilnius) referred 81 people to vocational training courses.
In total, the actual expenditures in 2004 amounted to LTL 78,200, including LTL 58,200 for training programmes, LTL 19,100 for training allowances, LTL 0,990 for travelling and accommodation, and LTL 1,800 remained unused and was returned to the State budget.

57 ex-prisoners acquired qualifications and 36 of them (63 per cent) were employed afterwards.

Aiming at enhancing the motivation of the ex-prisoners to study and work, specialists of the labour exchange organised individual and group counselling providing information on the situation in the labour market, the obligations of unemployed persons, and services provided by the labour exchange. For psychological consultations and aptitude test for the chosen profession they were referred to the local labour exchange training and counselling services. Mediators or consultants of labour exchange offices together with the ex-prisoners worked out the employment plans and paid considerable attention to the efficiency of such plans increasing the possibilities for employment.

Vocational and psychological counselling was organised for the ex-prisoners aimed at providing vocational qualifications and improving the basic skills in choosing or changing professions. They were sent to vocational training programmes for acquiring vocational qualification or development of additional capacities. For consolidation of the acquired vocational skills and general capacities, subsidised and supported employment was applied. For persons who acquired qualifications, supported or public works were organised, licences were issued for individual activities, and consultations were given on how to organise a business.

3.2 thousand ex-prisoners were registered at the local labour exchange offices in the beginning of 2004. Some 2.6 thousand more were registered within the year. Over 24 per cent of them were placed into jobs, every third participated in active labour market policy programmes: 1.2 thousand persons participated in job club activities, 378 – in vocational training courses, 457 – in public works, 42 – in supported employment, 68 – received business licences on preferential terms.

Job search has been terminated for some ex-prisoners - in total for 3.6 thousand persons (62 per cent), including 2.7 thousand (46 per cent) of them due to violations of the requirements on registration at the labour exchange. Local labour exchange offices of Alytu, Kaunas, Klaipėda, Panevėžys, Šiauliai and Vilnius participating in the implementation of the contracted activity “Provision of vocational training to ex-prisoners and assistance in finding employment in 2004” registered in the beginning of the year 1.7 thousand ex-prisoners, i.e. 53 per cent of all registered ex-prisoners in the country.
This group of persons is a very difficult group of unemployed persons to be integrated into the labour market. Analysis of the age structure of this group revealed the following: major part among all ex-prisoners – 1,046 (40 per cent) consists of persons in the age group from 30 to 49, and a quite smaller part – 976 (36 per cent) are among young people under 25.

According to the level of education only one third among the ex-prisoners registered at the labour exchange has a profession or any occupational qualification.

According to working experience, every second ex-prisoner addressing labour exchange offices had no working record in contracted employment and only 8 per cent of them had a shorter than one year break in employment.
The analysis reveals that in most cases the ex-prisoners are not ready for the labour market, and therefore it is necessary to suggest them active labour market policy measures targeted at enhancing their motivation and possibilities to find employment, as well as competitiveness on the market.

Vocational training is one of the most effective labour market policy programmes for the integration of the ex-prisoners into the labour market. It is relevant to apply the acquired knowledge and practical skills in supported employment after graduation of vocational training courses.

About 80 per cent of persons referred to vocational training courses had no previous occupational qualification at all, and therefore they participated in primary training courses. 19 per cent of trainees improved their computer literacy skills and acquired a higher category of a road transport vehicle driver.

In most cases, the ex-prisoners choose professions of workers which require a lower level of basic education: metal welding and cutting by electricity and gas, wood processing, a driver of an electric loader and carts, a tiler, a driver of a wheel loader, a logger, a welder, a saw-gate cutter, a joiner, a housepainter, a carpenter, a plasterer, or a bricklayer.

In assessing the implementation of the programme for the ex-prisoners on providing vocational training and assistance in finding employment, it should be noted, that specialists of local labour exchange offices could not fully avoid problems in dealing with the ex-prisoners and involving them in active labour market policy measures. Many of them had no previous vocational education and refused to participate in training courses organised and financed by the labour exchange and targeted to help them acquire a popular on the labour market profession. 21 people of all ex-prisoners, who concluded training agreements, did not acquire vocational qualification due to delayed arrival to the training institution or were eliminated from the training institution because of violations or dropped out voluntarily.

The majority of the ex-prisoners have no permanent residence, and therefore it is not easy to find them, if they choose not to attend training or if they do not show up for exams. The reason for non-employment is not only the negative opinion of employers, but also the lack of individual initiative in job search activities leading to better employment possibilities, or simply inaptitude to communicate with employers. One of the most relevant problems of social integration of such persons is employment. The majority of them are in the most active age for employment, however, they have lost vocational skills and working capacities, as well as orientation on the labour market and encounter with psychological difficulties in adapting themselves in the society.

Therefore, apart from complex social assistance, they need additional programmes on stimulating motivation and adaptation on the labour market, as well as individual psychological assistance and counselling.

It would be reasonable to start adaptation of ex-prisoners into the labour market in the places of imprisonment already and continue until practical employment outside, applying vocational guidance, training and special employment programmes. In any case, it is advisable to regularly provide the information to the convicts in the places of imprisonment about the situation on the labour market, the supply and demand for certain professions, active labour market policy programmes, and etc., seeking to help those, who are getting ready to leave the place of imprisonment.


In 2004, the Ministry of Social Security and Labour carried out a series of measures under the National Programme on Drug Control and Prevention of Drug Addiction for 2002 – 2008, for the implementation of which LTL 808,000 was allocated.

The most important measure in the above mentioned programme assigned to the Ministry of Social Security and Labour was the “Allocation of means for the development of psychological and

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social rehabilitation services in organising tenders”. Implementation of 19 selected projects in the open tender procedure was supported by allocating LTL 668,000 in total from the specially targeted State budget funds. The following organisations were contracted to perform the assignment: Charity and Support Foundation Vilties Švyturys (The Lighthouse of Hope), public institution Gyvybės Versmė (The Spring of Life), the community of full house, public institution Meikštų Dvaras (The Meikstai Estate), charity and support foundation Agapao, public institution Sugrįžimas (The Return), Prisons Department and others. 611 drug addicts participated in the projects during the reporting cycle.

Psychological assistance was provided to the largest group of project participants (89 per cent of the total number of participants). Psychological assistance by phone was given to 305 individuals. Some more than half of drug addicts participating in the project received free of charge meals. Medical assistance was rendered to 49 per cent of all participants, services of labour therapy – to 46 per cent, and temporary housing – to 41 per cent of all drug addicts. Other support and assistance (art therapy, music therapy, religious assistance, material support, guidance and information) was extended to 43 per cent of all participants. 36 per cent of all the participants received advice and assistance in addressing the issues of re-training or employment. The smallest group of all recipients of services – 23 per cent of drug addicts - received legal counselling.

Services to families of drug addicts related to social and psychological rehabilitation were provided by 68 per cent of all project administrators. Such services were delivered to 307 families of drug addicts. Training was given to 169 volunteers, social workers and other employees.

128 volunteers and 156 specialists took part in the implementation of projects, among them psychologists, social workers, medical staff, lawyers and others.

For the implementation of the project measure “To assess the efficiency of the implementation of the supported psychological and social rehabilitation projects” LTL 10,000 was used and a survey under the title “Assessment of the implementation of projects funded from the State budget funds in 2004” carried out, followed by suggested recommendations.

In 2004, considerable attention was given to the training of social workers and to the improvement of training programmes. Training is already proceeding for a few years and it was relevant to structure and organise the accumulated experience. For the implementation of the project measure “To organise a courses for upgrading vocational skills and re-training, developing of training programmes for social workers specialising in the sphere of drug control and prevention of drug addiction” LTL 130,000 was used. The Training Centre of social workers held 8 seminars for specialists from social assistance departments at municipalities, social services centres, centres of dependence diseases, mental health centres, rehabilitation centres for drug addicts, day care centres and institutions of imprisonment. An intensive skills development camp was organised for specialists directly dealing with rehabilitation of individuals with dependencies, 3 training programmes developed for social workers, an international conference held on the topic Rehabilitation of Individuals with Dependencies in the EU: Experience and Perspectives, the training on the topic Bad Habits – the Consequence of a Crisis was organised at 4 children care homes and educational institutions, and the publication Art Therapy in Social Work with Children was introduced. In total, training was provided to 438 employees.

4.6.2.4. Programme on the Control and Prevention of Trafficking in People and Prostitution for 2002 – 2004

In 2004, the Ministry of Social Security and Labour continued the implementation of measures under the Programme on the Control and Prevention of Trafficking in People and Prostitution for 2002 – 2004, for which it is responsible.

One of the measures under the abovementioned project was “To support governmental and non-governmental projects on social assistance to victims of forced prostitution and their reintegration into the society”. Support
was provided to 13 projects and the amount of LTL 270,000 used. Services were rendered to 385 victims of forced prostitution, including 143 women with children. Assistance in addressing the issues of education, vocational qualification and employment was given to the majority of victims - to 59 per cent of all women. Psychological assistance was given to 58 per cent of victims of forced prostitution, including assistance in group sessions (34 per cent) and individually (84 per cent). Psychological assistance by phone reached 556 individuals in total, medical aid provided to 55 per cent of all women, and 53 per cent of clients received free of charge meals. Assistance and support in restoring relations with the family was provided to one half of the victims of forced prostitution. Temporary housing offered to 34 per cent, and services of labour therapy – to 29 per cent of victims. Other services (supportive help, various consultations, provision of information, and etc.) rendered to 29 per cent of victims. Legal advice provided to the smallest part of women – to 27 per cent of all victims of forced prostitution. During the reporting period, 69 per cent of all administrators of the projects were trained in dealing with victims of forced prostitution – 227 persons in total, including volunteers, social workers and others. In addition, 382 events were organised in the form of lectures, seminars, training, recreation, and etc. This activity was carried out by all 13 projects with participation of 2,516 victims of forced prostitution and others. Implementation of projects involved the efforts of 143 volunteers and 156 specialists: psychologists, social workers, medical staff, lawyers and other experts.

In 2004, 31 client received counselling under the programme measure “Formulate and carry out special programmes on psychological rehabilitation, vocational guidance and employment (in 6 municipalities) of victims in trafficking of people and prostitution”. 20 of them were referred for counselling by social partners – Caritas organisations or social assistance centres. 11 clients addressed individually having found the information about such possibility from the newspapers, TV or family members. Counselling was carried out in the form of group sessions or individually, taking into consideration the needs of the clients. In most cases, long-term consultations were held, lasting for 4-5 meetings with clients.

Some clients participated in the development programme “Self-study and preparation for active job search”, where they learned more about themselves, developed self-confidence and studied the possibilities of integration into the labour market, including video training sessions.

Under the request of the Ministry of Social Security and Labour, the Social Research Centre at the Šiauliai University carried out a survey on “The assessment of the demand and supply of social services provided by rehabilitation institutions, the cost price and efficiency of services rendered to the victims of trafficking in people and forced prostitution”.

The aim of the survey was to analyze specific peculiarities of rehabilitation and re-integration system of services rendered to the victims of trafficking in women and forced prostitution, and to identify preconditions for systematic development of the network of rehabilitation and re-integration services for victims in trafficking in women and forced prostitution on the grounds of the received information.

Projects on rehabilitation and re-integration of victims in trafficking in women and forced prostitution supported by the Ministry of Social Security and Labour and implemented under the “Programme on the control and prevention of trafficking in people and prostitution for 2002 – 2004” were analyzed in the survey.

13 organisations won the tender announced last year by the MSSL on projects for Social Assistance and Re-integration into Society of Victims of Forced Prostitution, 10 best projects were selected in the previous year.

In 2003, the assistance for re-integration was provided for about 200 women, and in carrying out the survey in 2004 – to about 100 women more in different organisations.

The survey has revealed, that in most cases the projects for re-integration services are carried out by NGOs, which, due to their specific nature (absence of negative stereotypes, understanding of the situation and the victim, ongoing stay by the victim, confidentiality, and etc.) are in the position of successful administration of the provision of re-integration services.

The authors of the survey tried to identify the factors helping the victims to successfully join the system of rehabilitation services.

Rehabilitation and re-integration of the victim consists of various services offered to them:
lodging and board, psychological, medical and legal assistance, support of social workers, and etc., starting with the meeting of a victim and following to the restoration of the legal status of the individual.

The authors of the survey specified the utilization of funding allocated for the implementation of projects. The biggest share was directed to the provision of accommodation for victims (up to 50 per cent), and approximately 5 per cent of funds were allocated to each of the following assistance types: medical, psychological, and legal ones. Less than one sixth of the funds was directed to remuneration for social work and to cover administration costs of projects. Quite often the funds were allocated for organising various courses and workshops for victims.

The survey draw the attention to the issue of further development of rehabilitation and re-integration services for victims of trafficking in women and prostitution aimed at more efficient and effective functioning of all links within the system.

According to the opinion of the authors of the survey, the quality of the re-integration process can only be ensured by systematic approach towards the provision of services and cooperation of various institutions (not only the MSSL and NGOs, but also the police, the courts, municipalities, health care institutions, labour market subjects, and etc.) as well as respective readiness of the staff of institutions.

Another method suitable for mitigating the circulation of trafficking in women and prostitution in Lithuania – is effective and coordinated preventive work directed towards the society at large and towards the targeted groups of individuals, especially young women belonging to risk groups.

The authors noted, that, on the one hand, the prevention might not be effective, if it is not based on the experience acquired in providing services, and, on the other hand, very often organisations are understaffed for carrying out equally effectively both activities - preventive-informative and the provision of services and assistance.

The experience acquired by the organisations in providing social services to victims of trafficking in people and prostitution and performing activities of their re-integration into society was used in the survey carrying out interviews with the representatives of such organisations and project administrators, as well as specialists from the police, public administration sector, and etc. Moreover, the analysis of the implemented projects on rehabilitation was made.

4.6.2.5. Programme for Social Integration of Foreigners who were Granted Asylum in Lithuania

The Programme for Social Integration of Foreigners who were Granted Asylum in Lithuania was carried out in 2004 following the Resolution No. 572 of the Government of the Republic of Lithuania of 17 May 2001 on Approval of the Procedure for Social Integration of Foreigners who were Granted Asylum. The duration of the Programme was 12 months.

The guidelines for social integration of foreigners who were granted asylum in Lithuania 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 on the allocated lump sum settlement grant);
- To organise education (Lithuanian language courses of 190 – 290 hours for adults, pre-school children and school age children);
- To organise employment (to mediate in finding jobs, getting retraining, and etc.);
- To ensure social security (monthly benefit for necessities);
- To ensure health care (allocate funds for the compulsory health insurance);
- To inform the society about the foreigners who were granted asylum in Lithuania aiming at prevention of their isolation and xenophobia in the society at large and stimulation of tolerance;

In 2004, social assistance for the integration of foreigners who were granted asylum in Lithuania was further continued according to the abovementioned guidelines.

In 2004, 39 cooperation agreements were signed with municipalities and separate organisations concerning social integration of foreigners who were granted asylum in Lithuania.
and 63 contracts were extended. For comparison to the year of 2003, it should be noted that the number of new contracts decreased: 110 cooperation agreements were signed in 2003, and 24 contracts extended. See the list of contracted organisations in the Table 4.6.2.5.-1 below.

<table>
<thead>
<tr>
<th>The name of the institution involved in integration activities in 2004</th>
<th>The number of foreigners who were granted asylum participating in the process of integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public institution Eupro</td>
<td>140</td>
</tr>
<tr>
<td>Lithuania Red Cross Society</td>
<td>39</td>
</tr>
<tr>
<td>Caritas of the Vilnius Archibishopry</td>
<td>33</td>
</tr>
<tr>
<td>Kaunas city municipality</td>
<td>38</td>
</tr>
<tr>
<td>Klaipėda city municipality</td>
<td>54</td>
</tr>
<tr>
<td>Telšiai district municipality</td>
<td>42</td>
</tr>
<tr>
<td>Marijampolė city municipality</td>
<td>14</td>
</tr>
<tr>
<td>Elektrėnai municipality</td>
<td>12</td>
</tr>
<tr>
<td>Vilnius city municipality</td>
<td>5</td>
</tr>
<tr>
<td>Refugee reception centre</td>
<td>27</td>
</tr>
<tr>
<td><strong>In total 404</strong></td>
<td><strong>404</strong>*</td>
</tr>
</tbody>
</table>

* the marked numbers indicate persons, who participated at least for a few days within the reporting period in the activities of social integration

**Distribution by Age of Foreigners who were granted Asylum and the Number of Participants in 2004 Integration Activities**

- Adults: 234 (58%)
- Children under 3: 50 (12%)
- Children from 3 to 18: 120 (30%)

The number of foreigners, who received assistance, according to the countries of origin is as follows: the largest group of foreigners was from the Russian Federation – 385 individuals in 2004, the second largest group was from Afghanistan – 13 persons.
For the implementation of the Programme on Social Integration of Foreigners Granted Asylum in Lithuania, the amount of LTL 1,500,000 was allocated in 2004, and LTL 1,473,500 was utilized. 82 foreigners who were granted asylum in Lithuania were moved from the Refugee Reception Centre to the places of social integration under the Programme.

### Utilization of Funds allocated for the State Support to Foreigners who were granted Asylum in Lithuania and their Integration

<table>
<thead>
<tr>
<th>Year</th>
<th>The average number of foreigners participating in social integration activities</th>
<th>State budget funds allocated for state support to the integration activities (in thousand LTL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>29</td>
<td>742</td>
</tr>
<tr>
<td>2000</td>
<td>51</td>
<td>529</td>
</tr>
<tr>
<td>2001</td>
<td>126</td>
<td>346</td>
</tr>
<tr>
<td>2002</td>
<td>185</td>
<td>914</td>
</tr>
<tr>
<td>2003</td>
<td>356</td>
<td>1569,3</td>
</tr>
<tr>
<td>2004</td>
<td>404</td>
<td>1473,5</td>
</tr>
</tbody>
</table>

Data of the Department for Supervision and Audit of Social Institutions at the MSSL

### Consolidated Data on Foreigners, who moved to Municipalities for Participation in Social Integration Activities in 2004

<table>
<thead>
<tr>
<th>Kaunas</th>
<th>Klaipėda</th>
<th>Vilnius</th>
<th>Telšiai</th>
<th>Elektrėnai</th>
<th>Veisėjai</th>
<th>Lentvaris</th>
<th>In total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>8</td>
<td>6</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>15</td>
<td>14</td>
<td>3</td>
<td>7</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>45</td>
</tr>
<tr>
<td>25</td>
<td>30</td>
<td>5</td>
<td>12</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>82</td>
</tr>
</tbody>
</table>

Data of the Department for Supervision and Audit of Social Institutions at the MSSL

The developed computerised statistical database on foreigners participating in social integration Programme for Foreigners who were Granted Asylum in Lithuania was constantly updated and improved. Implementing provisions of the Law of the Republic of Lithuania on the Legal Status of Aliens where it is stated that the support for the integration shall be regulated by the Ministry of Social Security and Labour, a draft description of the Procedure for the Provision of State Support to Foreigners who were granted asylum in Lithuania was prepared and approved by the Order No. A1-238 of the Minister of Social Security and Labour of 21 October 2004 on Approval of the Description of the Procedure for the Provision of State Support to Foreigners who were Granted Asylum in Lithuania. In specifying the Description of the Procedure, a draft Law amending the Description of the Procedure for the State Support for the Integration of Foreigners who were Granted Asylum in Lithuania was worked out and approved by the Order No. A1-255 of the Minister of Social Security and Labour of 12 November 2004 on Approval of Amendments to the Description of the Procedure for the State Support to Foreigners who were Granted Asylum in Lithuania.”

