The Ministry of Social Security and Labour introduces the fourth annual Social Report covering the social and labour market situation, problems and the process of solving them in 2000. 

In 2000 the Ministry of Social Security and Labour continued to implement its mission - to develop and implement an effective system of employment, social insurance and social support harmonised with the EU standards which would ensure the social security of the country’s residents.

The conditions for these activities appeared to be more favourable than in the previous year. The positive microeconomic trends of the country should provide favourable preconditions for the employment of the population, financing of the social policy measures and the growth of the actual work remuneration and social benefits.

In 2000 special attention and financial resources were devoted to the active labour market policy, which was implemented through employment mediation, arrangement of vocational training for the labour market, support to the employment of the unemployed and by attempt to provide unemployed persons with temporary employment opportunities. The process of drafting 2001 - 2004 programme of the Government of the Republic of Lithuania for increasing employment adopted in Spring 2001 was under way. It is a very important agenda instrument of the Government of the Republic of Lithuania defining the strategy of state employment and the labour market policy, its medium-term priority goals and actions which the Government and other state authorities intend to take to increase the employment of the population.

The Ministry of Social Security and Labour continued its activities in 2000 with the view to rebalance the State Social Insurance Fund budget. To this end quite a few measures were prepared and approved of by the Government and Seimas of the Republic of Lithuania.

The support in cash system was further developed by co-ordinating it with other trends of the development of social and economic support to the family.

The present Social Report also covers other activities undertaken by the Ministry which help develop the labour and social security system harmonised with the European Union law.

I hope that politicians, civil servants, journalists and students and all other people interested in the labour and social security policy will find this publication useful.

Minister of Social Security and Labour  

Vilija Blinkevičiūtė
Officials of the Ministry of Social Security and Labour are thankful to the group of authors of this Report for their sincere work, also to the Government of the Netherlands and to the United Nations Development Program for financial support.
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1. SUMMARY

ECONOMIC AND SOCIAL CONDITIONS SPECIFIC TO THE LITHUANIAN ECONOMY IN 2000

After the economic recession in 1999, when the Government started to implement a strict fiscal policy in 2000, Lithuania saw the start financial stability and economic growth. According to the preliminary data of the Department of Statistics, the GDP generated in 2000 accounted for 44.9 billion LTL. Compared to 1999 the GDP according to comparative prices of 1995 has grown by 3.3 per cent, but did not reach the level of 1998.

The revival of economy in 2000, as compared to 1999, was due to rather diverse conditions for the activities during those periods. In 1999 the influence of the economic crisis in Russia on Lithuania was very significant and it basically altered the economic and financial conditions for as well as the outcomes of industry. In 2000 the improved economic situation in domestic and foreign markets and the strategy undertaken by enterprises – active search for markets and the policy of product quality improvement - brought better outcomes in most industry spheres.

During 2000, as compared to 1999, the volume of sales of industry production grew by 7 per cent. Cargo carriage by all types of transport also increased. The carriage of passengers on railways, roads and rivers, however, decreased in 2000.

Compared to 1999, the turnover of goods in 2000 increased by 18.8 per cent, export - 28.1 per cent and import - 13 per cent. The foreign trade deficit, as compared to 1999, decreased by 11.8 per cent. The retail turnover of goods (including trade at catering institutions and marketplaces) by 10.7 per cent exceeded the volume of turnover in 1999. Such speed of turnover growth, however, caused only slight growth compared to the turnover in 1998, and only starting from August.

Unfortunately, the situation in the construction sphere did not improve. The volume of works fulfilled by construction companies and enterprises, compared to 1999, dropped by 22.7 per cent. The savings policy of the Government of the Republic of Lithuania caused a decrease in the number of construction orders from state and municipal institutions.

Investments to the construction of dwelling houses in 2000 accounted for 477.5 million LTL, i.e., by 6.1 per cent more compared to 1999.

From 1993 to 31 December 2000, 1019 enterprises were declared bankrupt. The bankruptcy procedure is on going in 803 enterprises, which on the day when they were declared bankrupt had 38566 employees and their assets amounted to 2322.8 million LTL.

All tangible investments on the territory of Lithuania in 2000 accounted for 5163.1 million LTL. Compared to 1999, tangible investments decreased by 2 per cent and by 20.8 per cent within the public sector. During 2000, 951 entities were privatised for 906.8 million LTL, of which 574 entities were fixed tangible assets.

It is believed that Lithuania has about 237000 computers, and the number of computer users accounts for 514000. In 2000, 5 per cent of all households owned a personal computer (3 per cent in 1999).

In 2000 the income of the national budget accounted for 8723.6 million LTL, and the expenditure - 9468.0 million LTL. The deficit equalled 1.7 per cent in relation with GDP. In the structure of expenditures of the 2000 national budget, the biggest share is comprised of the social sphere - 50.8 per cent, economics - 12.1 per cent, and expenditure of other state functions - 37.1 per cent (the structure of the 1999 national budget was 52.4, 12.3 and 35.4 per cent respectively). Expenditure on social security, guardianship and welfare in 2000 accounted for 11.8 per cent of the national budget (11.2 per cent in 1999).

According to ESSPROS (European System of Integrated Social Protection Statistics) classification the expenditure on social security (including health care) in Lithuania in 1999 accounted for 16.6 per cent of GDP (15.8 per cent in 1998), and social expenditure per one inhabitant amounted to 1911 LTL, i.e., by 72 LTL more than in 1998.

At the beginning of 2001, the estimated number of population in Lithuania accounted for 3692.6 thousand. Women comprised 52.8 per cent of the total number of population. The number of working age inhabitants equalled 58.5 per sent, and those having
1. SUMMARY

reached retirement age - 20.2 per cent. The work force in 2000 was comprised of 1790.9 thousand people, employed persons - 1586.0 thousand. According to the information provided by the labour exchange, the national unemployment rate on 1 January 2001 accounted for 12.6 per cent, and, as compared to 1 January of the previous year, increased by 2.6 percentage points.

The gross average monthly wage in the national economy amounted to 1137.8 LTL in December 2000. The actual average monthly wage in the Lithuanian economy in December 2000, as compared to December 1999, dropped by 3 per cent. During the twelve months in 2000 the minimal monthly wage did not change and accounted for 430 LTL (this amount was established from 1 June 1998).

The state social insurance old age pension of a non-working pensioner as of December 2000 amounted to 312.74 LTL. The actual amount of the old age pension as of December 2000, compared to December 1999, decreased by 0.6 per cent.

In 2000 the minimal subsistence level (MSL) approved by the Government did not alter and accounted for 125 LTL per month (this amount was established starting from 1 May 1998). Both the actual minimal subsistence level and the actual minimal monthly wage in December 2000, as compared to December 1999, decreased by 1.4 per cent.

From 1 January 2000 the basic state social insurance contribution rate was increased from 31 to 34 per cent. The actual income of the State Social Insurance Fund budget in 2000 accounted for 4.4 billion LTL (4.8 per cent more than in 1999), and the expenditure equalled 4.6 billion LTL. The biggest share of the State Social Insurance Fund budget expenditure falls on pension insurance (71.7 per cent in 2000). The number of recipients of the state social insurance old age pension in 2000 totalled 644.5 thousand people, recipients of the disability pension - 173.6 thousand, and recipients of survivors and orphans’ (loss of breadwinner) pension - 234.2 thousand.

In 2000, 516.7 million LTL was paid to support families raising children, provide assistance in the event of decease and to support inhabitants with low income, of which the funds from the state budget allocated to the free-of-charge catering of schoolchildren from poor families accounted for 11 per cent, and the remaining assistance was provided from municipal budgets. 260.8 million LTL was spent on non means-tested benefits (families raising children and children deprived of parental care) in 2000. The average monthly number of inhabitants who received social benefits in 2000 accounted for 115.2 thousand (about 3.1 per cent of all Lithuania’s population), 36.8 thousand inhabitants were supported with lump-sum benefits. Compared to 1999, the number of recipients of the social benefit grew by 13 per cent and the expenditure of this type of benefit increased by 20 per cent. The funds for the compensation for the cost of heating and water in 2000 increased by 24 per cent.

According to the data of the Department of Statistics, the disposable income of households (in cash and in kind) calculated per household member in 2000 accounted for 415.4 LTL per month (income in cash comprised 84 per cent of total disposable income). Rural disposable income per one household member was by 33 per cent lower than urban disposable income. Income in cash of urban households were twice as high as rural. The actual disposable income in 2000, as compared to 1999, dropped by 4 per cent. Employment income accounted for almost 64 per cent of all disposable income, and pensions and benefits - for 24 per cent.

In 2000 the average consumer expenditure per household member decreased by 5 per cent as compared to 1999. In 2000 the share of expenditure on food in the total household expenditure decreased by 1.3 percentage points as compared to 1999. The consumer expenditure of 10 per cent of the most well off households was 7.9 times higher than that of the poorest ones (8.1 times in 1999). In 2000, 16 per cent of the population lived below the relative poverty line (it equalled 260 LTL per one equivalent consumer in 2000) (28 per cent of rural population, 8 per cent of metropolitan population and 14 per cent of other urban population).
1. SUMMARY

Employment and Unemployment

Employment
Political and social changes, as well as transformation that economy underwent during the past decade, created complicated conditions for the formation of employment in Lithuania. The employment level of the population in Lithuania decreased from 89.7 per cent in 1991 to 50.2 per cent in 2000. Incessant movement of workers from the state sector into the private sector continued. In 1990-2000 the total number of workers at state enterprises, institutions and organisations decreased from 1332.9 thousand to 495.2 thousand, consequently, the number of workers in private enterprises almost doubled (from 564.7 thousand to 1090.8 thousand). It should be noted that women constituted the larger part (about 64 per cent) of the employees in the state sector, whereas men were more active in the sphere of economic activities of the private sector (57 per cent).

Three categories of territories have formed by the employment situation. The highest level of employment (in Vilnius, Kaunas, Klaipėda), a medium level in medium-size towns where industry dominated (Alytus, Plungė, Utena and others) and the lowest level of employment - in small towns and districts where agriculture prevailed (Lazdijai, Šalčininkai, Skuodas and others). The most noticeable decrease in the number of employed individuals during the past five years was observed in the districts of Šiauliai (9.4 thousand.), Panevėžys (9.0 thousand), Utena (3.1 thousand) and a visible increase was registered in the districts of Vilnius (11.2 thousand) and Kaunas (8.2 thousand).

In the year 2000 two thirds of the total employed population worked in cities and towns and one third of the employed population worked in rural areas. The largest part of the population of the country was engaged in the following spheres of activities: servicing (40.2 per cent), industry (20.7 per cent), agriculture (18 per cent) and trade (15 per cent). In 2000 (as compared with 1999) the tendency of decreasing employment persisted in agriculture (-10.5 percentage point), industry (-7.8 percentage point), the sphere of provision of services (-2.6 percentage point). An increase in the number of people working in trade was insignificant (+1.2 percentage point).

Unemployment
According to the data presented by the Labour Exchange the unemployment rate constituted 12.6 per cent as of 1 January 2001 and, as compared with the unemployment rate on 1 January of the previous year it increased by 2.6 percentage point. However, the growth of the unemployment rate was slower than that in 1999. Male unemployment exceeded that of females by nearly 2 percentage point (13.5 and 11.6 per cent, respectively). The youth unemployment level was highest - 15.3 per cent. Great differences in territorial unemployment remained. The highest unemployment level was in Druskininkai (27 per cent), Akmenė (24 per cent) and the lowest - in Anykščiai (7.2 per cent), Kretiniga and Trakai (8.1 per cent).

258,0 thousand unemployed, that is, 13.4 thousand, or 5.2 per cent more than in 1999, were registered with labour exchanges in 2000. In the year 2000 the number of young people under the age of 25 registering with labour exchanges increased, however, the growth in the number of unqualified unemployed individuals became slower.

Labour Market Policy Measures
Objectives and tasks of the labour market policy were realised by active and passive measures of the labour market policy. The passive measure of the labour market policy is the unemployment benefit whose aim is to provide temporary economic assistance to the individuals who lost job.

In 2000 special attention and financial resources were directed to the active labour market policy: it was sought to provide the unemployed with the possibilities of temporary employment, to create conditions to acquire necessary work skills, to help maintain their present qualification, to upgrade it or acquire requisite skills meeting the market demands. The active labour market policy was implemented through employment mediation, organisation of the labour market vocational training, support of the unemployed (organising public works and works supported by the Employment Fund, assistance to the unemployed desirous of setting up their own business), preparation of territorial programmes of employment of the population. The aggregate of the
active labour market policy measures was extended, the legal basis regulating them was amended or supplemented. This allowed increasing the number of individuals participating in the active labour market measures and the efficiency of these measures.

**Improvement of Laws**

In 2000 quite a number of amendments of the legal acts were made, which will allow increasing interest of employers in providing socially most vulnerable individuals with work by employing them according to the established job quota (compensation to the employers has been increased), more favourable conditions for employers who employed the unemployed into the works supported by the Employment Fund, were created, conditions for unemployed individuals to attend a labour exchange were made easier and simpler, as well as conditions to increase the territorial mobility of the unemployed were created. A new Procedure for Dismissing a Group of Employees and its Prevention was prepared, which will allow harmonising regulation of dismissing a group of employees with the legal acts in the European Union.

In the spring of 2001 the 2001-2004 Programme of Increasing Employment of the Republic of Lithuania was adopted - the programme of the Government of the Republic of Lithuania defining the national strategy of the employment and labour market policy, its medium-term priority objectives and actions, which the Government and other state institutions plan to take to increase employment of the population. During the period of the implementation of the Programme favourable conditions to develop business and investment, which would ensure the creation of 110-120 thousand new jobs, must be created. This should create real preconditions for a further increase in employment of the population up to the medium level of the employment level of the Member State and would allow seeking for full employment.

**Labour Relations**

**Collective Labour Relations**

With the impact of the principle of the collective autonomy in regulating labour relations increasing, it is sought to attach special significance to collective agreements and collective labour agreements in Lithuania. Collective labour agreements concluded in separate enterprises between the employer and the trade union functioning in the enterprise enjoy the greatest popularity. Unfortunately, no exact data are available about the number of collective labour agreements currently in effect. Eight collective agreements were signed in 2000 on the branch and regional levels.

The distribution and frequency of strikes as the last resort of settling collective labour disputes define the situation in the sphere of collective labour relations and the condition of the labour market on the whole. According to the data provided by the Department of Statistics of Lithuania, 56 strikes, including 21 warning strike, were conducted in Lithuania in 2000.

**Violations of Labour Relations in 2000**

The State Labour Inspectorate shall exert control over the legal acts regulating labour relations and carry out prevention of their violations. In 2000 the Inspectorate checked over 10 thousand undertakings. Violations of labour laws were revealed in more than 6 thousand, or 65 per cent, of all undertakings that had been inspected.

**Amendment of Legal Acts Regulating Labour Relations in 2000**

A new Law on Considering of Labour Disputes whereby it was sought to regulate investigation of individual labour disputes relating to labour relations that arise between the employee and the employer, was adopted on 20 June 2000.

In July 2000 a package of laws aimed at fight against illegal employment was adopted.