### 4.6.3. FUTURE GUIDELINES FOR THE ACTIVITIES IN THE SPHERE OF SOCIAL ASSISTANCE TO VICTIMS AND SOCIAL RISK GROUPS

Further improvement of the legal basis regulating social assistance to victims and social risk groups is going to be continued targeting to
Consolidated Data on Foreigners who were granted Asylum in Lithuania, who moved to Municipalities for Participation in Social Integration Activities in 2004 by Executing Organisations

The Number of Foreigners who were granted Asylum in Lithuania and Participated in the Activities of Social Integration at Municipalities (14 January 2005)
eliminate contradictions between the legislation currently in force and Governmental Resolutions adopted earlier in defining groups of individuals referred to as victims and their legal status. Proposals in the set order will be submitted to the Government of the Republic of Lithuania concerning the improvement of corresponding legal acts. Programmes listed below will be continued and developed.

4.6.3.1. Programme on Return of Political Prisoners and the Exile and Their Family Members to Lithuania for 2002 – 2007

During the period of 1992 – 2004, the amount of LTL 46,030,000 was allocated and utilized for the implementation of the Programme from the State budget and Privatization Fund funds. The CE Development Bank allocated LTL 27,320,000 for the period of 1997 – 2004 for the implementation of this Programme (54.3 per cent from the total amount of funds were allocated for this Programme by now).

In total, for all raised amount of funds (LTL 73,300,000) 1572 families were provided with housing facilities, including the return of almost 4700 individuals, the construction of the 60-apartments temporary housing station, the reconstruction and equipment of care home for returning exiles Tremtinių namai housing 80 persons.

According to the data of municipalities, 746 families entitled to housing facilities in accordance with the provisions and procedures specified in legal acts of the Republic of Lithuania were on the registration list at the beginning of 2004. The biggest number of families was registered with the municipality of Vilnius – 463 families.

It is planned to implement the Programme by the end of 2007, when all the families registered with municipalities will be provided with housing facilities. For this purpose, another LTL 37,000,000 is going to be allocated from all possible sources.


For the implementation of programme measures in 2005, the Ministry of Social Security and Labour received from the State budget the amount of LTL 780,000. The support of LTL 720,000 was distributed to the projects of communities for the rehabilitation of drug addicts and day centres, LTL 60,000 was allocated for the improvement of skills of the staff members involved in dealing with social risk groups.

4.6.3.3. Programme on Social Adaptation of Convicts and Ex-prisoners for 2004 – 2007

Under Resolution No. 143 of the Government of the Republic of Lithuania of 9 February 2004 on Approval of the 2004 – 2007 Programme on Social Adaptation of Convicts and Ex-prisoners, allocations for the implementation of the Programme amounted to LTL 14,290,000, including LTL 4,890,000 from the State budget, and LTL 400,000 from the EU Structural Funds. The annual allocations from the State budget will make LTL 2,430,000 in 2004, LTL 4,160,000 – in 2005, LTL 3,850,000 – in 2006, and LTL 3,850,000 – in 2007.

4.6.3.4. Programme on the Control and Prevention of Trafficking in People and Prostitution for 2002 – 2004

The 2005 – 2008 Programme on the Control and Prevention of Trafficking in People was approved by Resolution No. 558 of the Government of the Republic of Lithuania of 19 May 2005 (Official Gazette, No. 65-2333, 2005). This Programme is a consistent continuation of the 2002 – 2004 Programme on the Control and Prevention of Trafficking in People and Prostitution (Official Gazette, No. 6-231, 2002). The main organiser of the Programme was the Ministry of the Interior. The purpose of the Programme is to develop and implement a long-term, specifically targeted and complex system of measures for the control and prevention of trafficking in people. This Programme has been formulated taking into consideration the implementation outcomes of the 2002 – 2004 Programme, the demand to continue application of the justified measures, the difficulties in relation to the implementation of certain measures, and the necessity to specify the programme with the view to achieving more efficient effect of relevant measures in control and prevention of trafficking in people and prostitution. The Programme takes into account the new challenges in controlling trafficking in people and the real facts of this illegal
4.7. THE IMPLEMENTATION OF THE POVERTY REDUCTION PROGRAMME

4.7.1. ROOTS OF POVERTY REDUCTION POLICY

Lithuania has assumed obligations to take part in poverty reduction actions which are initiated and co-ordinated on an international scale. In 1995, the United Nations General Assembly proclaimed the 1997-2006 period the First United Nations Decade for the Eradication of Poverty. In the same year, the President of the Republic of Lithuania in conjunction with Heads of other states signed the Copenhagen Declaration at the United Nations Summit. By signing the Copenhagen Declaration, Lithuania acknowledged that poverty was a crucial social issue and committed itself to making poverty reduction one of the priorities and strategic objectives of social policy. In order to meet the obligations undertaken at the United Nations Summit, Lithuania developed the Poverty Reduction Strategy in 2000.

At the United Nations Millennium Summit held in New York on 6-8 September 2000, the President of the Republic of Lithuania and over 150 world leaders stressed their resolution to “create the environment which will promote social development and reduce poverty”.

In December 2000, the Council of the European Union recommended that the EU Member States draw up action plans for poverty reduction and social exclusion for 2001 – 2003. Associated countries were invited to prepare to join this process. In the course of this process Lithuania drafted the Joint Inclusion Memorandum. The European Commission and Lithuania signed this document on 18 December 2003. By signing this document Lithuania pledged to develop a National Action Plan for Poverty Reduction.

Under this programme, the Ministry envisages to support the projects submitted by public institutions and NGOs in relation to providing social assistance to the victims of trafficking in people, their protection and re-integration into the society. LTL 400,000 was allocated for supporting relevant projects in 2005.

The National Action Plan was drawn up in 2004 and considered in bilateral meetings with the European Commission. It was decided in the course of those deliberations that it was necessary to make the Action Plan more concrete by outlining priority objectives, indicating institutions responsible for separate arrangements and specifying funds necessary for the implementation thereof. In accordance with these provisions, the National Action Plan against Poverty and Social Exclusion in 2004–2006 (hereinafter referred to as the National Action Plan) of the Republic of Lithuania was developed. This Action Plan was approved by Protocol No.29 at the ministerial conference held on 4 August 2004. The National Action Plan was considered in the bilateral meeting with the European Commission. In this Action Plan, Lithuania singles out its obligations to take all-inclusive actions covering various spheres (employment, education, health protection, social security and etc.) to improve the situation of the most vulnerable groups of residents, to create more opportunities for them and to reduce their poverty and social exclusion. In view of the current situation and opportunities, a complete settlement of these issues can hardly be expected in short term, yet by 2010, due to joint and better concerted efforts of the state, non-governmental organizations, social partners and the socially excluded themselves, significant progress in this process will be achieved.

Lithuania’s all-inclusive participation in the EU Social Inclusion Process by using the open method of co-ordination opens up an opportunity for Lithuania to use the experience of the EU Member States in the fight against poverty and social exclusion.
The National Action Plan outlines the main trends and objectives which Lithuania will aspire for in the long-term and short-term perspective. Lithuania has pledged to initiate the measures to co-ordinate the policy and actions designated for the fight against poverty and for the reduction of social exclusion. With that end in view, the country intends to consider the objectives of social inclusion while implementing the national policy in respective spheres and to strive for effective use of the national funds and the EU Structural Funds for the support of aspirations for these objectives. The country will pursue wide-ranging inclusion of all civil society into these processes. Particular attention will be given to the co-operation with social partners and non-governmental organizations at all stages of activities, starting from the elaboration and improvement of the National Action Plan, and the stage of its implementation in particular. The inclusion of separate regions and local authorities into these processes and proper co-ordination of all the activities will become crucial factor for success.

The first chapter of the National Action Plan outlines the major trends observed in Lithuania's economic development and provides a short insight into economic development and demographic situation. Further on, the chapter deals with the main short-term and long-term risk factors and singles out the social groups in danger of poverty and social exclusion. Moreover, the chapter defines the core objectives for individual aspects, which show further ways to solve the problem.

The second chapter of this Plan establishes the major trends, long-term and short-term objectives. The main challenge is to overcome extreme poverty and to make a significant reduction in relative poverty and social exclusion during the decade. The chapter outlines long-term objectives, including the key ones, which target to provide individuals within the social exclusion groups not only with the required material support or social services, but also with opportunities to acquire proper education, gain access to healthcare services of high quality, have the housing compliant with public standards, healthy working conditions, an opportunity to choose and have influence on core decisions in life. In addition, the chapter outlines priority trends for the activities until 2006.

The third chapter defines political measures which Lithuania intends to implement by 2006. This chapter outlines political measures that should ensure the assistance for the most vulnerable persons, boost employment and improve opportunities of the entire population to make use of resources, rights, goods and services by helping to speed up the integration of the most vulnerable groups into the society. Special attention is devoted to the prevention of social exclusion risk, reducing the possibilities for individual population groups to face poverty and social exclusion.

The forth chapter provides the description of the process of the elaboration of the National Action Plan against Poverty and Social Exclusion in 2004–2006. This process was organized and co-ordinated by the Ministry of Social Security and Labour of the Republic of Lithuania. The working group charged with elaborating the Plan consisted of representatives of Ministries and departments of the Republic of Lithuania, social partners, independent experts and scientists. The working group was set up in a drive to draw the problem of poverty and social exclusion to the attention not only of specialists of public authorities in the sphere of social security, but also of those of other public authorities that tended to pay less attention to the problem, and to combine and co-ordinate the efforts on the fight against poverty and social exclusion exerted by the Government, local authorities, social partners and non-governmental institutions.

4.7.2. BASIC FEATURES OF THE PROGRAMME ON IMPLEMENTATION OF POVERTY REDUCTION STRATEGY

In implementing its obligations related to the preparation for the EU membership, the Government stated its intention in the measures for the implementation of the Programme for 2001-2004 to prepare, approve and carry out the Programme on Implementation of Poverty Reduction Strategy. In implementing these measures, in 2002 Lithuania developed the Programme on Implementation of Poverty Reduction Strategy for 2002-2004 (hereinafter referred to as the Programme) which was approved by the Government of the Republic of Lithuania.
This Programming Document outlines the country’s priority objectives of poverty reduction and measures for accomplishing these objectives. The Programme elaborates on the provisions of the Poverty Reduction Strategy drawn up in 2000.

The Programme was developed by both government and non-governmental organizations in co-operation with the United Nations Development Programme. Non-governmental organizations, local and foreign experts along with employees of Ministries and other authorities were involved in the development of the Programme. In this way the process of the preparation of the Programme became valuable because every person engaged in the development of the Programme had an opportunity to take a closer look at the issue tackled, to exchange information and take an active part in its development by making their suggestions.

It was decided to draw up an “umbrella” Programme, i.e. a programme which would cover all measures having the strongest effect on the process of poverty reduction. Lithuania planned to include measures already laid down in other programmes, yet significant for poverty reduction, in this Programme (for more information on these measures and their implementation see other chapters of this Report). Thus Lithuania intended to include economic, employment and social policies in poverty reduction policy and make them a whole, whose parts affecting and influencing each other would produce the most powerful effect on poverty reduction.

Experience of Lithuania and other countries suggests that in order to improve the situation of the poor it is necessary to give priority to active measures for poverty reduction. Lithuania planned to include measures already laid down in other programmes, yet significant for poverty reduction, in this Programme (for more information on these measures and their implementation see other chapters of this Report).

The objective of the implementation of the Programme is to eradicate extreme poverty and reduce the average poverty rate and the relative poverty rate of the poorest groups of the population by adopting active and passive measures for poverty reduction.

In implementing the provisions of the Poverty Reduction Strategy, the Programme outlines four major trends for poverty reduction:

- strengthening the activity and involvement of the population;
- ensuring economic development favourable for poverty reduction;
- facilitating the development of social services and of the access to social services and the improvement of their quality;
- improving income guarantees.

4.7.3. THE IMPLEMENTATION OF THE POVERTY REDUCTION PROGRAMME IN 2002-2004

Macroeconomic conditions ensuring the country’s economic growth formed a solid basis for the implementation of the measures provided for in the Poverty Reduction Programme. It is difficult to accurately assess the effect of individual measures of the Poverty Reduction Programme on poverty reduction, however active measures for poverty reduction can be considered the most effective since they increased the activity of the population and their involvement in the labour market, which led to employment rise, a fall in unemployment and a growth in real income of the population.

The implementation of the measures for strengthening the activity and involvement of the population resulted in higher employment and lower unemployment rates. By increasing the funding of the measures of labour market policy, the Lithuanian Labour Exchange constantly raised the number of the unemployed taking part in active measures of labour market policy. Between 2002 and 2004, 403.9 thousand people participated in active programmes of labour exchange policy. Successful implementation of these measures is reflected in changing key indicators of economic and social development.
The data of the survey on the employment of population indicate that in the period between 2002 and 2004 the employment rose by 3.9 percentage points, the number of the unemployed fell on average by 13.4 per cent per year, while the number of employed people increased by 2 per cent per year.

In 2004, for the third year in a row, the Lithuanian labour market faced a decreasing supply of labour force, a declining number of the unemployed registered in the Lithuanian Labour Exchange and an unchanging high demand for labour force.
125.5 thousand people were employed through the Lithuanian Labour Exchange per 2004, including 97 thousand or 77 per cent employed under open-ended contracts of employment. Services of employment and vocational training were aimed at the integration of the most socially vulnerable persons such as the long-term unemployed people, the disabled, and the people of pre-retirement age, youth and persons released from imprisonment institutions into the labour market.

The increase in the involvement in the labour market and in employment opportunities between 2002 and 2004 led to a substantial fall in the number of the long-term unemployed people per total number of the unemployed. The data of the survey on the employment of population suggest that such number decreased by 5.5 per cent. The data of the Lithuanian Labour Exchange has revealed that during the period mentioned above the number of the long-term unemployed people registered in the territorial labour exchanges diminished from 74.5 thousand to 36.9 thousand and their number per total number of the unemployed fell from 33 to 29 per cent. In 2004, 14.2 thousand long-term unemployed people, i.e. 37 per cent of the average number of the long-term unemployed persons took part in the measures for updating professional knowledge and practical skills.

In the period between 2002 and 2004, Lithuania created additional 6,545 subsidized jobs for supported unemployed people in the labour market, including 480 jobs for the disabled of Group I and II. Over 9.5 thousand most socially vulnerable persons received subsidized jobs.

About 67.2 thousand young unemployed persons were employed during the period from 2002 to 2004, one third of whom received their first job. The number of youth registered in territorial labour exchanges dropped from 28.7 thousand at the beginning of 2002 to 10.3 thousand at the end of 2004. The number of young unemployed people per total number of the unemployed fell from 12.2 to 9.5 per cent.

Unfortunately, Lithuania faced the rise in the number of unemployed people of pre-retirement age per total number of the unemployed: at the end of 2004 14.4 thousand such people were registered in the territorial labour exchanges and their number increased from 9 to 11.4 per cent.

Between 2002 and 2004, 359 persons released from imprisonment institutions took part in vocational training programmes funded from the State budget. 300 of them completed their studies and acquired professional qualification, 116 were employed upon the completion of their studies.
The implementation of active measures for poverty reduction resulted in the fall in unemployment rate. The average annual number of the unemployed registered in the Lithuanian Labour Exchange was equal to 142.5 thousand in 2004, which is by 24.5 thousand or by 14.7 per cent less than that in 2003. The average annual number of registered unemployed people per people of working age amounted to 6.8 per cent. As compared to 2003, this percentage dropped by 1.3 percentage points, while in comparison to 2001, when Lithuania faced the highest unemployment rate ever, it fell by as much as 4.3 percentage points.

The differences between the territorial unemployment rates tended to decline. In 2004 unemployment rates dropped in all Lithuanian counties and in the majority of the municipalities. The largest fall in the unemployment rate was observed in the territories with the highest unemployment. At the beginning of 2004, 4 municipalities in the country had over 15 per cent of registered unemployed residents of working age. At the end of the same year, such unemployment was registered only in Akmenė municipality (16.0 per cent).

The implementation of the measures favourable for economic development covered measures of fiscal and labour market policies, of the European Union support, regional policy and of small and medium businesses (hereinafter referred to as SMB), affecting economic development by diverting it in the direction favourable for the poor and poverty reduction. In order to limit and reduce the spread of poverty, Lithuania raised the basic tax-free income to LTL 290 and entitled parents bringing up one or two children under 18 to an additional tax-free income equal to 0.1 basic tax-free income. Separate groups of persons are eligible for individual tax-free income. Since the basic tax-free income was increased and the additional tax-free income for children was introduced in 2003, the annual National budget revenue has dropped by approximately LTL 238 million and the income of working population has risen. Owing to higher tax-free income, the annual per capita income of working childless people grew by LTL 158, while the annual per capita income of parents raising 1 child increased by LTL 216.

It is laid down in the Law on Income Tax of Individuals that any resident of Lithuania shall be entitled to request after the tax period that the tax administrator transfer up to 2 per cent of income tax paid to Lithuanian entities eligible for sponsorship under the Law on Charity and Sponsorship. Lithuanian population took advantage of this opportunity afforded by the Law and in 2004 transferred their income equal to LTL 22.8 million to Lithuanian entities entitled to sponsorship.