In recent years voluntary work has been more and more often organised in Lithuania during which works useful to the society were performed. Seeking to lawfully regulate these relations, the draft of the Resolution of the Government of the Republic of Lithuania, whereby The Procedure for Organising Voluntary Work is approved, was prepared.

A tradition to make use of help of other persons in doing agricultural or household works has traditionally been established in Lithuania. However, it is quite often that by using such help as a cover illegal work is performed. Therefore in 2000 the draft of the Resolution of the Government of the Republic of Lithuania was prepared, which approved the Conditions of and the Procedure for Performing Help Works.
The year 2000 can be called the year of attempts to liberalise labour relations. This year five draft laws on amending and supplementing the laws in effect were adopted seeking to review conditions regulating labour relations and the guarantees of the employed individuals, to create more favourable conditions for the development of business and the labour market.

**Payment for Work**

**Minimum Wage (MW)**

The Law on Wages establishes the provision that the State shall set a minimum hourly pay rate (MHW) and the minimum monthly wage (MMW) which is guaranteed to every worker. The aim of the establishment of these amounts is the assurance of minimum economic guarantees to working individuals and their family members. The MHW was not changed in 2000. In 2000 the MMW totalled 430 Litas.

In 2000 the following laws were adopted: The Law on Wages of State Politicians, Judges and State Officials and the Law on Amending the Law on Public Service regulating conditions of payment for work to civil servants. The above mentioned laws were adopted in introducing the unified system of remuneration according to which each position is evaluated taking into account its complexity, intricacy of work, the degree and conditions of responsibility, etc.

In 2000 the Fund for Satisfaction of the Requirements Related to Labour Relations of Employees of Bankrupt Companies or Companies to be Adjudged Bankrupt continued its activity and it granted a repayable financial assistance in the amount of 1,28 million LTL to two bankrupt undertakings. In June 2001 the Fund was liquidated and the Guarantee Fund established on 12 September 2000 on the bases of the Law on Guarantee Fund started to function in its place. The law establishes the purpose of the Guarantee Fund, the legal basis of its activity, its management and sources of resources.

**Violations of Payment for Work in 2000**

In 2000 the State Labour Inspectorate checked how wages were paid in over 9 thousand enterprises, which employed over 500 thousand workers. Violations of payment for work were revealed in more than 2 thousand of them, that is 29 per cent of all the checked enterprises. A total of 4 thousand violations of payment for work were revealed.

**Safety and Health at Work**

**Working Conditions at Enterprises**

In 2000 inspectors of the State Labour Inspectorate checked how 10,4 thousand enterprises fulfilled the requirements of safety and health at work and disclosed 51,3 thousand violations of the requirements set forth in legal acts on safety and health at work. 0.6 per cent of the workers in checked enterprises worked under very harmful conditions, 7.4 per cent – under harmful conditions and 13.5 per cent of hired workers performed dangerous work.

**Occupational Accidents and Incidence of Occupational Diseases**

In 2000 the State Labour Inspectorate examined and established 62 cases of fatal and 141 cases of serious occupational accidents related to work and registered 2577 notifications about minor occupational accidents.

572 cases of occupational diseases which 414 individuals had contracted were registered in the Register of Occupational Diseases in 2000. 87.2 per cent of occupational diseases were diagnosed for men and 12.1 per cent - for women.

**Amendment of the Legal Basis in 2000-2001**

In 2000 the Law Amending the Law on Labour Protection (the Law on Safety and Health at Work) was adopted. In implementing the Law on Safety and Health at Work, the Regulations of Investigation and Taking Account of Occupational Accidents, as well as the Regulations of Investigation and Taking Account of Occupational Diseases were prepared.

Seeking to ensure safety of work equipment, the Law on Amending the Law on Supervision of Potentially Hazardous Equipment was adopted. Also, state institutions responsible for organisation of supervision of potentially hazardous equipment were appointed.

On 13 February 1999 the European Committee under the Government of the Republic of Lithuania prepared and endorsed the Action Plan for Preparation for Negotiations for Signing of the Protocol of Conformity Assessment and Recognition of Industrial Products to the Europe (Association) Agreement (PECA). The objective of the Protocol was to ensure a gradual joining of Lithuanian goods and products that are included into the object of the Protocol the single EU market before Lithuanian’s accession.
to the European Union.

In 2000 the Programme for the Development of the Infrastructure of Conformity Assessment (test laboratories, certifying institutions) was prepared.

**Social Partnership in the Labour Policy**

**Organisations of Social Partners**

Legal acts that are in effect in Lithuania legalise only one possible form of organised representation of workers - the trade unions. Unfortunately, thus far no reliable accounting of participation in the trade unions has been available. Different sources mention a different percentage of workers represented by the trade unions. Regulations (Statutes) of these trade unions, which operate on the territory of more than one county, are registered with the Ministry of Justice. This registration was kept from 1992. To the end of 2000 a total of 122 trade unions were registered.

A legal problem of regulating the activities of employer organisations is that up till now no special legal act has existed, which would define the status of the employer organisations as a social partner, would establish its authorisations and rights which reveal themselves in a social dialogue.

**System of Tripartite Institutions**

Since 1995 the Tripartite Council of the Republic of Lithuania (hereinafter referred to as the Tripartite Council) has been operating, which considers the most acute labour issues, as well as social and economic issues related to work. Four Standing Commissions function under the Tripartite Council. Also, a lot of specialised tripartite structures function in Lithuania: the State Social Insurance Council, the Employment Council under the Ministry of Social Security and Labour, the Commission on Safety at Work of the Republic of Lithuania, the Council of the Guarantee Fund, the Lithuanian Vocational Training Council, the Tripartite Commission at the National Labour Exchange (the National Commission), the Council of Experts at the Lithuanian Labour Market Training Service.

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**SOCIAL INSURANCE AND PENSIONS**

The state social insurance comprises the principal portion of the Lithuanian social security system. Its main purpose is to guarantee income for the insured in the event of the loss of ability to work due to illness, maternity, unemployment, old age, disability or loss of breadwinner.

In Lithuania, likewise in most countries of the world, the following traditional types of state social insurance are legalised: pension, sickness and maternity, maternity (paternity), health, unemployment, occupational accidents and occupational diseases.

The state social insurance system functions according to the pay-as-you-go principle. It means that state social insurance contributions are not accumulated by capitalizing them, but are forthwith utilised to cover the state social insurance payments. From 1 January 2000 the Law on Pension Funds came into effect, which will be the basis for supplementing the pension system with accumulative pension insurance.

The Lithuanian pension system consists of state social insurance pensions financed from the State Social Insurance Fund budget, and state pensions financed from the state budget. State social insurance old age, disability and survivors and orphans’ pensions account for the biggest portion of the system and for 90 per cent of all expenditure allocated to pensions. On the other hand, pensions comprise the major part of the entire social insurance fund budget.

The financial basis of the state social insurance funds is the independent State Social Insurance Fund budget, which is not included in the state and municipal budgets. The draft of the annual State Social Insurance Fund budget and the annual report on its implementation is prepared by the State Social Insurance Fund Board and approved by Seimas of the Republic of Lithuania, before that the State Social Insurance Fund budget was approved by the Government of the Republic of Lithuania.

Likewise in the previous year, the deficit of the State Social Insurance fund budget in 2000 could not be avoided. According to the report of the implementation of the State social Insurance Fund budget, the actual income of the State Social Insurance Fund budget in 2000 accounted for 4.405 billion LTL, or
by 181 million LTL less than planned. However, comparing this figure with 1999 the actual income of the State Social Insurance Fund budget increased by 4.8 per cent. The actual expenditure of the State Social Insurance Fund budget in 2000 accounted for 4.58 billion LTL or 23 million LTL more than planned. The expenditure of the State Social Insurance Fund budget in 2000, compared to 1999, increased by 0.9 per cent or 3.9 percentage points less than the income.