In 2004, Lithuania implemented important measures affecting the employment of rural population and designed to increase their income from non-traditional agricultural specialization and alternative agricultural activities. The SAPARD funds were used for the implementation of these measures. Moreover, Lithuania successfully promoted organic farming. In 2004, 1,179 organic farms covering the total area of 42,961 ha were issued with certificates. The number of certified organic farms tripled from 393 in 2002 to 1,179 in 2004, while certified areas increased 4.9 times (from 8,780 ha to 42,961 ha). Direct payments per hectare grew 2-3 times in 2004, as compared to 2003. Moreover, the income of milk producers rose. Between 2002 and 2004, LTL 128.2 million was allocated for direct payments for cows bred.

In 2004, Lithuania consistently implemented measures aimed at proper preparation for absorbing and administering funds made available by the European Social Fund, whose successful use strengthened the preparation of human resources for the participation in the labour market.

The development of local employment initiatives created preconditions for the difference between the territorial unemployment rates to diminish. In total between 2002 and 2004 Lithuania implemented 195 Projects of Local Employment Initiatives, created 1,764 jobs for the unemployed registered in the territorial labour exchanges. These projects were carried out in the territories with the highest unemployment. In 2004, Lithuania implemented 73 projects which created 596 jobs.

In order to ensure access of small and medium businesses to public services in all regions, in particular in problem ones, Lithuania developed a network of business service agencies (business incubators and business information centres). In 2004, the country set up 10 business information
centres and at the end of 2004 already 42 business information centres and 7 business incubators offered their services.

So as to create more favourable conditions for financing small and medium businesses, Investicijų ir Verslo Garantijos (INVEGA) UAB secures a part of the loan granted to SMB entities by the bank (up to 80 per cent) and compensates for up to 50 per cent of the interest on the secured loan. In 2004, Lithuania revised the provisions on securing loans and on the compensation for the interest on loans and offered companies which employ not more than 100 people (previously - 50 people) an opportunity to receive the state security and raised the maximum secured loan from LTL 1 million to LTL 2 million. Moreover, the maximum security increased from LTL 0.8 million to LTL 1.6 million. In addition, entities can get a loan not exceeding LTL 3 million for the implementation of funded projects from the European Union Structural Funds and secured by the state by the amount not higher than 50 per cent of the loan. These revisions create conditions for SMB entities to make use of the support from the European Union Structural Funds and to borrow funds necessary for carrying out projects from banks, and increase opportunities for business development.

Structural reforms have contributed to the rapid growth in labour productivity. The Lithuanian Department of Statistics reveals that the country’s labour productivity rose by 28.7 per cent in 2004, as compared to 2000 (by 6 per cent in relation to 2003). Manufacturing and consumption related sectors (industrial, construction and manufacturing services) achieved the fastest growth in labour productivity. The growth in labour productivity over four years was more rapid than the increase in wages. Growing labour productivity was one of the major factors responsible for the rise in the minimum and the average wage.

The increase in the net minimum monthly wage during the 2002-2004 period was determined not only by the rise in the nominal minimum wage from LTL 430 to LTL 500, but also by the growth in the basic tax-free income from LTL 214 to LTL 290 as well as by the variation in the consumer price index. The net minimum wage received by working people raising one or two children under 18 years of age increased more considerably. Undoubtedly, higher tax-free income contributed not only to the growth in the net minimum wage, but also to the increase in the wage higher than the minimum monthly wage. Where during the 2002-2003 period, the net wage of the national economy rose more rapidly than the net minimum monthly wage, in 2004 as compared to 2003, the net minimum wage grew faster than the average wage. The net minimum wage increased by 6.8 per cent, while the net average wage of the national economy rose by 5.7 per cent.

In 2004, the number of people of working age leaving Lithuania did not fall, although the economy grew quite rapidly. 15.2 thousand people left Lithuania for other countries. The majority of emigrants (about 80 per cent) were between 15 and 59 years of age.

The implementation of the access to social services and of quality measures to a great extent affects the welfare of the population and their opportunities to earn sufficient income. The consequences of the limited use of social services are poor education and ill health. Education plays a crucial role in the fight against poverty. In 2002-2004, Lithuania performed purposeful work aimed at the introduction of general pre-school education. The number of children attending preschool education groups rose to 70 per cent in 2004. Since 2001, the Ministry of Education and Science has been implementing the Programme for the Creation of Jobs for Social Educators in Educational Institutions, and until 1 January 2005 it created over 800 jobs for social educators. After social educators started working at schools, school attendance has gone up and preventive school work has produced positive results.

In order to facilitate access to education, improve the efficiency and quality of education, between 2002 and 2004 Lithuania not only restructured the network of schools, but also carried out the programme Yellow Buses. Around 8 thousand pupils per day were carried by yellow buses until the end of 2004. The number of yellow buses allocated to municipal administrations constantly grew. 117 specially designed buses provided for municipalities ran in Lithuania in 2002, as compared to 162 buses in 2003 and 227 in 2004.

During the period from 2002 to 2004, Lithuania continued to successfully implement the computerization of comprehensive schools.
Between 2001 and 2004, LTL 125 million was invested in the computerization of schools, including LTL 70 million from the State budget, LTL 34 million from municipal budgets and LTL 21 million from business sponsors. These funds were spent on computers, equipment and computer teaching aid and used for training teachers. At present on average schools have one computer per 17 pupils, while 9-12 forms have one computer per 5 pupils.

Special attention was given to the implementation of the measures guaranteeing income. Lithuania developed a coherent scheme of social assistance in cash on the basis of income and property evaluation. The Law on Social Assistance in Cash for Low-Income Families (Single Residents) of the Republic of Lithuania came into force on 1 April 2004,guaranteeing social assistance for residents who are unable on objective grounds to obtain by themselves enough funds for living and for paying for basic public utilities. The entitlement to the social benefit was extended to approximately 63.0 thousand people. Since the introduction of assistance for long-term unemployed families, additional LTL 20 million per year has been allocated for social assistance in cash from the budget. Social assistance for poor families on the basis of their income amounted to LTL 197 million in 2002 and LTL 134 million in 2004.

The tendency for the expenses of social assistance to diminish was determined by increasing income of the population, falling unemployment rate and the loss of the entitlement of a number of people to assistance due to the amount of property owned, which was evaluated in order to decide on the provision of social assistance. The fall in the expenses of social assistance was conditioned by the fact that since 1998 the amount of the state supported income did not change. Rising prices, other than in 2003, reduced the real purchasing power of the minimum living standard approved by the Government and of the state supported income. Variation tendencies of these amounts coincided, because they were determined by the variation in the consumer price index.

The Law on State Benefits to Families Raising Children of the Republic of Lithuania, which came into force on 1 July 2004, reformed the scheme of benefits to families raising children. This Law provides for the benefit for each child under the age of majority, who is brought up in the family. The benefit is differentiated by the age of the child and the number of children in the family. At present the benefit is paid for children under 7 years of age and, in the event of families with many children, to children under 18 and older children, while...
they are pursuing full-time studies in educational institutions, but are not above 24 (additional LTL 300 million per year will be allocated for this benefit from the State budget). The Law provides for a lump sum maternity benefit for unemployed women equal to 2 MLS (LTL 250) payable 70 days before childbirth. Before only female students pursuing full-time study in educational institutions qualified for a slightly lower benefit during a study leave.

Due to the solidarity of the public in compensating for a part of maintenance expenses for each child, the scheme of the assistance for families bringing up children has become more expedient, the poverty rate of families with children has declined, the financial situation of many families receiving income lower than the average living standard and the quality of the life of children have improved. The assistance for families, irrespective of their income, does not prevent parents from looking for sources of living and supporting their children.

Aiming at more effective old age and disability protection, Lithuania has increased the basic state social insurance pension and the insured income of the current year. During the 2002-2004 period the basic pension was raised four times and in total grew by LTL 34. Moreover, the insured income of the current year was raised two times (to LTL 901 on 1 July 2003 and to LTL 990 on 1 September 2004). The increase in the basic pension and in the current insured income affected all the recipients of social insurance pensions, i.e. around 851.3 thousand people (with the exception of widows and widowers), including about 603.3 thousand recipients of the old age pensions, 207 thousand disabled people and 41 thousand orphans. Other social insurance benefits whose amounts are related to the basic pension and/or the insured income of the current year and state assistance benefits also grew. In December 2004, the average old age pension corresponding to the obligatory period of pensionable service amounted to as much as LTL 400.04, i.e. it increased by LTL 76.81 or by approximately 24 per cent, if compared to the average old age pension corresponding to the obligatory period of pensionable service in 2001 (LTL 323.23). The assessment of the rise in small pensions, basic pensions and the insured income of the current year shows that during the period from 2002 to 2004 the smallest old age pensions and disability

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**The Variation in Real Old age Pension Real Disposable Household Income in 2001–2004 (in comparison to the previous years, in percentage)**

![Graph showing the variation in real old age pension real disposable household income from 2001 to 2004](image)

**Data of the Ministry of Social Security and Labour**
pensions on average grew by: about LTL 81, in the event of old age pensions corresponding to the obligatory period of pensionable service, and LTL 69, in the event of disability pensions corresponding to the obligatory period of pensionable service.

For the first time in 10 years Lithuania considerably raised social assistance pensions paid to persons who became disabled before the age of 24 (in individual cases laid down by the law, before the age of 26), including people disabled since childhood. On 1 April 2004, social assistance pensions for severely disabled children were doubled (from 1 basic pension to 2 basic pensions (by LTL 172), while social assistance pensions for persons who became disabled of Group I, II or III before the age of 24, including people disabled since childhood, were increased by: 0.5 basic pension (LTL 86) for the disabled of Group I and II and 0.25 basic pension (LTL 43) for the disabled of Group III. On 1 April 2004, orphan children who are not eligible for the social insurance orphan’s pension, because their deceased parents (one of their parents) did not acquire the required period of pension insurance, were entitled to the orphan’s social assistance pension. Per capita orphan’s assistance pensions are equal to 0.5 basic pension (LTL 86).

The implementation of active and passive measures for poverty reduction determined not only the growth in the real income derived from work, but also the growth in real pensions and social benefits whose amounts are related to the basic pension.

The average old age pension increased by LTL 54 in the 2002-2004 period. Lithuania enjoyed the largest rise in the old age pension in 2004 (it grew by LTL 31). The increase in the basic pension from LTL 138 to LTL 172 was the main factor behind the rise in the average old age pension.

During the implementation of the Programme the national relative poverty rate calculated according to the poverty threshold equal to 50 per cent of the average consumption expenditure and calculated on the basis of equivalent consumption did not almost change and amounted to 16 per cent. The relative poverty rate tended to decline in the countryside and to slightly rise in cities. The Programme devoted special attention to active measures for poverty reduction, which will hopefully produce positive results in a few years.
This chapter presents a brief overview of the main events on the EU political agenda influencing the formulation of Lithuania’s social security and labour policy, the model of co-ordination of EU affairs in Lithuania, the main decisions taken by the Council of Ministers, changes in the field of the free movement of workers and co-ordination of social protection schemes within the EU, and participation in the activities of the judicial institutions of the European Union. Following Lithuania’s accession to the European Union, the majority of European policy initiatives and actions are gradually becoming an integral part of Lithuania’s internal policy. Therefore, certain activities are described in the chapters on labour policy, social insurance and pensions as well as youth policy. This chapter gives respective references. It also presents the activities carried out in the area of international co-operation and the changes which have taken place in respect of Lithuania’s membership in the International Labour Organisation, the Council of Europe and participation in the work of institutions of the United Nations. The situation in the field of bilateral treaties (agreements) on social security and employment as well as bilateral co-operation with foreign ministries and international projects are considered.

5.1. ACTIVITIES RELATED TO LITHUANIA’S MEMBERSHIP IN THE EU

On 13 December 2002, Lithuania successfully completed the accession negotiations, on 16 April 2003, the Treaty of Accession to the EU of the ten new Member States was signed in Athens, during a referendum held on 10–11 May 2003, the majority of Lithuanian citizens approved of the country’s membership in the EU, and on 1 May 2004, our state became a fully-fledged EU Member State. Since then, Lithuanian representatives, together with representatives of the other 25 EU Member States, have been actively participating as fully-fledged members in the consideration and adoption of EU legal acts, analysis and ensuring of their implementation. This function is becoming increasingly important in aiming at the best possible representation of Lithuania’s interests at the EU level. The decisions taken in the fields of employment and social policy are certainly influenced by the common strategic political issues considered by the EU, as well as the decisions taken outlining general guidelines of the EU long-term policy.
5.1.1. MAIN EVENTS AND INITIATIVES OF THE POLITICAL AGENDA OF THE EU INFLUENCING THE LITHUANIAN SOCIAL POLICY

5.1.1.1. Treaty establishing a Constitution for Europe

The Treaty establishing a Constitution for Europe was adopted after prolonged discussions of heads of the Member States at the Brussels European Council, which met on 17–18 June 2004. On 29 October 2004, the Treaty was signed in Rome, and on 11 November, it was ratified by the Seimas of the Republic of Lithuania.

The main provisions of the Treaty establishing a Constitution for Europe in the fields of employment and social policy are as follows:

- The principle of equality between men and women must be complied with, and all forms of discrimination must be actively combated;
- In establishing a common internal market, workers are granted the right of free movement within the territory of the EU Member States; any discrimination based on nationality as regards the conditions of work and employment and remuneration is prohibited;
- European laws must establish such measures as are necessary to guarantee for migrant workers and members of their families as well as their dependants the required social security, i.e., to ensure an adequate and efficient co-ordination of social security schemes of the Member States;
- The EU and the Member States must actively work towards developing a coordinated strategy for employment and particularly for promoting the formation of an adaptable and productive workforce and labour markets able to contribute efficiently with a view to achieving the main objectives of the EU;
- The Union and the Member States, bearing in mind the 1961 European Social Charter and the 1989 Community Charter of the Fundamental Social Rights of Workers, must implement their national social policy by promoting employment, improving living and working conditions, ensuring proper social protection, promoting social dialogue, developing and improving human resources with a view to lasting high employment and the combating of social exclusion;
- When formulating and implementing their policy, the Member States must act taking into account the existing national practices of the states as well as the need to maintain the competitiveness of the EU economy;
- With a view to achieving the set objectives, the Union shall support and complement the activities of the Member States in the following fields:
  a) improvement in particular of the working environment to protect workers’ health and safety;
  b) working conditions;
  c) social security and social protection of workers;
  d) protection of workers where their employment contract is terminated;
  e) the information and consultation of workers;
  f) representation and collective defence of the interests of workers and employers;
  g) conditions of employment for third-country nationals legally residing in Union territory;
  h) the integration of persons excluded from the labour market;
  i) equality between women and men with regard to labour market opportunities and treatment at work;
  j) the combating of social exclusion;
  k) the modernisation of social protection systems.
- The importance of facilitating social dialogue is especially stressed.

The Treaty establishing a Constitution for Europe will replace the treaties marking separate stages in the establishment of the EU (the Treaties of Rome, Maastricht, Amsterdam, and Nice with all the amendments and supplements made to them), as well as the currently used terms “the European Community” and “the European Union” will be replaced by a single terms “the European Union". The Constitution clearly sets out the division of
competences between the Member States and EU institutions and simplifies legal instruments and procedures. The political and legal nature of the EU remains unchanged. The powers and competences of EU institutions are derivative and are based on a mutual agreement of the Member States. Nonetheless, by its legal nature, the Constitution is a treaty, so it will enter into force only after its ratification by all 25 EU Member States in compliance with the constitutional norms of each country.

**5.1.1.2. Negotiations on the EU Financial Perspective for 2007 – 2013**

Negotiations on the financial perspective began in February 2004 during the Irish Presidency. In the second half of 2004 Netherlands Presidency continued this work and further tried to find common positions on proposals of the European Commission. In the negotiations on the EU Financial Perspective in 2004, Lithuania:

- Supported the creation of proper conditions for the participation of the new Member States in European Community programmes (scientific research, promotion of competitiveness and innovation, development of trans-European networks, education, promotion of employment, the Ignalina programme for 2007–2013);
- Supported the shifting of the priority of cohesion policy to the least prosperous EU Member States and a clearer distribution of support funds (reflecting the level of development of a Member State) and argued in favour of the financing of rural development in the least prosperous Member States;
- Supported the financial solidarity of the EU in the strengthening of the EU external border and noted that the financing of the transit of persons between the Kaliningrad Region and other parts of Russia from the EU budget must be continued;
- Aimed to achieve an EU Assistance as provided through a European Neighbourhood and Partnership Instrument that would be better balanced between Eastern and Southern neighbours by allocating increased funds to Eastern European countries and stressed the importance of cross-border co-operation.

The following lines of expenditure are of importance to a field falling under the competence of the Ministry of Social Security and Labour in the Negotiating Box on the EU Financial Perspectives 2007–2013:

1. The commitments provided for under category of expenditure 1a include the financing of the Progress Programme. The European Commission proposes to merge, as of 2007, the four Community programmes on employment and social affairs currently in the course of implementation into a single programme thus joining and co-ordinating effort to attain the Lisbon objectives in the spheres of social and employment policy. The programme, which will operate during 2007 – 2013, will be divided into 5 chapters corresponding to 5 main areas of activities: Employment; Social Security and Inclusion; Labour Relations and Working Conditions; Non-discrimination and Diversity Promotion Policy; Gender Equality.

2. Category of expenditure 1b – structural funds. Assistance must be allocated to the least developed Member States and assessed on the basis of objective data.

3. Category of expenditure 3 – the financing of the Youth Programme 2007–2013. The aim of this programme is to contribute to active civic participation of young people and to expand the involvement of youth in public activities. The programme will exert a highly positive influence on the social environment of young people, because it will provide them with an opportunity to implement their ideas and thoughts, to familiarise with other cultures, to visit foreign countries, to study and to improve.

**5.1.1.3. Review of the implementation of the Lisbon strategy**

The Lisbon strategy was adopted in 2000 at the Lisbon European Council. The Lisbon strategy is commonly defined by specifying its main goal — to make the European Union “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”. This formulation also reflects the main points of emphasis of the strategy – competitiveness and economic growth, employment and social cohesion. The conducting of the review of the Lisbon Strategy in the second
half of 2004 – beginning of 2005 was among the main issues on the political agenda of the EU.

An independent high-level working group of experts chaired by Wim Kok, former Prime Minister of the Netherlands, was formed in 2004 to assess the five-year period of the implementation of the Lisbon strategy. This group prepared and on 3 November 2004 presented to EU institutions the analysis and recommendations on the implementation of the Lisbon strategy. In November 2004, the European Council mandated the European Commission to provide a mid-term review of the Lisbon strategy as well as recommendations on its further implementation by the end of January 2005 on the basis of these recommendations.