In order to achieve balance of the State Social Insurance Fund budget, the Ministry of Social Security and Labour proposed quite a number of measures which were approved of.

1. SUMMARY

SOCIAL ASSISTANCE

The system of social assistance of Lithuania consists of two parts: assistance in cash and social services. Moreover, social assistance in the form of privileges also is provided.

Varying social economic conditions in Lithuania, increasing unemployment, a low standard of living received response in the families too – the lowest birth rate has been reached, the number of weak and impoverished families is on the increase, especially of those raising children. Many families encounter difficulties, which they are unable to overcome on their own, that is, without assistance. Different benefits constitute the main source of income of such families.

**Assistance in Cash**

Taking into consideration social economic changes taking place in the country, in 2000 new legal acts regulating social assistance in cash to the population were adopted and the legal acts that were in effect were improved: the amount of assistance to orphans and children deprived of parental care who are of age during the period of their studies or acquisition of a dwelling has been increased; a new form assistance has been established – to provide legal assistance guaranteed by the state; a social benefit to the families of long-term unemployed was commenced to be paid, however, due to the lack of funds it was abolished in the same year; having abolished the right of precedence for a mother to receive benefits for her children, equal opportunities to receive these benefits have been granted both to mother and father. A father has been granted the right to receive benefits for his children when he is a citizen of the Republic of Lithuania and the mother is a citizen of a foreign country without a permit of permanent residence in the Republic of Lithuania and without the right to benefits.

One of the most complicated parts of the system of social assistance are privileges provided to different social groups of the population due to the variety of which this system is ineffective. Therefore it is planned to reduce the number of privileges by increasing social benefits and income derived by social groups of the population that make use of them, to systematise the provision of necessary privileges.

**Social Services**

The development of social services during the recent years in Lithuania is carried out in the direction of decentralisation, by preparing and implementing state and municipal programmes of social services. This process is sufficiently fast. The lack of resources is the main hindrance to the development of non-residential social services in municipalities.

However, there are already many municipalities where institutions of social services that are alternative to residential care function: day centres for children for people with disabilities, community centres, day centres for elderly people, institutions of mixed social services, etc. provision of services at home is organised in all municipalities though services of providing the most necessary things, free of charge meals, provision with foodstuffs prevail within the structure of general social services.

**The Catalogue of Social Services, 2000** (approved by the Order of the Minister of Social Security and Labour of 10 July 2000) defines and systematises types of social services. This document drew up the guidelines to the municipalities and non-governmental organisation in planning and organising social services in the community to different social groups of the population.

Since 1997 the Ministry of Social Security and Labour has been successfully carrying out the project...
1. SUMMARY

The Development of the Social Policy and Community Social Services financed by the World Bank. The project is aimed at developing the provision of social services to the risk groups of the community that are efficient from the social and economic aspect. The Social Services Centres established showed that from the social point of view, as well as from the point of view of costs, the provision of social services in communities is much more effective than at residential care institutions. Experience acquired is given over to other municipalities. The establishment of institutions of providing social services of the new type is encouraged by another programme carried out by the Ministry - The Development of the Infrastructure of Social Services.

Integration of the Disabled
Disorders of health of the population, increasing unemployment and the policy of the sphere of privileges pursued by the State has a marked impact on the state of disability and the increase in the number of recipients of the State Social Insurance Disability pension in the country. Having decreased privileges granted within the structure of primary disability to an insignificant extent, the number of individuals of retirement age recognised as disabled increased considerably, however, more individuals of working age were recognised as the disabled. By type of disability the number of the disabled individuals with the self-servicing, visual, motion, hearing impairment decreased significantly, but the number of mentally handicapped individuals increased.

Seeking to apply measures of health and occupational rehabilitation and to improve the provision of social security, the Conception of the Establishment of Disability and the Reform of Social Security Measures for the Disabled was prepared and approved. The Conception was aimed at changing the procedure for the establishment of disability by creating preconditions to carry out social security measures to the disabled in a fairer and more efficient way.

In improving the procedure for establishing disability, in 2000 by joint Order of the Minister of Health and the Minister of Social Security and Labour the Procedure for the Establishment of Long-term and Permanent Work Disablement (Disability) was approved. The new procedure regulated in more detail the establishment of disability Groups I, II and III, compensation for the expenses on special motor vehicle, conditions of loss of occupational working capacity, terms of the establishment of disability, causes of disability and a list of documents necessary to submit to establish causes of disability.

In implementing the policy of social integration of the disabled, priority was given to the increase of employment of the disabled and their vocational training. 4375 disabled individuals were registered with territorial labour exchanges in 2000. 6238 disabled individuals were participants in the labour market training programmes, who attended job clubs, training and qualification courses, took part in public works and works supported by the State, acquired patents to engage in various activities.

The Council of the Affairs of the Disabled of Lithuania under the Government of the Republic of Lithuania carried on programmes of health, occupational rehabilitation and social integration according to seven priority trends of programmes of health, occupational rehabilitation and social integration of the disabled. They are as follows: the development of the disabled; employment; adaptation of the environment; formation of independent life of the disabled; accessibility of information and communications; health rehabilitation and the formation of the social integration policy of the disabled. According to these trends 28 national public organisations of the disabled, 10 health care and 3 research institutions submitted applications in 2000.

Support of Victims and Individuals of Social Risk Groups
In 2000 social assistance to victims and social risk groups was continued to be provided. Social assistance was rendered in two directions: by preparing and improving legal acts for separate groups of victims and by implementing social programmes for victims and individuals belonging to social risk groups.

In 2000 the Law on Recognising the Legal Status of Defenders of Independence and Others who Fell Victim on 11-13 January 1991 and Following the Aggression Committed by the USSR was prepared. This Law abolished moral discontent of the defenders of Independence and other victims about non-recognition.
1. SUMMARY

In improving the system of assistance, in 2000 and in the first half of 2001 the following programmes of social assistance to victims and individuals belonging to social risk groups were carried out: the Programme of Return of Political Prisoners and Deportees and their Families to Lithuania and their Provision with Flats and Employment, the National 1999-2003 Programme of the Control of Narcotic Drugs and Prevention of Drug Addiction and the 1999-2003 Programme of Social Adaptation of the Convicted Individuals who were Released from Places of Imprisonment, Institutions of Corrective Labour, Social and Psychological Rehabilitation, which was commenced to be implemented in 2001.

In carrying out the National Programme of the Control of Narcotic Drugs and Prevention of Drug Addiction, 1165 thousand Litas was allocated to the Ministry of Social Security and Labour. A larger part of these funds was allocated to support 84 projects of prevention of drug addiction and rehabilitation of drug addicts submitted by different organisations. The State support encouraged different organisations to carry out a more intense activity in this sphere.

Seeking to summarise the activity of different state institutions and non-governmental organisations in providing social services to drug addicts and their family members, the Ministry of Social Security and Labour conducted a survey of the activity carried out by different public and other institutions in the above-mentioned sphere and issued a publication in 2000.

In 2000, due to the lack of funds the 1999-2003 Programme of Social Adaptation of the Convicted Individuals who were Released from Places of Imprisonment, Institutions of Corrective Labour, Social and Psychological Rehabilitation was not carried out. In 2001 this programme was started to be carried out again and it is expected that the measures carried out would give good results.

**Child Care and Adoption**

The decreasing birth rate in Lithuania does not ensure the change of generations and leads to depopulation. 34,2 thousand children, that is 22,6 thousand children less than in 1990, were born in the year 2000. On the other hand, the above-mentioned economic and social changes determining the stability of the family and the security of children created preconditions for the increase in the number of socially vulnerable families and children that they raised.

Since 1995 the number of dysfunctional families in the record of the Agencies for the Protection of the Rights of the Child of municipalities has increased by as much as 200 per cent, and the number of children in these families - by as much as 57 per cent.

Though the number of socially neglected families and children within them increased in 2000, the number of children deprived of parental care in many large cities and regions, as compared with the previous year, practically changed insignificantly.

It should be noted that though the United Nations Convention of the Rights of the Child establishes that when the child is devoid of parental care, the child’s adoption should become a priority, the prevailing form of child care in Lithuania further remains temporary and permanent guardianship.

Of late years in formulating the policy of social security of children deprived of parental care, main attention was devoted to care of the child in the family as an alternative to institutional care in care homes for children established by the State or local governments.

The change in the sources of payment of the child care benefit (until 1998 it was paid from the municipal budget, in 1999 - from the fisc as an earmarked grant to local governments, and since the beginning of 2000 - from the municipal budget again) and existence of child care institutions of different subordination created preconditions for directing a large part of children deprived of parental care to child care institutions, regarding as a priority the possibility to place such a child in child care or educational institution that was financed from the State budget and not to look for alternative possibilities to establish guardianship for the child in the family or a family type home.

Insufficient provision of Agencies for the Protection of the Rights of the Child of municipalities with financial resources and specialists posed many problems, though workload that these agencies had to carry and their responsibility increased with every year.
1. SUMMARY

**INTEGRATION INTO THE EUROPEAN UNION AND INTERNATIONAL CO-OPERATION**

**Integration into the European Union**

In preparing for accession to the European Union (EU), Lithuania must fulfil certain requirements of the European Union and must be ready to accept the obligations of the before the date of accession to the EU. A functioning market economy and preparation for the single market is considered to be an essential condition of membership.

The Ministry of Social Security and Labour is responsible for the issues of social policy and employment as well as free movement of persons and the so-called negotiation chapters, on which the position papers of the Republic of Lithuania were prepared and approved by the Government in 2000.

In 2000, the works of integration were further continued.

The experts of the European Commission posed additional questions to the position approved by the Government of the Republic of Lithuania in August regarding the negotiation chapter “Social Policy and Employment”, concerning labour law, equal opportunities, employment, social dialogue as well as occupational safety and health at work. After the technical consultations with experts that took place in Brussels in February 2001 where the posed questions were answered, in March 2001, a decision was made on the preliminary closing of negotiations in the area of social policy and employment (closing of a chapter). Thereby, the evident progress of Lithuania in aligning its system in the aforementioned areas to the political views and legal requirements of the EU was recognised.

The process of negotiation on the position “Free Movement of Persons” proved to be more complicated. Additional information was prepared and presented on the issues raised by the experts of the European Commission, and all these issues were discussed and clarified during the technical consultations that took place in Brussels in February 2001. Finally, the Member States reached an agreement on their common position concerning the free movement of persons. The agreement entitles Member States to restrict the movement of labour force from the candidate countries in the period of seven years (the principle 2+3+2), providing an opportunity to reconsider the transitional period after the first two years and an opportunity to extend the transitional period for up to seven years in the event of serious violations of the labour market. The decision of a candidate country about the implementation of Acquis from the date of accession to the EU can be formalised in bilateral agreements. At the moment Lithuania is analysing the possibilities to negotiate for conditions most favourable for Lithuania.

At the third meeting of the sub-committee “Regional Development, Employment and Social Policy”, which took place in Vilnius, the Lithuanian delegation presented the changes made in 2000 in the area of labour law, equal opportunities, occupational health and safety at work, social assistance, the coordination of the social security systems, anti-discrimination, social dialogue and employment. The delegation of the European Commission positively appraised the adoption of the process of approximating the national legislative base with EU requirements, which took place in accordance with The Lithuania’s EU Accession Programme - the plans of its law approximation and Acquis implementation measures.

Improving of the institutional and administrative capacities has become the priority area in the actions plans of accession to the EU, which also reflects in the long-term strategy of the Ministry. With the help of the PHARE programme experts development plans of the Ministry of Social Security and Labour and the institutions subordinate to it as well the initial development plans of the institutions in the area of the free movement of workers and social policy and employment were prepared, i.e., the functions obligatory according to EU legislation were identified, the institutions establishment and development actions, needs and financing sources were planned.

The results of this research revealed that there is need for the institutional building in the areas of labour law, occupational health and safety at work, administration of the European Social Fund, recognition of professional qualifications, free movement of workers and co-ordination of the social systems.
Likewise each year, the Ministry of Social Security and Labour together with the European Committee under the Government of the Republic of Lithuania prepared the third Annual Report on Lithuania’s Progress Towards Accession to the European Union for the period covering July 1999 - June 2000.

In harmonising Lithuania’s legal acts with the EU law, the study of the consequences of the implementation of new legislation that aims to collect and systematise information about the likely impact of a new legal act, determine the costs and benefits of for the entire economy or society or their separate groups expected upon implementation of the new legal act. It can be stated that the highest log-term positive impact will be the guarantees concerning safe and healthy work conditions, but they will require largest investments.

**International Labour Organisation (ILO)**

Lithuania has been a member of the ILO since 1921 (and renewed its membership in 1991). By the order of 1994 of the Government of the Republic of Lithuania the Ministry “is obliged to represent the Government of the Republic of Lithuania in relations with the International Labour Organisation”, i.e., fulfils all commitments related to the membership, which includes implementation of international labour standards, preparation of reports, preparation for proper participation in the annual conferences, preparation and implementation of joint projects, etc. Besides, Lithuania has been elected an active member of the Governing Body for the period of 1999-2002.

In the year 2000 ILO conference Ministry experts, representatives of trade union organisations and the Permanent Mission of the Republic of Lithuania to the UN Office in Geneva were involved. Beside other issues considered, the conference adopted a revised convention and recommendation concerning maternity protection.

Active part was taken in the work of the ILO Governing Body, which deals with the main ILO strategy issues.

Nine detailed reports were prepared at the request from the International Labour Office on the application of international standards in Lithuania, and according to special questionnaires material was provided on the activities of multinational enterprises, promotion of co-operatives and other labour and social policy issues.

ILO experts provided consultations to the Ministry on the issues of social dialogue, collective agreement negotiation and drafting of the Labour Code.

The ILO activities are based on the principle of tripartite co-operation; therefore advice was taken from social partners on all issues concerning the implementation of international labour standards and other issues.

**International Co-operation**

The Ministry of Social Security and Labour acts in accordance to the UN and the Council of Europe international documents regulating human rights, social affairs, the rights of women, children and refugees, and the movement of workers. It is crucial to ensure that the provisions of the international documents joined by the Republic of Lithuania are observed.

**United Nations**

The Ministry of Social Security and Labour has initiated the establishment of an interdepartmental group that aims to prepare a report to the United Nations on the implementation of the provisions of the *UN International Covenant on Economic, Social and Cultural Rights* in Lithuania. This report according to the Covenant should be finally prepared and presented to the Government by the end of 2000. In 2000, the MSSL has finished preparing the *Initial Report on the Implementation of UN Convention on the Rights of Child* that was presented during the 26th session of the UN Committee of the Rights of the Child in January 2001 in Geneva.

Another report finally prepared - regarding the implementation of the *UN Convention on the Abolition of Discrimination of All Types Against Women* - was successfully presented during the 23rd session of the Committee of the Abolition of the Discrimination of Women in June 2000 in the UN headquarters in New York. The Ministry of Social Security and Labour initiated the signing the *Supplementary Protocol of the Convention on the Abolition of Discrimination of Women*. The President of the Republic of Lithuania Valdas Adamkus signed this Protocol during his visit to the United Nations in September 2000.
In June 2000, an extraordinary session of the United Nations General Assembly took place in Geneva, in which the Minister of Social Security and Labour Irena Degutienė presented National Poverty Reduction Strategy prepared after making a comprehensive sociological research in Lithuania and based on the study carried out by project “Poverty Reduction Strategy”.