On 2 February 2005, the European Commission presented a communication with proposals concerning the review of the implementation of the Lisbon strategy. This communication, entitled “Working together for growth and jobs – A new start for the Lisbon Strategy”, is the renewed Lisbon strategy for the European Union, which aims at economic growth and creation of jobs. In its proposals, the European Commission stressed that the necessity of acting immediately and suggested guidelines for further action by giving priority to the areas of activity which could ensure the making of Europe a more attractive place to invest and work, focusing of knowledge and innovation on the spurring of economic growth and creation of more and better jobs. The last-mentioned area of activity sets out the following priorities:

- attract more people into employment (especially young people) and modernise social protection systems;
- increase the adaptability of workers and enterprises and the flexibility of labour markets by abolishing obstacles to the movement of workforce;
- investing more in human capital through better education and skills.

To attain common goals, the Commission encourages the building of a generally beneficial partnership: responsibility for macro-economic, employment policies and structural reforms must be shared between the EU and the Member States. The European Commission also proposed a new Lisbon strategy governance cycle based on the three main documents:

- National Lisbon Programme (the programme will specify the actions required at the national level);
- Community Lisbon Programme (the programme will specify the actions required at the European level);
- EU Annual Progress/Strategic Report (it will be presented on an annual basis in January, and this document will assess the National and the Community Lisbon Programmes as well as present further recommendations).

The Lithuanian representatives who participated in discussions on the Lisbon strategy were grounding the position of the Republic of Lithuania on the abovementioned Communication of the European Commission as approved by a Resolution of the Government of the Republic of Lithuania. Lithuania based its position on the following fundamental principles:

1) Lithuania agrees that the stable macro-economic environment and sustainability of national finances will remain the basis for the implementation of the priorities of growth and employment, hence, it is necessary to stress the importance of compatibility of the tight fiscal policy of the Member States with provisions of the Stability and Growth Pact.

2) The Lisbon strategy must be focused on the measures of promotion of growth and employment – Lithuania welcomes the focusing of the EU Communication on these measures;

3) The Lisbon strategy must also contribute to social and economic cohesion of the Member States; the Lisbon objectives will be assessed within the framework of reduction of Lithuania’s internal social and economic disparities;

4) The mentioned Lisbon objectives as well as the aspect of social and economic cohesion must be properly reflected in the next EU Financial Perspectives;

5) Lithuania supported the provision that the Member States need to jointly strengthen employment policy and modernise social policy systems and to encourage social partners to actively contribute to the formulation and implementation of these policies.

6) In respect of the Lisbon process governance, Lithuania supported the proposal to prepare Lisbon National Action Programmes
on the basis of the priorities set out by the Broad Economic Policy Guidelines and the Employment Guidelines and preserving the right of the Member States to select implementing measures taking account of the initial position and peculiarity of the country.

This communication and the Commission’s proposals on a more efficient and accelerated implementation of the Lisbon strategy have been considered at various levels of both national authorities and EU institutions, whereas the final decision on the prospective reviewed implementation of the Lisbon strategy was taken by the European Council at the end of March 2005. The actions proposed by the Commission were approved with certain supplements, with more attention focused on the issues of social protection and inclusion policies rather than solely on employment and economic growth.

The information related to the implementation of the Lisbon strategy in Lithuania may be found in Section 2.1 “Labour Market Policy”, Section 2.8 “Development of Human Resources”, Section 3.8 “Lithuanian National Strategy Report on Adequate and Sustainable Pensions has been Prepared”, Subsection 4.5.3 “EU Youth Policy and Implementation of EU Youth Programmes in Lithuania”.

5.1.2. CO-ORDINATION OF EU AFFAIRS

When Lithuania became an EU Member State, the nature of Lithuania’s European policy has changed appropriately, while the activities of state institutions in the area of EU affairs have gained a new dimension. For Lithuania’s interests to be properly defended and for the country to be an active participant in the formulation of EU policies, it is necessary to join in the process of decision-making as early as possible and to make the content of decisions as beneficial for the country as possible. Of importance is both the professional preparedness of specialists of state institutions and the ability to formulate and defend Lithuania’s positions on the issues considered by EU institutions and the co-ordination of consideration of the issues related to the EU at institutional and inter-institutional levels. In light of the past months’ tendencies in European policy, with the scope of new proposals on the adoption of EU legislation becoming increasingly broad and covering an increasing number of interrelated, though different, competence areas of institutions, it is possible to forecast that efficient professional and organisational co-ordination of EU affairs is going to become increasingly important.

On 9 January 2004, a legal basis for the co-ordination of EU affairs under the conditions of membership in the EU was formed at the level of the Government of the Republic of Lithuania – the Government adopted a resolution regulating these issues\(^1\). In compliance with the provisions of the mentioned regulations, the rules of procedure of the Government of the Republic of Lithuania were amended and supplemented on 3 December 2004.

Activities of the Ministry of Social Security and Labour in the field of EU affairs are organised and implemented by the International Relations and European Integration Department according to the rules approved by Order No. A1-97\(^2\) of the Minister of 15 April 2004 and prepared in compliance with the mentioned co-ordination regulations as approved by the resolution of the Government of the Republic of Lithuania.

On 13 July 2004, the constitutional basis for co-ordination was formed when the Seimas having passed the Constitutional Law on Membership of the Republic of Lithuania in the European Union. This Constitutional Law stipulated the principle of the supremacy of European Union legal norms over Lithuanian laws and other legal acts in the event of a collision of legal norms, established the constitutional basis for relations between the Government and the Seimas in the field of EU integration, and provided that as regards proposals to adopt legal acts of the European Union, the Government may adopt decisions or resolutions, where their adoption is not subject to the provisions of Article 95 of the Constitution.

In light of the provision of the Constitutional

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Law, the Seimas adopted at a plenary sitting held on 9 November 2004 appropriate amendments to the Statute of the Seimas, and on 11 November – the Law Amending and Supplanting Article 37 of the Law on the Government, Supplanting the Law with Article 41(1) and Chapter XI completing the legalisation of the procedures of co-ordination of EU affairs in Lithuania at the legislative level. On 29 April 2005, the amended and supplemented rules for the co-ordination of EU affairs were adopted. They serve as the basis for the review and amendment of the Internal Regulations for Co-ordination of EU Affairs of the Ministry of Social Security and Labour, which will be approved this autumn.

During 2004, LINESIS – the Information System for Lithuania’s Membership in the EU – was also being created and launched. The system is used for the registration of EU documents and their distribution among institutions of the Republic of Lithuania, drafting and co-ordination of positions of the Republic of Lithuania on EU legal acts, co-operation of the Government with the Seimas, the Office of the President, the members of the European Parliament elected in Lithuania as well as, without prejudice to the requirements of discretion and security, dialogue with social and economic partners, submission of reports from meetings of the working groups and committees of the Council of the European Union and the Commission, supervision of the planning and implementation of the national measures for the transposition of EU legislation. The LINESIS system has over one thousand of registered users in approximately 100 institutions.

The preparation of a detailed, reasoned and well-grounded position of Lithuania as well as its presentation in the working groups of the Council of the European Union and committees of the European Commission is of considerable importance aiming at the proper representation of Lithuania’s interests. Within the Ministry, positions on specific issues considered by EU institutions are prepared and co-ordinated by responsible officers of the Ministry in co-operation with the International Relations and European Integration Department as well as Attache of Social Security and Labour. When necessary, consultations are organised, either in writing or orally, with representatives of social partners or other interest groups. A position prepared on a draft EU legal act received for the first time is adjusted in light of the various circumstances arising during its consideration by Lithuanian and EU institutions and taking account of the positions of other EU Member States, opinions of interested state institutions and bodies, social partners as well as interest groups on the application of the EU legal act in Lithuania.

Therefore, 2004 could be claimed to have been the year of major importance in respect of the development of the EU affairs co-ordination model in Lithuania. It is in 2004 that the main legal acts regulating the co-ordination of EU affairs, which influence and will influence the efficiency of Lithuania’s membership in the EU and Lithuania’s role within the EU, were adopted.

5.1.3. MEETINGS OF THE COUNCIL OF MINISTERS OF THE EUROPEAN UNION

The main work in the field of EU legislation and supervision of its implementation is performed in EU working groups and committees. During the meetings held, positions of all the Member States are presented, negotiations are held, and the compromises acceptable for all the parties are searched for. The agreed texts of draft legal acts are presented to various configurations of the Council of Ministers for approval.

To continue the overview of the decisions taken during meetings of the Council of Ministers of Employment and Social Policy as presented in the Social Report 2003, we are presenting below the information about the meetings held in the second half of 2004.

A meeting held on 4 October 2004 considered and adopted decisions on the following issues:

- Political agreement was reached on a draft Council Directive implementing the principle of equal treatment between men and women in the access to and supply of goods and services (Article 13 of the Treaty Establishing the European Community);
- Opinion of the Social Protection Committee on the Communication from the European Commission “Modernising social protection for the development of high-quality, accessible and sustainable health care and long-term care: support for the national
strategies using the open method of coordination” was endorsed. All Member States supported the application of the open method of co-ordination. It must be introduced in a flexible manner, while placing a strong emphasis on added value.

- Political discussion was held on the social services of general interest. Declarations by the participants reflected the following main issues: the organisation of services and characteristics of these services in the area of social policy are highly specific; the role of the EU and the future provisions of social services in the Member States must be clearly defined. It was emphasised that the Member States need additional time for a better understanding of the relation between the internal market and competition rules and the need to guarantee the implementation of social objectives, i.e., to ensure equal access for all. The European Commission has acknowledged that this is a highly significant and complicated topic and that the communication must be presented first.

- Political agreement was reached on draft Regulation of the Council amending Council Regulation No. 2062/94 establishing the European Agency for Safety and Health at Work (Bilbao) as well as draft Regulation of the Council amending Regulation of the Council No. 1365/75 establishing the European Foundation for the Improvement of Living and Working Conditions (Dublin).

- Debate was held on two draft directives in the area of labour law regulation: a Directive concerning certain aspects of the organisation of working time and a Directive on working conditions for temporary workers.

A meeting held on 4 December 2004 considered and adopted decisions on the following issues:

- Political agreement was reached on a draft European Parliament and Council Directive on minimum health and safety requirements regarding the exposure of workers to the risks arising from optical radiation;

- Minister were informed on the annual Commission report on migration and integration and endorsed the opinion of the Employment Committee on it;

- General approaches were endorsed on a draft a Directive of the European Parliament and of the Council on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation;


- Policy debate was held on the areas for priority action of a new Social Policy Agenda for 2006 – 2010;

- Debate continued on a Directive concerning certain aspects of the organisation of working time;

- Examining the review of the implementation of the Beijing Platform for Action, the Council endorsed conclusions on sexual harassment at the workplace as well as indicators on sexual harassment at the workplace drafted by the Dutch Presidency in cooperation with the preceding Irish Presidency.

5.1.4. TRANSPOSITION AND IMPLEMENTATION OF EU LEGAL ACTS

– June 2005, the Law on European Works Councils, the Law on Guarantees for Posted Workers, and the Law on the Involvement of Employees in a European Company (SE) were passed, resolutions of the Government of the Republic of Lithuania as well as orders of the Minister of Social Security and Labour regulating various aspects of the employment relationship, working conditions, ensuring safety and health at the workplace, etc. were adopted. The Ministry of Social Security and Labour notifies the European Commission of the national legislation adopted within the limits of its competence and transposing directives and other EU legal acts through the notification database of National Implementing Measures.

5.1.5. IMPLEMENTATION OF THE PRINCIPLE OF FREE MOVEMENT OF WORKERS AND RELATED AREAS

The free movement of workers is one of the fundamental rights guaranteed by the founding treaties of the European Union as well as the EU acquis. In exercising this freedom, citizens of Lithuania, an EU Member State, may, subject to certain exceptions (available at the Internet website of the Ministry of Social Security and Labour www.socmin.lt and at the Internet website of the Lithuanian Labour Exchange www.ldb.lt), freely move within the EU.

Having decided to work or to study in another state within the European Economic Area (25 EU Member States, Norway, Iceland), one should not forget about the opportunity to make use of the services provided by EURES (the European Employment Services network). The Lithuanian Labour Exchange, whose Internet portal provides information in the Lithuanian language concerning the filling-in of Curriculum Vitae, the living and working conditions in the EU countries, learning opportunities in Lithuania and the EU, is responsible for it. The mentioned portal also contains a link to the EURES portal, which contains a considerable amount of information about job vacancies in Switzerland as well as the European Economic Area, makes it possible to fill in a Curriculum Vitae, which employers in the mentioned states will be able to view, and provides much information about learning opportunities in any of the mentioned states as well as substantial information and links to the sources of information about the living and working conditions in specific states. The EURES portal provides the main information in the Lithuanian language, whereas job vacancies and other topical information is usually presented only in the English, German and French languages.

Of importance is the fact that in 2005, the job vacancies available in all EURES Member States are to be placed in the EURES portal, and the job vacancies intended specially for the EURES network are to be marked with EU flags. Moreover, the central office of EURES provides information by phone in three languages: English, German and French as well as by e-mail in all official languages of the EU. It should be underlined that regional labour exchanges employ EURES advisors and their assistants who can mediate, free of charge, in recruitment in another EU Member State and provide advice in the Lithuanian language on the issues of the free movement of workers which are discussed in the EURES portal in foreign languages or the information presented there is insufficient.

In October 2004, specialists of the Ministry participated in Brussels in the meetings of the Technical Committee and the Advisory Committee on free movement for workers. At the mentioned meetings, representatives of the European Commission provided significant information on latest rulings of the European Court of Justice in the cases relating to the free movement of workers, which can be of importance to Lithuania’s citizens. To generalise, the following main conclusions of the European Court of Justice binding on all EU Member States may be identified:

- the status of an adopted son was made equal to the status of a son in the context of EU law;
- the issuance of a residence permit to an EU citizen was made equal to the status of a citizen of the place of employment, which grants the right to social benefits (without a valid residence permit the EU citizen would not enjoy this right);
- in the case of posted workers, where the posting is a long-term one, the monitoring authorities of the place of employment may perform checks in respect of such an employee;
• EU citizens may not be restricted in their right to participate in the activities of trade unions, even though the latter may perform certain public functions;
• indirect taxation is prohibited if it restricts the free movement of workers within the EU;
• a Member State must grant an unemployment benefit only when an actual link is established between a person in pursuit of employment and the labour market of that state (after a longer period in search of employment, etc.).

In 2004, responses and views were submitted on the issues of movement of workers, labour migration and demographic tendencies as well as integration to official representatives of the European Commission and ambassadors of foreign countries as well as to representatives of the United Nations Organisation, the Council of Europe, the International Labour Organisation and the International Organisation for Migration via the persons co-ordinating Lithuania's positions. Moreover, the Lithuanian population as well as various Lithuanian institutions, establishments and organisations were provided advice on the issues of the free movement of workers. Consultations were carried out both by phone and by e-mail. Generalised information is published in the Internet portal of the Ministry, and information is provided to representatives of the media. Specialists of the Ministry of Social Security and Labour have also delivered reports on these issues at various events. The audience was highly varied: entrepreneurs, civil servants, members of trade unions, students and other interested Lithuanian residents.

Moreover, international activities were also carried out in this area. At the very beginning of 2004, the Ministry addressed Greece’s Ministry of Employment and Social Protection as well as Portugal’s Ministry of Foreign Affairs and Ministry for Labour and Social Solidarity. However, the mentioned states are not interested in a speedy opening of their labour market due to a fairly high level of unemployment in the countries. Moreover, during the latest bilateral consultations held in Italy, Italy’s representatives informed of the labour market restrictions eased in respect of workers from the new Member States, i.e., including Lithuania.

In 2004, the Ministry of Social Security and Labour implemented a PHARE programme project “Assistance to the Ministry of Social Security and Labour in Implementing the Free Movement of Workers and Developing the Co-ordination of Social Security Systems at the Central and Municipal Level”. Experts of the project assisted the Lithuanian Labour Exchange in organising trainings for advisors of the European Employment Services (EURES) and prospective training specialists who will be able in the future to train their new colleagues who will work with EURES. Moreover, project experts from Germany assisted the Lithuanian Labour Exchange in joining the EURES network, thanks to which information about the job vacancies available in Lithuania is accessible throughout the European Union. The project experts provided recommendations on the organisation of EURES activities as well as alignment of Lithuania’s legislation with EU acquis. The recommendations were analysed, and the main ones were taken into account. Moreover, only major non-compliances of the legislation with EU acquis were eliminated, because in Lithuania, as in other EU Member States, EU regulations take precedence over Lithuania’s legislation and are applied directly, therefore, it is not necessary to transpose their provisions.

Experts of the PHARE project have organised for the employees of the Lithuanian institutions participating in the process of recognition of diplomas and vocational qualifications a number of working seminars about the specific directives concerning the recognition of diplomas and vocational qualifications as well as their implementation.

In the first half of 2004, a survey was conducted at the request of the Ministry of Social Security and Labour, a chapter of which “Tendencies of the Movement of Qualified Labour Force in Lithuania and the EU” was closely linked with the free movement of workers. The chapter was focused on the education of the population and intentions of students of university high schools to leave abroad, self-awareness, values and experience in this field. In April 2005, a new study was conducted on the intentions of Lithuanians to move abroad showing that Lithuanians are much less willing to leave Lithuania in comparison with the data of 2001 and 2004 (see the diagram below). Nevertheless, two main principles of
Migration which are typical of all the studies may be distinguished. People usually want to leave for a period up to 1 year (see the diagram below). Moreover, young people are more willing to leave – in 2001, they amount to 69.1 per cent of all those planning to leave, in 2004 – 51 per cent of all the students interviewed, in 2005 – 45.9 per cent of the group of young people. Therefore, a conclusion may be made that Lithuanians, especially young people, are willing to leave abroad for a short period of time to gain new experience and that the number of those willing is decreasing.