**Council of Europe**


In 2000, the Council of Europe initiated the comparison of the social security schemes of the CE Member States that used to be carried out only in the EU Member States. The Ministry of Social Security and Labour prepared a report according to the questionnaire of Council of Europe on the organisation of the social security systems, the protected persons, the types of benefits etc. When the Council of Europe systematises the answers of the countries, it will be easy to find comprehensive information on the social security systems abroad.

2000 saw intensive preparations for the ratification of one of the most important documents of the Council of Europe - European Social Charter: several seminars were organised, discussions with the representatives of the employers and professional unions took place in the Tripartite Council. European Social Charter (revised) was ratified in May 2001. Having ratified the Charter, a possibility to join other CE documents - the European Convention for Social and Medical Assistance and the Code of Social Security of Europe will be examined.

**Organisation for Economic Co-operation and Development (OECD)**

Lithuania aims to establish a closer relationship with the OECD and to become its member in the future. In 2000, the OECD experts helped preparing a comprehensive analysis of the labour market and social policy was started, which will be summarised in the OECD publication “Social Security and Labour Markets Review”. A significant number of meetings were organised for the delegation of the OECD experts were prepared in October 2000 for this purpose. The OECD experts took an active part in the international conference “Pensions Reform: Implementation Experience” that was organised later. The visit of the Assistant to the General Secretary of the OECD S.Kondo took place in September 2000. During the meeting the further implementation guidelines of the Baltic regional programme were discussed.

**International bilateral agreements**

In 2000, the Social Security Agreements were signed with Finland and Belarus, the Social Security Agreements with Russia and the Czech Republic as well as the Employment Agreement with Russia came into force, and the co-ordination of the Social Security Agreements with Ukraine, Latvia, the Netherlands and the United States took place. At the beginning of 2000, Lithuania had 12 functioning interstate agreements in the area of social security and labour migration.

**Bilateral co-operation**

In 2000, the Ministry of Social Security and Labour continued the implementation of the Co-operation Agreements with the ministries of Denmark, Poland and the Netherlands. Active co-operation with partners from the Hessen and Saxony Lands of Germany, Norway, Sweden, France etc. took place. Co-operation Agreements with the respective ministries of Ireland, the Netherlands and Belgium were being prepared in 2000.

**Multilateral support**

The Ministry of Social Security and Labour together with the subordinate institutions prepares and implements international projects that are financed by international institutions. In 2000, 48 international projects on social security and labour issues were worked upon, 8 out of them were finished, 15 have been prepared and are waiting for approval, and 25 are continued. The workers of the MSSL have participated in 19 international projects. In 2000, the priorities for 2001-2002 and the review of the international projects implemented by the MSSL and its institutions were prepared. The main sources of funding of the social security and labour
projects are programmes of the European Community, the Development Bank of the Council of Europe, the World Bank, the United Nations Development Programme, and the resources provided by the Governments of Sweden, Denmark, the Netherlands and other countries.

SURVEYS OF THE LIVING CONDITIONS

The implementation of the social policy and the assessment of the validity of the decisions made require a lot of various information. The main source of information is the periodical publications of the Department of Statistics under the Government of the Republic of Lithuania, conclusions of scientific researches and assessments of foreign experts. The Ministry of Social Security and Labour orders various studies and starts to accumulate information databases. One of the important activities in this area is co-operation with the specialists of the Institute of Applied Sociological Research of Norway (FAFO) in the periodical implementation of a large complex project - the living conditions survey. Already the third such survey was carried out in 1999. The results of the research were published in a separate book in 2000.

This survey that was performed simultaneously in Lithuania, Latvia and Estonia is the second survey of this type. The first study of the living conditions simultaneously performed in the three countries of the Baltic Region was carried out in 1994. Such studies are aimed at the assessment, analysis and comparison of quantitative changes of the living conditions in each country with the results of other countries.

The aim of the complex living conditions survey of 1999 was to determine the changes in the indicators of the living conditions during the 10 years of the Independence, examine the regions that have been most affected by the transformations that are taking place and determine the main tendencies of the processes that are going on. The survey used the methods of the researches of 1990 and 1994 and other statistical data.

The survey revealed that the negative natural increase in Lithuania formed since 1995 because the number of born was declining more rapidly than the number of dead, and that the number of small households has increased and the number of mixed (married couples with children, two and three generations) households has decreased in the period of 1994-1999. The number of inhabitants under 14 years old has also declined. This will cause an increasing aging and, respectively, a heavier burden for the working inhabitants. The share of inhabitants of the most active age, 25-49 years, has somewhat increased, however, the economic activity of inhabitants has decreased during this period.

Comparing various categories of the working population, it could be asserted that young people aged 18-24 suffer more from the bad working conditions than older persons, men more than women, persons of other nationalities more than Lithuanians, employees of private enterprises more than those of the state enterprises, village inhabitants more than city inhabitants.

The living conditions survey of 1994 (as compared to that of 1990) was performed after the decline of the living conditions and quality of life - this is revealed by the significantly increased part of expenses for food. The level and quality of consumption were higher when carrying out the living conditions survey in 1999, however, judging from the food expenses share of the general consumption expenses, it had not yet reached the rate of 1990. The decrease of food expenses in 1993-1999 was stabilised not only by the lower level of living but also by the market conditions and the variation of prices. The stabilisation of the food expenses and the growth of non-food expenses indicate that nourishment does not cause trouble for most people.

It examining the dwelling conditions and the living environment, it was established that most of inhabitants of Lithuania - 52,8 per cent - live in many-storied houses; the part of living in private houses is also rather large (43,6 per cent) and is continuously increasing.

The dominant form of the ownership of dwellings both in the city and in the village is private apartment or house, however, persons with slenderer in-
1. SUMMARY

According to the survey, people seldom live in private dwellings and most often in dwellings that belong to the state or a local government.

While carrying out the survey in 1999, it appeared that the conditions of education have essentially changed (as compared to 1994). The tendency of the declining prestige of a profession was characteristic to the previous period. Now the prestige of a profession is growing again. The number of studying in non-state schools and abroad has been growing particularly rapidly.

In examining the households’ use of the kindergarten services, the general tendency of the survey of 1999 was established: the slenderer the household income, the more children are taken care of at home (it is usually relatives who take care). The use of kindergarten services in the village is further decreasing.

The inhabitants of Lithuania evaluate the health situation in 1999 better in comparison to the survey of 1994. The village inhabitants complained about bad and very bad health more often. The city inhabitants visit the institutions of medical care more often than the village inhabitants, elder inhabitants more often than the younger ones, and women more often than men. The results of the survey reveal a rather sharp dependency of the inability to use the medical care services on the person’s income.

When examining criminality, it was established that the number of people who experienced violence and threats has decreased in 1999 (comparing to 1994), the number of fearing for their safety has increased by around one fourth in various localities.

The social relationships of the inhabitants of the country were studied primarily by examining relationships in the family, living together and maintaining relationships while living separately, communication with friends and neighbours, and mutual assistance as well as participation in the activities of organised institutions.

The examples presented attest that the surveys of the living conditions create a good information base in Lithuania. Their results have been briefly reviewed. The accumulated information base will allow for the comparison of the dynamics of the changes of the living conditions in our country as well as in the context of the neighbouring Baltic countries and other European countries. The comparative analysis of the living conditions in the three Baltic countries will be carried out in the near future and its results will be available already in the next year’s “Social Report”.

2. MISSION AND STRATEGIC GOALS OF THE MINISTRY

The mission of the Ministry is to develop and implement an effective system of social assistance, social insurance and employment harmonised with the EU standards which would strengthen the social security of the country’s residents.

The Ministry of Social Security and Labour is implementing its mission in 2001 to achieve the following strategic goals:

1. Assist residents in their integration into the labour market and ensure fair employment relations and safe work conditions.
2. Implement the social assistance system and ensure social integration of socially vulnerable groups of the society.
3. Achieve balance in the social insurance system and provide conditions for the pension system reform.

In 2000, in its attempts to better plan its activities and use the existing financial and human resources in a more cost-effective way, the Government took the initiative to implement strategic planning. The goal of the implementation of strategic planning is to develop a single planning system integrating the principles for Government decision making into the planning and activity systems of institutions. The strategic action plan of the Ministry for 2000 - 2001 was drafted on the basis of the resolutions of the Government of the Republic of Lithuania¹.

Allocations to the Ministry in 2001 are approved with the law², and allocations to the programmes implemented by the Ministry are approved with the resolution of the Government of the Republic of Lithuania³. Strategic planning is a process of solving long-term and complex problems when an institution forecasts and foresees trends and ways to use the existing and estimated financial, tangible and human resources in the most efficient way in the attempt to implement the mission and to achieve the set goals/priorities. The goal of the implementation of strategic planning is to develop a single planning system integrating the principles for Government decision making into the planning and activity systems of institutions.

Strategic action plan is a document with regard to the environment analysis defines the institution’s mission, goals and programmes. The strategic action plan describes how the institution implements the strategic goals/priorities of the Government, implementing the programmes with the existing budget allocations.


⁴ Resolution No. 969 as of 6 August 2001 of the Government of the Republic of Lithuania Concerning the Approval of 2001 Distribution of Allocations from the State Budget of the Republic of Lithuania according to Approved Programmes.
Chapter 2

The goal *Assist residents in their integration into the labour market and ensure fair employment relations and safe work conditions* is being achieved by implementing 4 programmes:

1.1. Vocational training and counselling in the labour market, increasing possibilities for youth employment, skill development of social workers;

1.2. Diminishing unemployment;

1.3. Research works on the living standard, employment, social insurance and social security in Lithuania;

1.4. Prevention of occupational harm to people’s health.

The goal *Implement the social support system and ensure social integration of socially vulnerable groups of the society* is being achieved by implementing 5 programmes:

2.1. Orthopedic prosthetics help to the residents of the Republic of Lithuania;

2.2. Development of social services at state in-patient nursing institutions and other institutions reporting to the Ministry;

2.3. Support to socially vulnerable groups of the society and other activities of the Ministry;

2.4. Development of the social services infrastructure;

2.5. Operation of loans and social security network projects;

The goal *Achieve balance in the social insurance system and provide conditions for the pension system reform* is being achieved by implementing the programme:

3.1. State and social pensions, state social assistance.

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1 *More about the programs implemented by the Ministry of Social Security and Labour read in Annex 2*
3. ECONOMIC AND SOCIAL CONDITIONS SPECIFIC TO THE LITHUANIAN ECONOMY IN 2000

After the economic recession in 1999 political and economic stability in 2000 Lithuania saw the start of economic growth. A major part of enterprises managed not only to maintain themselves, but also to work effectively in the difficult situation and even increase their profit under unfavourable conditions. Their income at its turn has created demand for consumer and investment goods thus providing opportunities for other enterprises to increase the volume of production and income, therefore also the demand. The growth of income and demand affects the whole economy providing opportunities to improve welfare, increase the budget income, form savings invested into the reconstruction of enterprises, utilise new products, reduce production costs and enter new markets.

Since the beginning of 2000 the Government has undertaken a more strict fiscal policy. Active measures are taken to reduce state expenditure and the state deficit.

From all Baltic and Central European states Lithuania decreased its fiscal deficit to the highest degree in 2000 (compared to 1999). On the one hand, it helped to reduce import and the current account deficit, on the other the saving regime posed limitations on the domestic demand by stopping the development of production. Lithuania was left behind by other Central and Eastern European states with respect to its macroeconomic indices.

Lithuania is notable for its low inflation and high unemployment rate. Stable and even decreasing prices (with the exception of increasing utility costs and the monopolistic prices for car fuel and communications services) are due to not only the weak purchasing power of the population, but also the strong rate of litas against the euro.

Although the general production and import indices in 2000 (compared to 1999) have improved, Lithuania has faced the stagnation of the domestic market. The limitation of the domestic market is due to two main problems - the halted investment process and high unemployment rate.

The basic macroeconomic indices in 2000 show that 2000 is a year of breakthrough, i.e., transition from economic recession to the phase of upgrade.

3.1. ECONOMIC SITUATION

Gross Domestic Product (GDP)
According to the preliminary data of the Department of Statistics, the GDP generated in 2000 accounted for 44,9 billion LTL, calculating 12158 LTL (11514 LTL in 1999) per one inhabitant on the average. Compared to 1999 the GDP according to comparative prices of 1995 has grown by 3.3 per cent, but did not reach the level of 1998. Most of the added value was created by three industry spheres: processing industry - 21.0 per cent, trade -15.5 per cent and transport and warehousing - 12.0 per cent.

Industry
According to the preliminary data of the Department of Statistics, in 2000 the sales volume of industry products at the prices valid at that time accounted for 24,5 billion LTL (without VAT and excise duty). The major part of these sales is comprised of the sales from the mining and processing industry (MPI) - 21,8 billion LTL or 89 per cent of the total sales of industry products. In 2000, compared to 1999, the sales volume of industry products increased: the whole industry sector - 7 per cent, MPI sector - 10.7 per cent.
The different outcomes from the industry in 1999 and 2000 were due to rather diverse conditions during the said periods. In 1999 the influence of the economic crisis in Russia on Lithuania was very significant and it basically altered the economic and financial conditions for as well as the outcomes of industry (during 1999 the sales volume of MPI, compared to 1998, decreased by 7.9 per cent), and in 2000 the improved economic situation in domestic and foreign markets and the strategy undertaken by enterprises - active search for markets and the policy of product quality improvement - brought better outcomes in most industry spheres.

**Energy**

The end needs for energy (fuel, heat, electricity) in 2000, compared to 1999, decreased by about 3.5 per cent. The biggest decrease was observed in the need for heat (7 per cent) and electricity (3.5 per cent). The biggest share of the end energy consumers in the country’s economy were households (34 per cent) and transport (28 per cent).

The amount of natural gas used by Lithuanian consumers in 2000 is by 10 per cent more than in 1999. The biggest portion of gas was consumed for heating (43-45 per cent) and production of fertilizers (27-29 per cent).

During 2000 Lithuania produced 11,43 TWh electricity, or 15.5 per cent less than in 1999. The decrease in the production of electricity in the country was due to decreased (by 2,8 times compared to 1999) export to Belarus. The main reason was that the authorities failed to reach an agreement with export mediators on settlement guarantees. During the period of one year Belarus debt for export of electricity dropped by 26 million LTL and at the end of 2000 accounted for 225 million LTL.

In 2000, 6,81 TWh of electricity was sold to the country’s consumers (7,18 TWh in 1999). The average tariff for electricity in 2000 equalled 18.61 ct/kWh for consumers and the export tariff was 6.38 ct/kWh.

The end needs for electricity during the said period decreased by 5 per cent and in 2000 accounted for 1700 kWh per one inhabitant. According to this indicator Lithuania is standing on one of the last places in Europe.

In 2000 a programme for the decommissioning of Ignalina Nuclear Power Plant 1st block was developed. It specifies technical measures for environment protection and socio-economic measures for the first preparatory period 2001-2004. During this period preparations will be made to finally stop the first block by 2005, and the measured diminishing social consequences for Ignalina NPP region will also be implemented.