Generalisation of the consequences of the free movement of workers within the EU allows to state that it has had a positive impact rather than a negative one:

- Lithuanians have received an easier access to legal employment in the EU:
  1) Ireland, the United Kingdom of Great Britain and Northern Ireland as well as Sweden have already opened their labour markets,
  2) In any EU Member States, a Lithuanian has acquired a priority over citizens of the countries not EU Member States (under international treaties, the citizens of Norway, Iceland, Liechtenstein and Switzerland have the status of EU citizens in the labour market),
  3) Permanent legal employment (for a period longer than 12 successive months) abolishes all the restrictions valid during the transitional period in an EU Member State of the place of employment,
  4) Family members have the right to move together with a worker and be granted social guarantees according to the same rules as workers of the place of employment;

- In order to maintain qualified workers, Lithuanian employers have to raise salaries or promote such workers in other ways;

- In Lithuania, the level of unemployment has considerably decreased due to emigration for working purposes;

- Owing to the shortage of qualified labour force, Lithuanian employers have started to more frequently employ foreign citizens (citizens of non EU Member States).

Finally, it is expected that these new opportunities opened by the EU will have a lasting positive impact due to better working conditions, return of Lithuanian migrants with a new experience and for other reasons.

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1. In 2001, Lithuanian residents from 15 to 34 years old were interviewed, in 2004 – students, in 2005 – young people from 18 to 29 years old.
In respect of the migration of workers, it should be noted that Lithuania’s commitments to the World Trade Organisation have been updated due to Lithuania’s accession to the EU. Positions and comments have been presented with regards to the need for the natural persons providing services in the Lithuanian labour market and the regulation of their entrance in the Lithuanian labour market. In this case, attention was focused on a considerably high level of unemployment in Lithuania; hence, Lithuania sought not to increase the burden of its commitments to members of the World Trade Organisation. In the middle of 2004, the passing of a new version of the Law on the Legal Status of Aliens was followed by Order No. A1-179 of the Minister of Social Security and Labour, which approved a Description of the Conditions of and Procedure for Issuing Work Permits to Aliens and specified the earlier commitments assumed by Lithuania to the members of the World Trade Organisation.

The number of the aliens immigrating to Lithuania has been increasing lately, so Lithuania, just as other EU Member States, needs to ensure their integration. The Ministry of Social Security and Labour, which is responsible for the social integration of the refugees and aliens who have been granted a temporary humanitarian asylum, has undertaken to represent Lithuania’s interests at the informal meetings of National Contact Points on Integration within the framework of the European Union. In implementing this task, the Ministry completes questionnaires about the situation in the field of integration of aliens in Lithuania and participates in meetings and in seminars with other concerned state institutions and bodies as well as non-governmental organisations on these issues. Participants of the seminars draw experience from other Member States which have long been involved in the development of special programmes for the integration of aliens improved by amending them in light of special evaluation indicators and by aiming at efficiency. Moreover, the participants of the mentioned meetings discuss and approve recommendations as well as examples of best practices helping to draw useful experience from other EU Member States. With a view to summarising the mentioned activities, a Handbook on Integration has been compiled.

Preparation of the Handbook on Integration began on the basis of conclusions of the Thessaloniki European Council (meeting in June 2003), which pointed out the importance of the integration of aliens at the EU level. To this end, the European Commission employed national contact points on integration as advisers and engaged the experts of integration of aliens to compile the Handbook itself. The prepared Handbook on Integration consisted on the introduction and 3 parts. The introduction deals with the origin of this Handbook, the achievements already accomplished and the achievements which could be accomplished in the field of integration of aliens. The first part focuses on the introductory programmes for newly-arrived immigrants and refugees – language teaching and vocational training, familiarisation with local values and history. The part stresses the importance of participation of social partners and non-governmental organisations as well as evaluation and improvement of the programmes. The second part deals with civil society, i.e., intercultural communication among local residents and immigrants as well as religious dialogue, acquisition of citizenship (naturalisation), suffrage, social participation and consultative bodies. The third part summarises information about the indicators of integration evaluation, their selection and European co-operation in this area. In general, all the parts not only present separate chapters, but are also accompanied with examples of best practices and provide recommendations as well as conclusions. Finally, a 79-page Handbook on Integration was published in November 2004, in the future, it should be supplemented with new parts.

5.1.6. APPLICATION OF PROVISIONS FOR THE CO-ORDINATION OF SOCIAL SECURITY SYSTEMS

As of 1 May 2004, Lithuanian citizens may pursue and take up employment in other EU Member States, although certain restrictions will continue to be applied for the present. As of this day, Lithuanian institutions have started to apply directly the provisions of co-ordination of European Union migrant workers’ social security schemes as stipulated in Regulations (EEC) of the Council No. 1408/71 and No. 574/72.

Three main categories of the Lithuanian
institutions participating in the implementation of co-ordination provisions may be identified: competent authorities, competent institutions and liaison bodies. Such a classification of institutions is provided for in the mentioned regulations, and these concepts are beginning to be used in the Lithuanian national legal system.

Competent authorities (the Ministry of Social Security and Labour and the Ministry of Health) are responsible for the formation of social security schemes, their implementation and supervision in Lithuania. This means that the Ministry of Health is the designated authority for all sickness benefits in kind, whereas the Ministry of Social Security and Labour – for all other benefits, including sickness cash benefits. All other abovementioned institutions perform the functions of competent institutions – manage the social insurance of persons, consider requests of individuals, allocate and pay benefits, issue required documents, that is, directly implement the co-ordination provisions. The Foreign Benefits Office of the State Social Insurance Fund Board, the State Patient Fund as well as the Lithuanian Labour Exchange also perform the function of liaison bodies – they are in a direct contact with respective institutions of foreign states.

One of the greatest challenges to the system of Lithuanian institutions has been the creation of a system of co-operation between the social assistance divisions of municipalities as competent institutions in respect of family allowances and the Foreign Benefits Office of the State Social Insurance Fund Board as a liaison body. Such a detailed scheme of co-operation of these institutions has been approved by Republic of Lithuania Minister of Social Security and Labour Order No. A1-288 of 27 December 2004 on the Approval of Description of the Procedure for Implementing the Provisions of Regulation (EEC) of the Council No. 1408/71 and Regulation (EEC) of the Council No. 574/72 Related to Family Allowances and Death Grant (Official Gazette, No. 6-162, 2005).

Competent institutions are in charge of the bulk of practical work in applying the regulations. In addition to usual functions, these institutions have to establish, in light of the provisions of Regulation No. 1408/71, whether a specific migrant worker, a citizen of both Lithuania and any other EU Member State (the co-ordination principles are also applied to Liechtenstein, Norway as well as Iceland), could be applied Lithuania’s social security legislation. According to a common rule, a worker is subject to the legislation of the Member State in which he is employed (the lex loci laboris principle). Special rules are applied to the persons employed under an employment contract in diplomatic missions, the persons temporarily posted to perform work in another state, civil servants, workers in international transport, mariners as well as support personnel of EU institutions. Finally, the Member States have been provided with an opportunity, in certain exceptional cases, to agree on exceptions to the rules for selection of the applicable legislation as stipulated in the Regulation. The aim of these rules, as the coordination itself, is to prevent the formation of double social protection, when a person is forced to pay social insurance contributions in several states, and social security gaps, when a person is left without any social guarantees. Certainly, the social security rights and duties of migrant workers depend on decisions of all competent institutions in determining the legislation of which Member State are to be applied to a specific person.

As early as in the first months of the practical application of provisions of coordination of social security schemes, the shortcomings of the Lithuanian institutional system could be identified and appropriately corrected. Thus, amendments were made to annexes to Regulation No. 574/72, which list the competence of Lithuanian institutions in the field of coordination. For instance, all functions provided for the State Social Insurance Fund Board were assigned to the direct competence of a body of the Board – the Foreign Benefits Office.

Since the very beginning of membership in the European Union, specialists of the Ministry of Social Security and Labour have been directly involved in the activities of a special Administrative Commission of the European Communities on Social Security for Migrant Workers as well as the drafting new European Union legislation regulating the coordination of social security systems.

The main legal act of the European Union the drafting of which saw an active participation of the specialists of both the Ministry and subordinate institutions is Regulation (EC) of the European Parliament and the Council No. 883/2004, which essentially modernised and simplified Regulation (EEC) No. 1408/71. The adoption of Regulation (EC)
No. 883/2004 has been immediately followed by the start of modernisation works of Regulation (EEC) No. 574/72.

The whole of 2004 was devoted to reviewing special E forms, which are used by institutions of EU Member States by adapting and supplementing them in line with the specific needs of Lithuanian institutions. Upon the preparation of the Lithuanian versions of these forms, the Administrative Commission of the European Union on Migrant Workers has started to officially approve them.

The implementation of the provisions of coordination of social security systems having been initiated, a PHARE project “Assistance to the Ministry of Social Security and Labour in Implementing the Free Movement of Workers and Developing the Co-ordination of Social Security Schemes at the Central and Municipal Levels”, which has been in the process of implementation for the second year, has proved to be of particular benefit to specialists of the Ministry of Social Security and Labour and other bodies.

Trainings have been organised for the staff of the Lithuanian institutions implementing the coordination of social security systems as well as future trainers of the staff according to the specific activity areas in which they are going to work – sickness and maternity, pensions, occupational diseases and accidents at the work, unemployment, family allowances, etc. It is important to stress that such preparation of specialists has been based not only on theoretical knowledge, practical experience of foreign colleagues, but also enabled to focus on the practical administration of coordination procedures, which has just been introduced in Lithuania.

Taking account of Lithuania’s peculiarities in respect of the implementation of coordination, the work programmes intended for the administration of separate groups of benefits have been developed for Lithuanian institutions. These programmes have allowed every institution to determine precise functions in the field of coordination, volume of administrative work, rules for communicating with persons and foreign institutions, personnel needs, etc.

Lithuanian experts and those of partners of the project have also prepared other information of particular significant in coordination practice. This is the training material prepared for separate groups of benefits which reflects not only the legal basis for coordination of social security systems, but also specific aspects typical of the Lithuanian system of benefits. Another publication is the overview of the rulings of the European Court of Justice on the application of the coordination provisions. This overview is of benefit not only to the institutions directly implementing the coordination provisions, but also to judges, advocates, lawyers of other fields that will face the real problems of implementation of the provisions of migrant workers’ social security.

To improve the provision with information of residents, legal persons as well as various Lithuanian institutions dealing with the ensuring of the social security of migrant workers as well as the application of the coordination provisions, the creation of an information basis – the social security of migrant workers within the European Union – has been initiated at the official Internet website of the Ministry of Social Security and Labour. The main legal acts regulating coordination, the E forms as used by institutions, and other information about the social security of migrant workers will be available at this website.

5.1.7. PARTICIPATION IN THE ACTIVITIES OF EUROPEAN JUDICIAL INSTITUTIONS

Membership in the European Union has meant for Lithuania not only the opportunity to participate, on equal footing, with other EU Member States in EU legislative processes, but also to actively assert its positions at the judicial institutions of the European Union. The European Court of Justice and the Court of First Instance are the judicial institutions of the European Union which have been granted, according to their competence, such powers as the interpretation and application of the Community law, consideration of cases on the failure of the Member States to fulfil their obligations, ensuring the compliance with the EU law, etc.

Significantly, as of the day of accession to the EU, Lithuania, just as other EU Member States, have become subject to the uniform standards of legal responsibility. Lithuania is under an obligation to put every effort to make the law of the European Communities a part of the Lithuanian national law, hence, in the event of nonfeasance or misfeasance of these obligations, e.g., directives
are not transposed in national law within the set time limits, regulations are not applied or EU legal norms are infringed otherwise, the European Commission or other EU Member States may bring before the European Court of Justice an action against Lithuania for failure to fulfil obligations.


Under pre-trial proceedings and prior to bringing an action before the European Court of Justice, the European Commission addresses to a Member State a letter of formal notice as well as reasoned opinion on a failure to transpose or implement EU law or failure to fulfil another obligation under the EU law. The addressing of a letter of formal notice also means the beginning of the infringement procedure for a failure to fulfil obligations. A response to the letter of formal notice of the European Commission and the reasoned opinion about the anticipated failure to transpose or implement of an EU legal act or a failure to fulfil any other obligation under EU law is prepared, within the areas assigned to the competence of the Ministry, by the European Integration and International Relations Department in co-operation with appropriate officers of the Ministry.

It should be noted that during the pre-trial procedure, of utmost importance is to employ all possible arguments of legal defence, to present the proof evidencing the absence of infringement or proper arguments explaining the failure to timely fulfil obligations and specifying the national measures aimed at eliminating the infringements specified by the European Commission. A failure to make use of all possibilities in defending a Member State’s position during the pre-trial proceedings would complicate the process of presenting evidence before the European Court of Justice too. Inter-institutional co-operation is considerable importance for the preparation of a response to the European Commission. A prepared draft of the response must be agreed with the European Law Department under the Republic of Lithuania Ministry of Justice, the Ministry of Foreign Affairs as well as other state institutions having the competence over an infringement of EU law prior to its submission for agreement to the Office of the Government of the Republic of Lithuania. Where necessary, a draft response is submitted for discussion at the meeting of state secretaries of the ministries. The European Commission addresses a reasoned opinion where a Member State does not take any measures to eliminate the infringements specified in the letter of formal notice and indicates inappropriate arguments for a failure to fulfil obligations.

It should be noted that even when Lithuania does not participate in the hearing of the case by the European Court of Justice – is neither a plaintiff, nor a defendant or a court other than Lithuanian referred for a preliminary ruling – Lithuania may join the process in the European Court of Justice and present its position. In accordance with the established procedure, the European Law Department submits for an evaluation by the Ministry of Social Security and Labour the summaries of the cases heard by the European Court of Justice, if a decision taken in them could be of relevance to Lithuania. In such cases, the Ministry of Social Security and Labour considers the material submitted on the case, evaluates the regulation of legal relations in Lithuania as defined in the case as well as, having evaluated whether a ruling handed down or interpretation of a Community legal norm would result in the incompliance of the national legislation in force with Community law, submits to the European Law Department a legally based and reasoned response on the relevance of the case being heard to Lithuania and the expediency of joining the proceedings.

Generalising the cases which have been received over a short period of membership and on which the Ministry of Social Security and Labour has submitted its opinion, a tendency is evident that in other EU Member States (especially in the old Member States), a particularly large
number of questions arise on the application of 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 as well as Regulation of 15 October 1968 on freedom of movement for workers within the Community. These regulations are closely interrelated, because Regulation No. 1612/68 ensures for all citizens of EU Member States the right of free movement within the Community in pursuit of employment or taking up employment, irrespective of their place of residence, whereas Regulation No. 1408/71 regulates the social security of the workers moving within the Community.

In cases of employment in another Member State or even in several Member States, state institutions are often in doubt as to the application of national law as well as EU legislation in respect of the calculation of social insurance contributions or making certain payments, e.g., pensions, sickness and maternity, accidents at the workplace and occupational diseases social insurance, health insurance benefits, etc. In order to defend their rights which have been violated, citizens of the Member States refer to national courts, and the latter refer to the European Court of Justice for a preliminary ruling in the event of problems of interpretation of the legal norms of the Community.

In June–July 2005, the Ministry of Social Security and Labour submitted to the European Law Department a position and indicated in it that the case was relevant to Lithuania and it was expedient to join a case pending before the European Court of Justice. In the case being heard, the issue of interpretation of a Community law arose when a Dutch citizen was not granted an allowance as a person victim of World War II. Having assessed the provisions of the Law on State Pensions regulating the allocation and payment of benefits to the persons victims of the war, specialists of the Ministry of Social Security and Labour established that the legal regulation of the allocation of these benefits in Lithuania and Netherlands is very similar. A decision of the European Court of Justice could result the incompatibility of certain provisions of the Law on State Pensions with Community law, so in this case, presentation of the position would not only allow for the representation of Lithuania’s interests, but also would contribute to the interpretation of Community legal norms.

5.1.8. MISSOC ACTIVITIES

In January and July 2005, the Ministry of Social Security and Labour, as other responsible institutions of the EU Member States, provided the updated information about the country’s social protection as required for MISSOC (the Mutual Information System on Social Protection in the Member States of the European Union) tables. It is expected that information about Lithuania referring to January 1, 2005 will be placed in MISSOC Internet website in the autumn of 2005, after translation of the text into the English, German and French languages. The MISSOC website currently contains the information about Lithuania’s social protection system referring to May 1, 2004.

The Ministry of Social Security and Labour has participated in the activities of MISSOC since December 2003. This information system provides key information on social protection in the EU Member States and in the countries of the European Economic Area. MISSOC comparative tables consist of twelve parts: I. Financing; II. Health care; III. Sickness – Cash benefits; IV. Maternity/Paternity; V. Invalidity; VI. Old-age; VII. Survivors; VIII. Employment injuries and occupational diseases; IX. Family benefits; X. Unemployment; XI. Guaranteeing of sufficient resources; XII. Long-term care. The tables begin with a brief introduction of the structure of social protection of each country and charts. In the annex to the tables, each country describes the social protection of self-employed persons. The information contained in these tables is updated twice a year. The system operates in the English, German and French languages.

In January 2005, the Ministry of Social Security and Labour, in co-operation with the Ministry of Health, presented information about health care charges to the “MISSOC-Info” bulletin. The purpose the “MISSOC-Info” bulletin is to enable a wider understanding of social protection systems of the countries on certain topical issues. This bulletin is published twice per year in the English, German and French languages. The information of the “MISSOC-Info” bulletin is also available at the

4 http://europa.eu.int/comm/employment_social/missoc/index_en.html
5.2. PARTICIPATION IN THE ACTIVITIES OF INTERNATIONAL ORGANISATIONS

5.2.1. MEMBERSHIP IN THE INTERNATIONAL LABOUR ORGANISATION

5.2.1.1. Drawing up Reports on the Application of Provisions of Conventions in Lithuania

In 2004, comprehensive reports on the application of provisions of ten ratified conventions in Lithuania were prepared in observance of Article 22 of ILO Statute.

Moreover, in the first half of 2005, reports on the conventions which had not been ratified as well as recommendations on labour inspection were prepared in observance of Article 19 of the Statute of the International Labour Organisation.

In 2004, Lithuania presented responses according ILO/IMO (International Maritime Organisation) questionnaire on provision of financial security in case of abandonment of seafarers; questionnaire on occupational safety and health; questionnaire on working conditions of seafarers as well as replied to questions on multinational enterprises and social policy. Moreover, in the first half of 2005, questionnaires on the updating of the list of occupational diseases and employment relationship were completed.

Furthermore, in 2004, Lithuania presented comments on a draft Code of Practice on Safety and Health in the Iron and Steel Industry.
5.2.1.2. Activities at the Governing Body

The Governing Body is the executive body of the International Labour Office, which is the secretariat of the International Labour Organisation, and is composed of 56 members – 28 Governments, 14 Employers and 14 Workers. It meets three times a year and takes decisions on ILO policy, programme and budget issues, elects the Director-General, etc.

The 291st session of the Governing Body was held on 4-19 November 2004 in Geneva. During this session of the Governing Body, a draft Strategy for 2006 – 2009 as well as proposals with regards to the Programme and Budget for 2006 – 2007 were considered. The Committee on Freedom of Association considered the situation in Myanmar as well as in Belarus, Columbia, etc. The Committee on Legal Issues and International Labour Standards deliberated on the improvement of the provision of information about newly adopted ILO documents (conventions, protocols, recommendations) to competent institutions. The International Labour Office submitted a proposal obligating a legislative institution to adopt a decision on the ratification (or non-ratification) of a submitted document. Such an expansion of duties was opposed by the majority of representatives of the governments.

It is worthwhile mentioning that Lithuania as well as several other new EU Member States was admitted to an informal IMEC (Industrialized Market Economy Countries) group on 16 November 2004 (during the 291st session of the Governing Body). Although the IMEC group does not enjoy the official status in ILO, it actively participates in dealing with all issues considered by the Governing Body and exerts considerable impact on the decisions taken.

The IMEC group was formed in 1976 and consists of the main market economy countries of the world (Australia, USA, Japan, Canada, Switzerland, Norway as well as the old EU Member States).

The 292nd session of the Governing Body was held on 3-24 March 2005 in Geneva. The spectrum of the issues discussed during this session of the Governing Body was especially broad: ranging from basic labour rights in Myanmar, Nepal and other states to co-operation strategies with a view to promoting fair globalisation. This Governing Body hosted distinguished guests: the visits of Juan Carlos I of Spain, who stressed the problems and scope of children’s labour, as well as the EU Commissioner for Employment, Social Affairs and Equal Opportunities Vladimir Špidla, who underlined an increasing co-operation between ILO and the EU on the issues of decent work and globalisation.

Lithuania's representatives also participated in the meetings of EU and IMEC groups. Moreover, the Regional group for Central and Eastern Europe held a meeting during the session of the Governing Body to discuss the topical issues on the agenda of the session.

On 17 June 2005, a sitting of the 293rd session of the ILO Governing Body was held, during which the issues of the 93rd session of the International Labour Conference were discussed, a report of the Committee on Freedom of Association was approved, the Chairperson of the Governing Body was elected for 2005-2006, etc. Furthermore, the new members as elected during the Conference, on 6 June 2005, participated in this Governing Body. Hence, Lithuania’s term of office as a regular member has expired upon the election of the new members.

5.2.1.3. International Labour Conference

During the 93rd session of the International Labour Conference held on 31 May – 16 June 2005 in Geneva, Lithuania was represented by a delegation led by Minister of Social Security and Labour Vilija Blinkevičiūtė. In accordance with the requirements of the ILO Statute, the delegation was formed on the basis of tripartite principle – i.e., it comprised representatives of the Government, employers and trade unions.

The 93rd conference deliberated the following essential issues:

- ILO programme and budget for 2006 – 2007; information and reports about the application of conventions and recommendations;
- Issues related to safety and health at work (debate on a new document in this field was held, and it was decided that the form of this document should be a convention
accompanied by a recommendation);  

- Work in the fishing sector (the aim was to adopt a convention accompanied by a recommendation, however, the documents were not adopted during the plenary sitting due to the insufficient number of votes. A request was submitted to enter the mentioned issue on the agenda of the 2007 conference);  

- Issues of youth employment.

This year, Lithuania has participated not only in the co-ordination meetings of the representatives of EU Member State governments within the Youth Employment Group and the Fishing Sector Group, the Safety and Health at Work Group as well as the Application of Standards Group, which aimed at formulating a common position of the EU Member States on the mentioned, but also in meetings of the IMEC (Industrial Market Economy Countries) group, to which it was admitted in November 2004. Additionally, Lithuania’s delegates participated in the co-ordination meetings of the Regional group for Central and Eastern Europe organised to discuss topical issues. During a year before the end of this conference, Lithuania was a co-ordinator of this group.

The ILO Conference analysed the situation in the occupied Arab territories, the situation in Myanmar, Belarus, and other states, commemorated the World Day Against Child Labour, and considered other issues.

Moreover, the abovementioned elections to the Governing Body were held at this Conference. Belarus was one of the states elected a regular member of the Governing Body. Its candidacy was opposed by a number of states. However, by a majority of several tens of votes Belarus was elected a member of the Governing Body.

At this Conference, an informal meeting of EU employment and social security ministers, including Lithuania’s Minister of Social Security and Labour Vilija Blinkevičiūtė, was held. Participants of this meeting discussed the problems related to the internationalisation of investment and production, including the issues of employment as well as decent work, “delocalisation”, etc. Alongside other EU Member States, Lithuania acknowledges that internationalisation as well globalisation create a variety of opportunities for people. However, for these processes to be of a real benefit to the people, the states must closely co-operate in eliminating negative consequences of globalisation as well as internationalisation. The process of co-operation should involve all interested countries, so that economic and social goals could be attained.

**5.2.1.4. Other Events**

Alongside the annual ILO Conference, Geneva (Switzerland) hosted on 13-24 September 2004 the Preparatory Technical Maritime Conference, with an aim to draft a Consolidated Maritime Labour Convention. This Convention should replace almost all maritime labour conventions adopted since 1920. This Conference saw the participation of a Lithuanian delegation formed on the basis of the tripartite principle and led by the Ambassador of the Permanent Mission of the Republic of Lithuania to the United Nations Office and Other International Organisations in Geneva Algimantas Rimkūnas.

On 21-27 April 2005, Geneva hosted a tripartite intersessional meeting, which continued the work of the Preparatory Maritime Conference. A representative of the Ministry of Social Security and Labour was among the participants of this meeting.

On 14-18 February 2005, Budapest hosted the seventh ILO European Regional Meeting, which saw the participation of a Lithuanian delegation formed on the basis of the tripartite principle. Every four years, the representatives of over 50 states of the region convene for an ILO European Regional Meeting. The main issues considered at this meeting were related to the material of a two-part report of the Director General: the first part – activities of the ILO in the region over 2001 – 2004, the second part – good management within the context of globalisation, with a focus on four areas: youth employment; combination of flexibility, stability and safety on the labour markets of the European states; management of migration; problems of aging, participation in the labour market and the pensions reform. Lithuania acknowledged that the management of decent work in the abovementioned fields was the key element when aiming at positive changes on the labour markets. Lithuania stressed that of particular relevance was to join economic, employment and social strategies, so that they would serve common interests, including such
priorities as enhancement of competitiveness, full employment and social cohesion. Furthermore, in attaining the mentioned goals, social dialogue at the national, regional and global levels is of a special significance.

On 23 May 2005, Brussels hosted an informal meeting of experts of the EU Member States to prepare for the 93rd ILO Conference. A representative of the Ministry of Social Security and Labour was among the participants of this meeting. At this meeting, delegates of the EU Member States were informed of possible links and collisions between ILO proposals and EU standards as well as exchanged preliminary opinions (aimed at the provision of information) on the positions of the EU Member States on the issues of youth employment and labour in the fishing sector. Moreover, the technical and organisational issues of the co-ordination EU meeting held during the conference were discussed.

5.2.2. MEMBERSHIP IN THE COUNCIL OF EUROPE

5.2.2.1. Activities of the Committee of Experts on Standard-Setting Instruments in the Field of Social Security (CS-CO)

On 26-27 April 2005, representatives of the Ministry of Social Security and Labour participated in Strasbourg in the 7th meeting of the Committee of Experts on Standard-Setting Instruments in the Field of Social Security (CS-CO) as well as a common meeting of CS-CO and the Committee of Experts for Co-ordination in the Social Security Field (CS-CR). During the 7th meeting of CS-CO, conclusions of experts on the implementation of countries’ commitments according to the requirements of the European Code of Social Security were considered, the possibilities of promoting standard-setting in the field of social security in the countries of the Council of Europe were analysed, the decisions of the Committee of Ministers and the European Committee for Social Cohesion (CDCS) of relevance to the CS-CO were considered. An announcement was made that the Committee of Ministers had taken a decision on the termination of activities of the committees of CS-CO and CS-CR and formation of a new committee – CS-SS (Committee of Experts in the Field of Social Security).

Participants of the common meeting of the CS-CO and CS-CR considered the competence of the new CS-SS committee, which essentially covers the activities of the abovementioned committees. During this meeting, a draft on the competence of the CS-SS committee was amended. Under this draft, representation in the new committee should not differ from the rules of representation in the CS-CO.

5.2.2.2. Activities of the Committee of Experts for Co-ordination in the Social Security Field (CS-CR)

On 27-28 April 2005, a representative of the Ministry of Social Security and Labour participated in Strasbourg (France) in the 7th meeting of the Committee of Experts for Co-ordination in the Social Security Field (CS-CR) of the Council of Europe. During the 7th meeting of the CS-CR, the secretariat presented information about the signing/ratification of documents of the Council of Europe between October 2004 and April 2005. Members of the Committee were introduced with a general programme of activities designed to promote the Council of Europe measures in co-ordination of social security. At the meeting, a research report prepared by Prof. Dr. Paul Schouken and Prof. Dr. Danny Pieters on illegal labour migrants’ access to social security was presented. Participants of the meeting also held a brief discussion on a document “Doubtful Cases of Workers’ Posting” as prepared by Dr. Albrecht Otting. As representatives of the European Commission did not participate in the meeting, a representative of Luxembourg as the country holding the Presidency of the EU presented in brief the information about the documents being drafted and considered by institutions of the European Union in the field of social security.

5.2.2.3. Preparation for Signing of the Code of the Council of Europe

The Ministry of Social Security and Labour is preparing to initiate the signature of the European Code of Social Security adopted by the Council of Europe in 1964. The signature of this Code is provided for in the implementation measures

The European Code of Social Security establishes minimum standards of social security, which are necessary to maintain and promote the social security system in the appropriate level. Moreover, paragraph 2 of Article 12 of the 1996 European Charter (revised) refers to the ratification of this Code as the indicator of a country’s proper social security level (Lithuania has not ratified paragraph 2 of Article 12 of the Charter).

Lithuania has submitted to the Council of Europe a so-called “zero report” as prepared by the Ministry on the compliance of Lithuania’s legislation with the requirements of the European Code of Social Security between July 2000 and June 2001. The Council of Europe, in co-operation with experts of the International Labour Organisation, submitted conclusions on the mentioned “zero report” by Lithuania, stating that Lithuania’s social security was in compliance with the requirements of this Code to a large extent and that there were no obstacles for Lithuania to sign and ratify the European Code of Social Security.

In 2004, an authentic translation of the European Code of Social Security into the Lithuanian language was prepared. Following the translation, a repeated detailed analysis was conducted in 2004-2005 on the compliance of Lithuania’s legislation with the requirements of the European Code of Social Security. On 17 June 2005, the Ministry of Social Security and Labour together with the Council of Europe organised a seminar “Evaluation of Social Security of Lithuania before the Signing of the European Code of Social Security”. Participants of the seminar considered a repeated Lithuania’s report according to all parts of the Code as well as the preparation to sign this Code. Experts of the Council of Europe and the International Labour Organisation and Lithuanian social security and health care specialists participated in the seminar. Experts of the Council of Europe and the International Labour Organisation positively evaluated the mentioned report. They stressed Lithuania’s progress in the field of social security compared with Lithuania’s “zero report” and encouraged to sign the European Code of Social Security. After this seminar, the Ministry of Social Security and Labour intends to begin the procedure of initiation of the signature of the Code, i.e., to address the interested ministries on the agreement of draft legislation on the granting of powers. A solemn signature of the European Code of Social Security is scheduled to take place in Strasbourg at the end of 2005.

5.2.3. PARTICIPATION IN THE ACTIVITIES OF THE UN ECOSOC

On 28 October 2004, at the 59th session of the UN General Assembly, the Republic of Lithuania was elected a member of the United Nations Economic and Social Council (ECOSOC) for a period from 1 January 2005 until 31 December 2007 (the UN General Assembly elects 54 members of ECOSOC from 191 states of the UN).

ECOSOC is one of the six principal bodies of the UN whose activities cover the improvement of the living conditions, working capacity, economic activities and social conditions in the member states. ECOSOC approves activity reports of 11 UN funds and programmes, adopts (submits) policy recommendations to the UN system and member states on the mentioned issues. ECOSOC also conducts and initiates surveys, prepares reports and submits recommendations to the UN General Assembly on international economic, social, cultural, educational and scientific, health care, human rights and related issues, co-ordinates the activities of 14 specialised agencies, 10 functional commissions and 5 regional commissions. Submits information and assists the Security Council.

By its membership in ECOSOC, Lithuania pursues, alongside other objectives, the following aims:

1) To enhance Lithuania’s international prestige and Lithuania’s status within the UN system;
2) To create possibilities for Lithuanian representatives to stand as candidate for important positions in the UN;
3) When implementing joint projects, to use expediently funds for development in the neighbouring regions and to reduce poverty in other regions of the world;
4) To create a possibility for the interested institutions of Lithuania to take an active part in various UN programmes; acquire the status of experts in various ECOSOC
projects, access a variety of databases, and participate in the processes of preparation of various recommendations.

A working group formed by an ordinance of the Prime Minister of the Republic of Lithuania has drafted a Programme for the Promotion of Participation of the Republic of Lithuania in the Activities of the United Nations Economic and Social Council for 2005-2007 and action plan for its implementation, which have been approved by the Government. This programme and the execution of the action plan for the implementation of the programme will be co-ordinated by the Ministry of Foreign Affairs. The Ministry of Social Security and Labour is one of the institutions implementing the mentioned programme (alongside the Ministry of Environment, the Ministry of Education and Science, the Ministry of Foreign Affairs, etc.). The Ministry of Social Security and Labour is going to be in charge of the following priority areas of ECOSOC activities: equal opportunities (in co-operation with the Commission for Equal Opportunities for Women and Men); population and development (in co-operation with the Department of Statistics), reduction of poverty (in co-operation with the Ministry of Environment, the Department of Statistics). In 2004, Lithuania was a member only of the Population and Development Commission, and participated in other ECOSOC commissions only as an observer.

Representatives of the Ministry of Social Security and Labour participated in the 43rd session of JT ECOSOC Commission for Social Development, which was held in February in New York, USA, and the 49th session of the Commission on the Status of Women, which was also held in February in New York, USA.

The sessions of the Commission for Social Development and the Commission on the Status of Women were extraordinary, because both celebrated the (tenth) anniversaries of significant events. At the 43rd session of the Commission for Social Development in New York, the progress made over 10 years since the adoption of the Copenhagen Declaration on Social Development and Programme of Action in 1995 as well as further guidelines for the implementation of the Copenhagen commitments were considered. During this session, a representative of the Ministry of Social Security and Labour participated in high-level plenary meetings convened to review as well as the prospects for further implementation of the results of the World Summit for Social Development and the 24th special session of the General Assembly. At this meeting, Lithuania's achievements in implementing the Copenhagen Declaration were presented, and Lithuania's position confirming the country's aspiration to implement the commitments assumed in Copenhagen was stated. The representative of the Ministry of Social Security and Labour also participated in the activities of the high-level working groups which, in addition to other issues, considered the problems of the elimination of poverty and separate social groups.

The 49th session of the Commission on the Status of Women was devoted to the tenth anniversary of the adoption of the Beijing Declaration and Platform for Action (Beijing +10) and assessed the progress made by countries in implementing these documents. During the session, the State Secretary of the Ministry of Social Security and Labour, who is the Chairman of the Commission for Equal Opportunities for Women and Men in Lithuania, participated in a high-level plenary sitting, which reviewed the implementation of the Beijing Platform for Action and the final report of the 23rd Special Session of the General Assembly (Beijing +5) as well as current challenges and strategies in respect of the strengthening of powers of women.

At this plenary meeting, the Lithuanian representative acquainted the participants with Lithuania's achievements in implementing the mentioned documents, whose positive results are evident not only in the public, but also in the private sector as well as the entire society. Moreover, mention was made of several problematic fields (e.g., involvement of women in the field of decision-making), which, though presenting positive changes, leave much to be done. The Lithuanian representative also underlined that Lithuania, as an EU Member State, makes every effort to ensure full implementation of the objectives and commitments of the Beijing Platform for Action, Beijing +5 and Beijing +10. Alongside the plenary sitting, the representative of the Ministry of Social Security and Labour also participated in the high-level working groups, which considered in detail the specific issues of equal opportunities.
5.3. INTERNATIONAL TREATIES

5.3.1. BILATERAL TREATIES (AGREEMENTS) IN THE FIELD OF SOCIAL SECURITY

By 2005, 8 bilateral treaties have been signed and are in force in the field of social security (with Estonia, Czech Republic, Finland, Latvia, Ukraine, Belarus, Netherlands and Russia) as well as 3 bilateral treaties on pensions (with Poland, Russia and the USA) (see Social Report’2003).

As of 1 May 2004, following its accession to the EU, Lithuania, just as other EU and EEA Member States, has began to apply directly Regulation (EEC) No. 1408/71 of the Council on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community (hereinafter referred to as Regulation (EEC) No. 1408/71) as well as Regulation (EEC) No. 574/72 fixing the procedure for implementing Regulation (EEC) No. 1408/71. Pursuant to Article 6 of Regulation (EEC) No. 1408/71, this Regulation shall, as regards persons and matters which it covers, replace the provisions of any social security convention. Provisions of international treaties could remain unaffected provided the Member States have entered these provisions in Annex III of the Regulation. Otherwise, the provisions of the Regulation would apply. As no provisions of the international treaties of the Republic of Lithuania have been entered in Annex III of Regulation (EEC) No. 1408/71, the international treaties of the Republic of Lithuania with Estonia, Czech Republic, Finland, Latvia, Netherlands and Poland have ceased to be applied in practice as of 1 May 2004.

In light of this fact, Finland’s Ministry of Foreign Affairs submitted to Lithuania, through diplomatic channels, note No. HEL1007-27 of 13 May 2005, proposing to denounce the Agreement between the Republic of Lithuania and the Republic of Finland on Social Security as signed on 12 September 2000 in Helsinki and ratified by the Law No. IX-348 of Republic of Lithuania of 24 May 2001 (Official Gazette, No. 49-1703, 2001). The Ministry of Social Security and Labour, in approval of this proposal, drafted in June 2005 the legal acts on the denunciation of the mentioned Agreement and agreed them with the interested institutions. On 13 July 2005, the draft legal acts were submitted to the Office of the Government of the Republic of Lithuania.

In implementing Regulation (EEC) No. 1408/71 and Regulation (EEC) 574/72 of the Council, the competent institutions of Lithuania, Latvia and Estonia has faced certain problems, because the Regulations do not regulate issues of taking into account the period of insurance acquired on the territory of the former USSR. Article 12 (9) (11) of Regulation (EEC) No. 1408/71 forbid to allocate several allowances of the same type for one and the same period of insurance. Therefore, in order to avoid a double or even triple taking into account a period of insurance acquired in the territory of the former USSR, in the event of inclusion of this period in Lithuania, Latvia and Estonia simultaneously, it is necessary to regulate legally such an international situation. The ways of dealing with the situations which are not regulated by the principal provisions of the Regulation are stipulated in Article 121 of Regulation (EEC) No. 574/72, which provides for a possibility for two or more Member States or the competent authorities of those Member States to conclude, where necessary, agreements designed to supplement the administrative procedure for implementing the Regulation. Such arrangements are listed in Annex 5 of Regulation (EEC) No. 574/72. It is such an agreement that has been proposed to solve Lithuania’s, Latvia’s and Estonia’s problem on the procedure for taking into account the periods of insurance as acquired in the USSR.

Lithuanian, Latvian and Estonian experts agreed, at a meeting held on 3 February 2005 in Vilnius, to deal with the issue of taking into account of insurance periods with the help of bilateral treaties and to denounce the Agreement between the Government of the Republic of Lithuania and the Government of the Republic of Latvia on the Co-operation in the Field of Social Protection, signed on 17 December 1993 in Vilnius and ratified by Resolution No. I-421 of the Seimas of the Republic of Lithuania of 31 March 1994 (Official Gazette, No. 26-423, 1994), and the Agreement between the Republic of Lithuania and

On 3 May 2005, Tallinn hosted a meeting of Lithuanian and Estonian experts, during which a preliminary draft of an Agreement between the Government of the Republic of Lithuania and the Government of the Republic of Estonia on the Recognition of the Period of Social Pensions Insurance of the Soviet Union was prepared. The Draft will be agreed with the interested institutions and improved. Analogous bilateral Agreement with the Republic of Latvia is expected to be drafted soon.

In 2003-2005, considerable attention was devoted to the solution of the issues of employment of seafarers of the Republic of Lithuania on board of vessels of the EU and EEA Member States and their social insurance.

Under the provisions of subparagraph c of Article 13 of Regulation (EEC) No.1408/71, a person employed on board a vessel flying the flag of a Member State is subject to the legislation of that Member State. Therefore, in accordance with a general principle, a person (seafarer) employed on board a vessel flying the flag of an EU or EEA Member State must be covered with social insurance in that EU or EEA Member State according to the provisions of this country's legislation. Regulation (EEC) No. 1408/71 provides for possible exceptions from this general principle, however, whether or not an exception may be applied is subject to consideration and evaluation in every specific case of employment of a seafarer.

The organisations representing Lithuanian seafarers addressed, as early as in November 2003, the Ministry of Social Security and Labour with a proposal to initiate the conclusion of bilateral agreements (first and foremost, with Norway, Netherlands, etc.) on the social insurance of seafarers which would provide for the covering of Lithuanian seafarers with social insurance in the Republic of Lithuania rather than the country whose flag the vessel is flying.

In light of proposals of the organisations representing Lithuanian seafarers, the Ministry has drafted bilateral agreements and addressed the appropriate ministries of Norway (letter of 4 February 2004) and the Netherlands (letter of 22 April 2004) with a proposal to initiate negotiations on the conclusion of an agreement.

In respect of the fact that one of the duties of the Administrative Commission on Social Security for Migrant Workers (hereinafter referred to as the Administrative Commission) is to deal with all administration questions and questions of interpretation arising from this Regulation and subsequent regulations or from any agreement or arrangement concluded hereunder (subparagraph a of Article 81 of Regulation (EEC) 1408/71), the Ministry, to avoid violation of the principles and provisions of European law, referred to the Administrative Commission on 15 September 2004 with a request to present its opinion on whether the competent institutions or the institutions appointed by the authorities of two EU (EEA) Member States may conclude an arrangement establishing exceptions on the basis of provisions of Regulation (EEC) No. 1408/71 on the social insurance of seafarers. The Netherlands has also referred to the Administrative Commission on the social insurance of seafarers. The issue was considered at a meeting of the Administrative Commission held on 13-14 October 2004 in Brussels, during which the majority of the EU and EEA Member States presented their opinions on this issue and discussed the fact that such bilateral treaties may promote “social dumping” and that such a treaty would be a measure lowering the price of the labour force, thus reducing the social guarantees of workers (seafarers). It was clearly stated that a treaty (if it was concluded) should provide conditions for a smooth implementation of the principle of the free movement of persons rather than for the enhancement of competitiveness or social dumping.

The representatives of the European Commission who participated in the meeting of the Administrative Commission stated that in the event of a dispute, they would not support the aim and initiators of such a treaty before the European Court of Justice, because in the event of the existence of a treaty, there would be a considerable risk related to the reduction of social guarantees of the workers within the scope of its application. The ensuring of social guarantees must be one of priority objectives of the EU Member States.

In June 2004, representatives of Norway’s Ministry of Social Affairs proposed to apply exceptions on the social insurance of the seafarers
of the Republic of Lithuania in individual cases and confirmed their position at a meeting of the Administrative Commission by arguing for treaties to be concluded in individual cases subject to the consent of the interested persons (the seafarers).

On 20 January 2005, the Dutch Ministry of Social Affairs and Employment informed the Republic of Lithuania Ministry of Social Security and Labour that the Netherlands, in light of the discussions held at a sitting of the Administrative Commission and without prejudice to the principles of EU law, would agree to conclude agreements on the application of exceptions solely in individual cases.

Therefore, upon the assessment of conclusions of the Administrative Commission and the replies received from the respective institutions of the Netherlands and Norway as well as taking account of the fact that the conclusion of an international treaty is not subject to the will of a single state – the other party to the treaty must give its consent to it too, the initiative of bilateral treaties has been rejected. Negotiations on bilateral treaties are going to be renewed and continued, because even a temporary validity and application of such treaties would result in a violation of EU legal norms and principles, which could serve as the basis for bringing an action against Lithuania before the European Court of Justice.

Article 14 of the Agreement between the Government of the Republic of Lithuania and the Government of the Russian Federation on the Provision of Pensions, signed on 29 June 1999, provides that the Parties shall, not later than by 1 January 2005, draft a new version of this Agreement based on the principle of distribution of the expenditure related to the payment of pensions according to the duration of the period of insurance (work) as acquired in the territory of the state of each of the Parties by the categories of persons specified in this Agreement. A working group formed under Order No. A1-34 of the Minister of Social Security and Labour of 10 February 2004 has drafted a new version of the Agreement between the Republic of Lithuania and the Russian Federation on Co-operation in the Field of the Provision of Pensions and coordinated it with other ministries. In June 2004, a draft Agreement was presented via diplomatic channels to the Russian Federation. In April 2005, proposals and remarks of the Ministry of Health and Social Development of the Russian Federation on the mentioned draft agreement were received. Negotiations with the Russian Federation are expected to start in autumn 2005.

In March 2005, the Ministry of Foreign Affairs received a note of Israel's Ministry of Foreign Affairs (1 March 2005, No. 37119), proposing to conclude an agreement between the Republic of Lithuania and Israel in the area of social protection. The Ministry of Social Security and Labour considered the possibility of concluding a bilateral agreement and presented its opinion on this issue to the Ministry of Foreign Affairs proposing to negotiate with Israel on the conclusion of a bilateral agreement in the field of provision of pensions, because pensions are among the most important social benefits, and the right to receive a pension is related to the period of social insurance acquired over several decades.

In the case of a positive migration balance and tendencies, i.e., more persons arrive in Lithuania than permanently leave the country, agreements are usually concluded on the basis of the pro-rata (proportional) principle, i.e., to qualify for a pension, the periods of state social insurance as acquired in the both states are added together, and a pension's part is calculated separately by each state in proportion to the period of state social insurance acquired in each state, the calculated part of the pension then being sent to a state in which the pensioner is permanently resident. An agreement concluded with Israel according to the proportional principle would pose problems and be financially disadvantageous to Lithuania, because more persons left Lithuania to live in Israel than came to live in Lithuania (e.g., over 1991-2000, 3,704 persons emigrated from Lithuania to Israel, immigrated – as few as 188 (migration saldo -3,516)).

Therefore, in light of Lithuania's interests, a proposal has been made to prepare the agreement on the basis of the integration (territorial) principle, i.e., by adding together the periods of state social insurance acquired in the both states, while calculating and granting a pension in the state in which a person is permanently resident according to the legislation of that state.

This position was specified by the Ministry of Foreign Affairs in its note of 4 July 2005 and presented to Israel. Israel's Ministry of Foreign Affairs immediately posted to Lithuania in a
note of 12 July 2005 a draft of the Social Security Agreement between the Republic of Lithuania and the Israeli Government and invited to open negotiations in the nearest future. The draft agreement prepared by Israel covers the following types of social insurance – old age, disability, survivors, work injury, maternity and children’s insurance. The draft agreement will be translated into the Lithuanian language and considered together with the interested institutions in the short run.

An Agreement between the Republic of Lithuania Ministry of Social Security and Labour and the Ministry of Labour and Social Policy of Ukraine on the Procedure for Implementing a Treaty between the Republic of Lithuania and Ukraine on Social Security, which has been prepared in implementing a Social Security Agreement between the Republic of Lithuania and Ukraine as signed on 23 April 2001 in Vilnius, was agreed upon in 2004 and will be signed in the short run.

On 5 July 2005, Minister of Social Security and Labour Vilija Blinkevičiūtė and Ambassador of Canada J.E. Robert Andrigo signed a Social Security Agreement between the Republic of Lithuania and Canada, which aims at strengthening the cooperation between the Republic of Lithuania and Canada in the field of the provision of pensions. The agreement will guarantee the provision of pensions for the persons leaving to live or work from one state to the other. The agreement will apply to any person who is or was subject to the legislation of the Republic of Lithuania or Canada and to the dependants and survivors of such person.

Under the agreement, to qualify for a pension, the periods of state social insurance as acquired in the both states will be added together, but the pension’s part will be calculated by each state separately, in proportion to the period of state social insurance as acquired in each state. The pension will be sent to the state in which the pensioner is permanently resident.

The Agreement will enter into force on the first day of the fourth month following the final day of the month in which the Parties have exchanged written notices through the diplomatic channels the confirming that their respective legal requirements for the entry into force of this Agreement have been completed. In the Republic of Lithuania, the Agreement is to be ratified by the Seimas of the Republic of Lithuania. This Agreement is expected to be ratified in 2005. The Ministry of Social Security and Labour drafted legal acts on the ratification of the mentioned agreement and submitted to the interested institutions for agreement on 11 July 2005.

5.3.2. BILATERAL TREATIES (AGREEMENTS) IN THE FIELD OF EMPLOYMENT

Presently, 4 bilateral treaties (agreements) are in force in the field of employment:


3. Agreement between the Government of the Republic of Lithuania and the Government of the Kingdom of Sweden on Exchange of Probationers, signed on 5 May 1994 (entered into force on 1 July 1994);


On 22 June 2004, the Government of the Republic of Lithuania adopted Resolution No. 783 denouncing 2 agreements in force until 1 May 2004, because they became irrelevant as a result of introduction of the free movement of workers between all the new Member States of the EU:

1. Agreement between the Government of the Republic of Lithuania and the Government of the Polish Republic on Reciprocal Employment of Citizens, signed on 26 September 1994 (entered into force 21 September 1995);
5.4. OTHER INTERNATIONAL ACTIVITIES

5.4.1. PARTICIPATION IN THE UNITED NATIONS DEVELOPMENT PROGRAMME


Obviously, agreements with Sweden and Germany have recently been of the highest relevance to the citizens of Lithuania, as they created possibilities of legal employment and skills upgrading in these countries. We hereby enclose the information prepared by the Lithuanian Labour Exchange about the employment of Lithuanian citizens in implementing these topical international agreements, which also enabled to make use of additional programmes implemented in these countries under special bilateral agreements of employment services.

In 2004, 92 citizens of the Republic of Lithuania were sent on probation in Germany, although the quota as provided for by the agreement was 200 persons per year. No applications for probationary employment in Lithuania were received from Germany. The main reason for a larger number of probationers from being sent to Germany are the failure of candidates to meet qualifications requirements, insufficient knowledge of the German language, and a time-consuming search for vacancies in Germany. Moreover, on 1 May 2004 Ireland and the United Kingdom of Great Britain and Northern Ireland opened their labour markets and became the largest centres of attraction for Lithuanian labour migrants.

In 2004, 157 persons were sent on probation in Sweden, although the number of permits issued to probationers of each Contracting Party (quota) may amount to 300 per year. However, Sweden opened its labour market as of 1 May 2004, and the Agreement is not currently applied, because citizens of the Contracting Parties are not restricted in accessing the labour market.

In 2004, no persons applied for employment in Ukraine. Taking into account the labour market needs, 279 Ukraine's citizens were employed in Lithuania, the majority of them being highly qualified welders and assemblers of vessel bodies, whose shortage especially affected Lithuanian employers following the opening of EU borders on 1 May 2004.

In 2004, 108 persons from Russia (the majority of them comprising: engineers constructors of ships, marine mechanical engineers, welders and assemblers of vessel bodies) were employed in Lithuania. Citizens of the Republic of Lithuania did not apply to the Lithuanian Labour Exchange with regards to employment in Russia.

In 2004, the Government of the Republic of Lithuania and the Canadian Government negotiated an agreement on youth exchanges. This agreement aims at creating opportunities for young people (from 18- to 35-years old) to deepen their professional and language knowledge, to work, during a holiday, in another state party to the agreement as well as acquaint themselves with its society and culture. This agreement would be of benefit to Lithuania, because it would provide possibilities for a part of citizens of our country to legally work and acquire knowledge in Canada. In the course of the negotiations, the main provisions of the draft agreement were co-ordinated on several occasions with the interested institutions of the Republic of Lithuania and with the Canadian negotiators. The negotiations were delayed due to a different regulation of labour migration in Lithuania and Canada; moreover, Lithuania passed a new version of the Law on the Legal Status of Aliens on 29 April 2004, hence, further co-ordination of the agreement was required.

In order to contribute to further actions of the Republic of Lithuania in the field of the protection and promotion of human rights, the Representative Office of the United Nations Development Programme in Lithuania has taken a decision to support the aspiration of Lithuanian authorities to initiate in 2003 the implementation of the National Action Plan for the Promotion and Protection of Human Rights in the Republic of Lithuania. Consequently, the United Nations Development Programme “Support to Implementation of the National Human Rights Action Plan” was signed on 16 December 2002.

The implementation of the programme started on 1 January 2003. The actions provided for in the programme are implemented by the Ministry of Justice, Ministry of Social Security and Labour, Ministry of Education and Science, Ministry of the Interior and the Chancellery of the Seimas of the Republic of Lithuania. Each institution has appointed the head of its part of the Programme and has opened a separate account for funds of the programme. The Committee on Human Rights of the Seimas of the Republic of Lithuania approved the composition of the Commission for the Implementation of the National Action Plan for the Promotion and Protection of Human Rights in the Republic of Lithuania as well as the rules of procedure of the Commission at the meeting held on 29 January 2003.

On 10 December 2003, the International Human Rights Day, in order to continue the works which had been successfully initiated, Speaker of the Seimas of the Republic of Lithuania Artūras Paulauskas, Resident Representative of the United Nations Development Programme Cihan Sultanoglu and Acting Secretary General of the Seimas of the Republic of Lithuania Arvydas Kregždė signed a document continuing the programme “Support to Implementation of the National Human Rights Action Plan” for 2004-2005. On 26 January 2004, the Commission approved Component Working Plans of the Programme, which were approved on 28 January 2004 by the Republic of Lithuania Seimas Committee on Human Rights.

In 2004, the Ministry of Social Security and Labour implemented 2 objectives of the programme: “Improve the Protection of Elderly Persons” and “Improve the Protection of Children’s Rights”. In implementing the first objective “Improve the Protection of Elderly Persons” of the Component Working Plan of the Ministry:

Action 1.1.a) “To disseminate information on possibilities for placement to fobs for elderly persons” – the Ministry signed an agreement with Internovus UAB on the service of launching and maintenance of the Internet website of the University of the Third Age until 31 December 2007. The agreement was signed on the basis of Minutes No. A16-21 of a sitting of the Commission on the Usual Commercial Practice Procurement as held on 21 October 2004. The registered domain name of the Internet website is “3au.lt”. On 14 December 2004, the Internet website of the University of the Third Age was launched under URL http://www.3au.lt/

1.2 a) action “To draft the legal acts providing for quality social services to elderly persons” – Order No. A1-50 of the Minister of Social Security and Labour of 10 March 2004 approved a working group to draft the Standards of In-House Social Services to Elderly Persons. On 21 May 2004, Copyright Contract No. 95 on ordering an assignment “Standards of the Social Services Provided to Elderly Persons in In-House Social Services Establishments. Principles and Requirements” was signed with the Author. The Author has accomplished the Assignment in the following stages:

1) Collection of material about the standards of social services as applied to elderly persons in the countries of Northern Europe and Hungary, in-depth consideration of the English model of elderly persons’ care services standardisation, analysis of the standards applied in U.S. elderly persons’ care homes as well as the system of certification and accreditation of Australian in-house care establishments for elderly persons as created on the basis of the application of the standards.
2) Consideration of the current situation in field of standardisation of the social care services provided to elderly persons in Lithuania, description of the documents regulating the provision of the services, examination of the problems of organisation and provision of the services in the context of the available standardisation basis. An “inventory taking” of the minimum standards currently applied in republican in-house social services establishments has been conducted. The standards used in the regulation of activities of elderly persons’ care establishments characterised by different subordination – set up by a county, municipality or non-governmental organisation are analysed through involving in this process the members of the working group representing the care establishments of different subordination (state, municipal, non-governmental).

3) The main principles for drafting the standards have been formulated. The structure of the standards has been selected on the basis of the analysis and examples of standards of other countries. The content of the standards focuses on human rights in light of provisions of the United Nations in respect of elderly persons as well as the basis of standards as applied abroad. The standards focus on the fields of activities of an establishment or provision of services in which the rights of elderly persons are most vulnerable: Selection of Services (Establishment) and Accommodation in It; Person’s Care and Nursing (Special Social Services and Personal Health Care Services); Everyday Life and Social Activities; Protection of Rights of the Population; Environment and Housing; Personnel; Management and Administration. The draft standards reflect the minimum requirements set for the quality of the services provided and stipulate the appropriate organisation of activities of an establishment to attain the set objectives in light of the assessed needs of a person.

Action 1.2 b) “To organise public debates on the draft legal acts providing for quality social services to elderly persons” – the draft standards were presented and discussed with the representatives of the Social Support Divisions of municipalities and social affairs divisions of counties as well as with the heads of republican elderly persons’ care homes, workers as well as residents by organising 4 seminars:

1) on 28 October 2004, heads of the Social Support Divisions of municipalities, heads of Social Affairs Divisions of counties governors’ administration as well as representatives of the Association of Local Authorities in Lithuania were presented the draft Standards of In-house Social Services to Elderly Persons.

2) on 11 November 2004, a seminar was held to discuss the draft standards in the Akmenė municipality Social Care Home with the participation of the heads of the care homes located in the territories of the Klaipėda, Šiauliai, Tauragė and Telšiai counties, social workers as well as residents.

3) on 18 November 2004, an analogous seminar was held at the Elektrėnai municipality social care home, which was attended by the representatives of the care homes located in the territories of the Vilnius, Marijampolė and Alytus counties.

4) On 1 December 2004, a seminar was held to discuss the draft standards at the Utena county elderly persons’ care home with the participation of the representatives of care homes from the care establishments located in the territories of the Utena, Panevėžys and Kaunas counties.

The working groups organised during the seminars considered in detail and in depth the separate areas of the standards, practical observations as well as proposals were used for the improvement of the draft standards. The draft Standards of the Social Services Provided to Elderly Persons in In-house Social Services Establishments are presented alongside the publication “Standards of the Social Services Provided to Elderly Persons in In-house Social Services Establishments. Principles and Requirements”.

Implementing Action 2.1.a) “To draft the concept of the provision of rehabilitation services to the children victims of violence” of the measure “Establishment and Consolidation of the System of Rehabilitation of Children Victims of Violence” of Goal 2 “Improved Protection of Children’s Rights” of the Component Working Plan, the Ministry of Social
Security and Labour concluded an agreement with VĮ Geneva Initiative on Psychiatry on the draft Concept of the Provision of Rehabilitation Services to Children Victims of Violence. The agreement was signed on 20 August 2004.

The draft Concept of the Provision of Rehabilitation Services to Children Victims of Violence presents an assessment of violence against children as well as tendencies of children’s violence against children, indicates specific recommendations on the provision of the services of a short- and long-term rehabilitation to the children victims of violence and their families as well as to juvenile violators, and forecasts the amount and type of services needed for the short- and long-term rehabilitation. Research shows that violence and coercion have a negative impact on the health and development of children, hence, of great importance is the proper organisation of both preventive and rehabilitative work in this area.

On 8 December 2004, the Ministry of Social Security and Labour presented at the hotel “Holiday Inn” a draft project of the Concept of the Provision of Rehabilitation Services to Children Victims of Violence. The event also saw the presentation of the publications “Rehabilitation and Reintegration of the Children Victims of Sexual Coercion, and Their Families”, “Methodical Recommendations for Social Workers and Social Pedagogues” and “Methodical Recommendations for Psychologists” designed for the social workers, social pedagogues as well as psychologists working with the children victims of violence and their families. These publications define the concept of sexual coercion against children, analyse legal aspects, and discuss the role of a social worker, social pedagogue, and psychologist in the event of sexual coercion, preventive possibilities and the services provided by institutions.

The methodical recommendations analyse in greater detail the stages of the work of a social worker, social pedagogue and psychologist, present recommendations alongside practical examples, and discuss the limits of competence and responsibility. This methodical material should assist a specialist in identifying, assessing and mobilising his assistance, within the limits of his competence, in respect of a child victim and his family.

Time was also devoted to questions and a debate among the specialists working with the children victims of violence. The meeting was attended by 62 specialists working in the area of protection of children’s rights: personnel of municipal children’s rights protection services, mental health centres and pedagogical psychological services, social pedagogues of schools, representatives of non-governmental organisations, specialists of the Ministry of the Interior, the Ministry of Justice, the Ministry of Education and Science, and the Republic of Lithuania Children’s Rights Ombudsman’s Institution.

5.4.2. BILATERAL CO-OPERATION WITH FOREIGN MINISTRIES AND INTERNATIONAL PROJECTS

Following Lithuania’s accession to the European Union, bilateral meetings of heads of the Ministry of Social Security and Labour and their foreign counterparts are organised more frequently to discuss the issues of particular importance, especially in the EU context.

On 28-29 October 2004, a “3+1” meeting of the Baltic and German Ministers of Labour was held in Berlin at the invitation of Federal Minister of Economics and Labour of Germany, during which the national labour market reforms carried out in Germany, Estonia, Latvia and Lithuania to achieve the Lisbon objectives were discussed. This meeting marked the significant start for the development of closer relations between the Ministries of the Baltic States and German.

The aim is to continue the tradition of “3+1” format meetings and to organise such a meeting in 2005 in Vilnius.

On 16-19 March 2005, a delegation led by Ms. Vilija Blinkėvičiūtė, Minister of Social Security and Labour visited the United Kingdom at the invitation of the Government of the United Kingdom. The Lithuanian delegation met with members of the Cabinet of Ministers of the United Kingdom – Mr. Gerry Sutcliffe, Minister for Employment Relations, Competition and Consumers, Mr. Malcolm Wicks, Minister for Pensions, Mr. Chris Pond, Parliamentary Under Secretary of State for Work and Pensions, other senior officers of ministries, and representatives of employers and trade unions of the United Kingdom. During the meetings,
the participants exchanged their experience in solving employment, social security and other current issues, as well as the issues, which were to be initiated in the European Commission by the United Kingdom when taking over the EU Presidency in the second half of 2005.

Ms. Vilija Blinkevičiūtė, Minister of Social Security and Labour have also held two meetings at the Lithuanian Embassy. The Minister met with representatives of the Lithuanian community in Great Britain. During these meetings, the relevant issues and the problems faced by the Lithuania's citizens who had emigrated to the United Kingdom were discussed.

On 9 May 2005, an Agreement on Co-operation in the Child and Youth Policy Fields between the Ministry of Social Security and Labour of the Republic of Lithuania and the Ministry of Children and Family Affairs of the Kingdom of Norway was signed in Oslo. It provides for co-operation by exchanging experience and results, creating and implementing a consistent national children and youth policy of the both countries, promoting and extending co-operation between children and youth in the two countries in order to establish a better information about cultural traditions as well as social and economic situation, promoting and extending the co-operation between child welfare workers, youth workers, youth leaders, researchers and the institutions active in the field of child and youth policy as well as promoting closer co-operation between non-governmental organisations and municipal institutions of the both countries.

Specific activities will be carried out according to a joint work plan drawn up by Lithuanian and Norwegian specialists of the children and youth policy.

It is worth of mentioning that this co-operation was initiated by an Agreement on Co-operation in the Field of Youth Policy between the Ministry of Children and Family Affairs of the Kingdom of Norway and the State Council on Youth Affairs of the Republic of Lithuania signed on 10 November 2000 in Vilnius. The agreement provided for the maintenance of relations and development of co-operation in exchanging experience, promoting youth co-operation and co-operation between national and local level institutions.

The Ministry of Social Security and Labour continues the co-operation initiated in 2002 with the Ministry of Employment, Labour and Social Dialogue of Belgium. The parties have agreed to co-operate by participating in the seminars, which are organised in Belgium on relevant issues for Lithuania. Over the past year, Lithuanian specialists have participated in seminars to discuss the practical problems of the legislation in the field of frontier work as well as to consider the latest EU directives on the participation of workers.

In 2005, a project “Social Policy and Community Social Services Development”, which has been implemented since 1997 by the Ministry of Social Security and Labour in conjunction with the World Bank and the Swedish International Development Cooperation Agency (SIDA), is to be completed.

The project consisted of the following components – development of the social policy (1), pilot projects of the development of community social services (2).

The first component “Development of the Social Policy” has promoted the development of factors of the social policy and the control and assessment of implementation. Thanks to this component, annual strategic plans have been drawn up, the preparation of annual Social Reports has been initiated, the social surveys as organised by the Social Policy Fund have been conducted in various fields of evaluation of the social policy. The ministry’s personnel of various levels participated in 22 seminars to improve their knowledge and skills of the evaluation and monitoring of the social policy. It is also worth of mentioning that strategic partnership between the Ministry of Social Security and Labour and municipalities has created conditions for the development of a nationwide Social Assistance Information System (SPIS): Strategic Partnership Agreements have been signed with all municipalities, applied software has been created, municipalities have been provided with computer equipment, a list of Indicators of Social Assistance has been compiled, and trainings of specialists of municipalities – SPIS users – have been conducted.

The principal aim of the second component “Development of Community Social Services” has been to create a system which would be alternative to the establishments providing expensive in-house social services. A system of the suppliers of social services based on the community needs
was developed. To implement this component, 14 centres providing social services have been established and are operating in 6 municipalities. 10 centres provide open-type services (day centres) for the following groups of clients: alcohol addicts, drug addicts, the women and children victims of violence, elderly persons, persons with various types of disability and other members of the community facing social problems. Other 4 centres are intended for a temporary care of the children and young people with medium or severe mental disability and children from socially unstable families. Over the year, services have been provided on average to over 10 000 clients. Over 260 social workers are employed at the newly established centres. 150 workers improved their qualifications during the trainings organised by Stockholm University in Sweden and Lithuania. During the project, 12 methodical centres of social work were established to develop the system of improvement of qualifications and the specialists were trained to provide methodical services, the standards of social support of children were drafted and specialists were trained to conduct monitoring on the basis of these standards, the criteria of evaluation of the methodical centres of social work and assessment methodology as well as the legal basis for the qualifications requirements of social workers was prepared.

Since 2004, the Ministry of Social Security and Labour has participated in a three-year Work Life Development Programme implemented by the Swedish National Labour Market Board. The implementation of the programme involves all the ten new EU Member States as well as Bulgaria, Romania and Turkey. The goal of this programme is to improve knowledge and the practical measures when implementing the objectives of the European Employment Strategy, thus contributing to the attainment of the Lisbon objectives.

The Work Life Development Programme consists of five programmes which have been developed by taking into consideration the needs and requests of the participating countries.

Lithuania is going to take part in the implementation of one of five sub-programmes – Labour Market Programmes. Within the framework of this sub-programme, the following projects are going to be implemented: Evaluation of Labour Market Programmes, Social Dialogue at the Local Level, Establishment of Consulting Units. Lithuania plans to organise three international seminars on the issues of evaluation of Labour Market Programmes and to arrange the participation of Lithuanian specialists in a study visit to Sweden on the issues of social dialogue and the participation of Lithuanian specialists in international seminars on the issues of establishment of Consulting Units in Malta.

The programme is financed by the Swedish Government.

In 2004, the Ministry of Social Security and Labour implemented a single PHARE programme project – Assistance to the Ministry of Social Security and Labour in Implementing the Free Movement of Workers and Developing the Coordination of Social Security Schemes at the Central and Municipal Levels. This EU PHARE twinning project, which has been implemented since July 2003 in cooperation with Dutch and German partners, helps Lithuania to ensure the free movement of persons as one of the fundamental freedoms guaranteed by the Treaty of Accession. Results of the project have been presented in previous chapters.

Summarising the information presented in this chapter, Lithuania’s membership in the EU, the development of international cooperation, the bilateral relations being actively developed between Lithuanian and foreign institutions, the assistance provided by foreign experts and the taking over of the experience of other states can be claimed to exert a positive influence on the quality of decisions in the field of social and labour policy and improve the performance of the institutions in charge of the administration of this policy. Current and future activities related to Lithuania’s membership in the EU and participation in the activities of international organisations will continue to determine the development of bilateral and multilateral international relations of the Ministry and the intensity of activities.
6.1. MANAGEMENT STRUCTURE OF THE MINISTRY OF SOCIAL SECURITY AND LABOUR
6.2. PROGRAMS UNDERTAKEN BY THE MINISTRY OF SOCIAL SECURITY AND LABOUR

Appropriations allocated for the Ministry for 2005 were approved by the Law 1, whereas the appropriations for the programmes implemented by the Ministry were approved by the Resolution of the Government of the Republic of Lithuania 2. In 2005, it is planned to allocate LTL 138,272 million for the implementation of the first strategic goal, LTL 113,476 million – for the implementation of the second strategic goal and LTL 515,145 million – for the third strategic goal (see Table 6.2-1).

In 2005, 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 following programmes:

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 professional 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.

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 on certain particular fields of social security and labour. Part of funds allocated for this programme is used by the Policy Evaluation Fund (under the loan agreement with the World Bank) to pay for competitive scientific researches.

1.4. Programme for the prevention of occupational diseases and accidents and improvement of safety at work
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: the measures to be used in the motor transport, constructions, and agriculture; measures to be applied in enterprises engaged in all types of economic activities; scientific researches and commissioned works; the measures needed for the implementation of the European Union Strategy on Health and Safety at work (2002-2006) and etc. These funds are also allocated for the establishment of new testing laboratories and institutions issuing certificates, for the development of the currently operating laboratories and accrediting institutions 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 guaranteed under the laws and any other benefits related to labour relations for the employees of enterprises under bankruptcy and 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.

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1.6. Special skills upgrading programme for social workers

In 2005, special funds allocated for this programme were intended for implementing skills upgrading programme for social workers employed in institutions related to social affairs and of employees of administrations of municipalities and county governors administrating social assistance.

Trying to reach the strategic goal “To seek effective social assistance and to ensure social integration of socially vulnerable groups of the population”, the Ministry is carrying out the following programmes:

2.1. Programme for supplying the population with technical aids and providing vocational rehabilitation services

The programme funds are used for supplying the disabled with the technical aids: wheelchairs, crutches, walkers, mattresses, sticks and others.

Part of the programme funds is allocated for providing professional rehabilitation services.

2.2. Programme for the development of social services in the institutions subordinate to the Ministry

The programme funds are distributed among the following institutions acting under the Ministry: the Social Workers Training Centre, the Refugees Reception Centre, the State Commission of Medical Social Expert Examination, the State Centre of Compensatory Technique for the Disabled, the Department of Supervision and Audit of Social Institutions, the Lithuanian Secretariat of the Tripartite Board, the Adoption Agency and the Dispute Commission.

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 building or purchasing apartments for exiles, for housing allowance, 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 promoting projects prepared by different organisations on psychological and social rehabilitation for drug-addicts, and for training of employees working with drug-addicts and their family members;
- for payment of bills for calls received from citizens 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 and re-integration into the society of victims of forced prostitution; for drafting of special programmes on psychological rehabilitation, vocational guidance for and recruitment of victims of trafficking in people and prostitution, and for upgrading the qualifications of the employees working with victims of human trafficking and prostitution;
- for administrating the programmes of the European Communities - Youth and Eurodesk;
- for creating equal conditions for men and women to participate in all the spheres of public life by implementing the measures specified in the State programme for equal opportunities for women and men;
- for shaping and implementing social security and labour policy;
- for informing the public about the social security and labour policy;
- for maintaining and updating of hardware and software in the Ministry; maintaining of the information system for the strategic

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1 As of 1 July 2005, implementing the Law No. IX-2228 of the Republic of Lithuania of 11 May 2004 On Social Integration of the Disabled, it was reorganised into the Disability and Working Assessment Authority
partnership;
- for harmonising national legal acts with the European Union 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;
- for granting lump sum benefits for families raising children to compensate for the imposed value added tax, amounting to 18 per cent, on diapers.

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:
- partial financing of projects submitted by Children’s day care centres. These projects are focusing on solving social problems related to care and education of children living in social risk families;
- projects providing services to a child who has suffered from violence; different preventive measures: informing the public, preparing campaigns against violence against children and etc.
- supplying the child’s rights protection institutions with computers, vehicles and upgrading the qualifications of the employees;
- fulfilling child care organisation requirements and carrying out sociological surveys aimed at evaluating the quality of living and readiness for independent living of persons who were deprived of parental care; upgrading of qualifications of the employees of a child care institutions;
- drafting of re-socialisation programmes for juveniles returning from imprisonment institutions;
- drafting and implementing of programmes regarding social work with families belonging to the risk groups.

2.7. The funds for the programme regarding social assistance for pupils 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;

3.1. 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 for a basic pension: women raising children until they reach the age of 3, the clergy, the 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 in the period from 1940 to 1990; for paying social assistance benefits; for reimbursing transport costs for persons with mobility impairment (25 per cent of the minimum living standard) 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 in case this obligation should pass to the State; professional rehabilitation benefits; compensations paid to persons injured while performing service in the soviet army and for families of those who died while performing service in this army; and also funds are allocated for the administration of social assistance benefits.

50.1. Special PHARE programme
The funds provided for this programme
are allocated for the implementation of PHARE 2002 Project Promotion of Adapting to Changing Labour Market Conditions, the Development of Capacities and Social Integration.

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 specified in the Lithuanian Single Programming Document for 2004-2006 the Development of the Labour Market, Education, Vocational Training, and Social Services Infrastructure and falling within the competence of the Ministry: the development of the labour market and social services infrastructure. This programme is co-financed from the European Regional Development Fund and the national co-financing funds.

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 Competences of the Workforce and their Capacities to Adapt to Changes and the Prevention of Social Exclusion and Social Integration. This programme is co-financed from the European Social Fund and the national co-financing funds.

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. The basis for this is the European Community initiative EQUAL Single Programming Document.

61.1. Programme for the financing of the value added tax imposed on support funds received from the European Union Structural Funds and co-financing

The funds allocated for this programme are used to pay the value added tax imposed on funds received from the Structural Funds.
The expenditure of the Ministry of Social Security and Labour on programmes in 2005 (thousand LTL)

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<th>FUNDS</th>
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<td>assistance and to ensure social integration of socially vulnerable groups</td>
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<td>the recipients of the social insurance benefits and the increase of their</td>
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<td>income and to retain financially well-balanced and sustainable social</td>
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<td>insurance system</td>
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<td>3.1. Programme of state pensions, social assistance pensions and other</td>
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<td>social assistance benefits</td>
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<td>In total allocated for programmes implemented by the Ministry of Social</td>
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<td>Security and Labour</td>
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Data from the Ministry of Social Security and Labour

Table 6.2.-1