In 2000 “Mažeikių nafta” processed 4965 thousand tons of raw oil and other raw materials and produced 4965 thousand tons of different oil products (including the loss of processing).

55 per cent of produced oil products were sold to Lithuanian consumers and 30 per cent exported. The remaining portion (15 per cent) was comprised of the enterprise’s own needs (8 per cent), processing losses (2 per cent) and the enterprise’s remainder (5 per cent). Oil products were exported to Poland, Latvia, Estonia and some IUS and Western European countries.

**Construction**

In 2000 the work carried out by national construction companies and enterprises at the own effort accounted for 2116,2 million LTL. The volume of works fulfilled, compared to 1999, dropped by 22.7 per cent. The savings policy of the Government of the Republic of Lithuania caused a decrease in the number of construction orders from state and municipal institutions.

Investments to the construction of dwelling houses in 2000 accounted for 477,5 million LTL, i.e., by 6.1 per cent more compared to 1999.

In 2000, 1931 dwelling houses were constructed in the country containing 4367 flats. Their useful dwelling floor space equalled 499971 square meters. The number of flats in the constructed 1-2-flat houses accounted for 1850 with the useful dwelling area of 315465 square meters. Fewer multi-storey buildings were constructed. In 2000, 98 constructed multi-storey buildings contained 2517 flats. A trend in the construction of dwelling houses can be observed: from multi-storey to 1-2-flat houses. The families’ style of living is changing and new housing is purchased by well-off families.

1229 non-dwelling buildings were constructed in 2000, with the total floor space of 704159 square
ECONOMIC AND SOCIAL CONDITIONS SPECIFIC TO THE LITHUANIAN ECONOMY IN 2000

3. ECONOMIC AND SOCIAL CONDITIONS SPECIFIC TO THE LITHUANIAN ECONOMY IN 2000

meters. The major portion of buildings is comprised of economy buildings (270), hotels, trade and catering enterprises (250) and other purpose buildings (301). The buildings of trade, hotels and catering enterprises (175031 square meters) and transport and communications (161098 square meters) account for the biggest share of total floor space. The construction of educational and science as well as culture and sports buildings is rather low.

In 2000 the volume of national construction equalled 2,1 billion LTL. According to rough estimations that construction materials comprise 45 per cent of the site value it can be stated that the needed construction materials accounted for 1 billion LTL.

Transport
During 2000, as compared to 1999, the volume of carriage with almost all types of transportation increased. There was a decrease in passenger carriage by railways, road transport and river transport in 2000.

Reloading of cargoes at Klaipėda Harbour during 2000 grew by 29.6 per cent, and in total (including the Būtingė terminal) - 46.1 per cent. It was the highest annual loading rate since 1990.

During 2000, 6554 vessels entered Klaipėda Harbour, and it is by 920 vessels more than in 1999.

The carriage of railway cargoes during 2000, compared to 1999, grew by 8.3 per cent and its turnover by 13.6 per cent. Transit cargos, whose volume increased by 19.3 per cent compared to last year, accounted for the biggest portion of carriage (58.5 per cent).

During 2000 the number of railway passengers equalled 8.8 million, which is by 23.3 per cent less than during 1999. The number of passengers who took local (26.6 per cent) and international routes (1.2 per cent) decreased. The income for passenger carriage was by 15.3 per cent lower compared to 1999.

The volume of passenger carriage on roads (public buses and electric city transport) saw a constant decrease, in 2000 passenger carriage dropped by 18.7 per cent.

The indicators of the airport activities during 2000, compared to 1999, changed as follows: the number of flights decreased by 9.5 per cent, the number of passengers grew by 7 per cent, and the amount of cargos and mail increased by 24 per cent.

Agriculture
The number of private farms registered with the register of private farms as of 1 January 2001 amounted to 67.5 thousand. They managed 853.0 thousand ha of land. The average size of a farm was 12.6 ha.

According to preliminary calculations, in 2000, compared to 1999, the agricultural production increased by 2 per cent. The horticulture production grew by 11, including grain - by 29 per cent. The cattle production dropped by 9 per cent, including meat - by 10 per cent, and milk - by 9 per cent.

The share of products produced by farmers and other inhabitants in total production accounted for: grain - 79 per cent (78 per cent in 1999.), potatoes – 99.1 (99.4), sugar canes - 60 (58), livestock and poultry - 59 (62), milk - 90 per cent (88 per cent).

Comparing the purchase price for agricultural products in 2000 with those in 1999, a distinct price decreasing trend can be observed. According to preliminary data, the general index of the agricultural products purchasing price in 2000 accounts for 84.7 per cent compared to 1999.

Domestic Trade
The share of trade in the Gross Domestic Product comprises about 15.5 per cent, and including the turnover of hotels and restaurants - 16.9 per cent (according to the data of the Statistics Department as of September 2000). Higher GDP is generated only in the processing industry.

In 2000 the retail turnover of goods (including trade at catering institutions and marketplaces) accounted for 16,7 billion LTL (according to preliminary calculations) and by 10.7 exceeded the volume of turnover in 1999. Such speed of turnover growth, however, caused only slight growth compared to the turnover in 1998, and only starting from August.

The turnover of marketplaces which have administration (with the exception of marketplaces selling cars), calculating according to comparative prices, increased by 2.2 per cent. The turnover of food products on the marketplaces continued to decrease and the volume of turnover of non-food products grew.

Information Technologies
It is believed that Lithuania has about 237000 computers, and the number of computer users accounts for 514000.
According to the findings of household budgets conducted by the Department of Statistics, in 2000, 5 per cent of all households owned a personal computer (3 per cent in 1999), including in the big cities - every tenth household, other cities - 3 per cent, rural areas - 1 per cent of households.

**Small and Medium-size Business (SMB)**

With the view to implement the Plan of Measures for the Small and Medium-size Business Development Programme, in 2000 main attention was devoted to speeding up the integration of small and medium-size business (SMB) into the EU, to stimulate business infrastructure, training and counselling of entrepreneurs and regional business development, as well as to ensure the continuation of adopted measures of the business development programme.

The Lithuanian Small and Middle-size Business Agency has implemented the ES PHARE small and medium-size business development project in Lithuania. The aim of this project is to help the Government of the Republic of Lithuania to implement measures for the stimulation of SMB development, which would ensure stable growth in the SMB sector. The project covered 5 programmes: Support to Entrepreneurs, Support to Business Incubators, Stimulating Cooperation among Big, Small and Middle-size Enterprises and Strengthening of Institutional Infrastructure. The duration of the programme is 14 months. 900 thousand euros was allocated to its implementation. The companies taking part in the project established about 400 jobs.

With the view to stimulate the implementation of small and middle-size business development programmes, almost 800 thousand LTL was allocated from the SMB Promotion Fund to prepare small business and economy development programmes in 37 cities and regions. Besides, the measures for the preparation and implementation of local targeted programmes have been financed.

The municipalities’ focus on and financial support to the development of local business is increasing. In 1998, 29 municipalities allocated resources to the creation of small and middle-size business funds, and in 2000 such funds were established by 41 municipality. They accumulated over 3,2 million LTL. The main trends for the utilisation of these funds are as follows: provide financial support to business development, compensate for loan interest, finance targeted business development projects, training of entrepreneurs, etc.

More and more residents in the country start their business by purchasing patents. Last year 94707 natural persons acquired compulsory patents to legalise their business activities. The annual amount of tax paid for patents accounts for 23,2 million LTL.

**Procedure of Enterprise Bankruptcy**

From 1993 to 31 December 2000, 1019 enterprises were declared bankrupt. The bankruptcy procedure is on going in 803 enterprises. Bankruptcy procedures were completed for 216 enterprises (188 liquidated, 4 reorganised, 7 sanated, in other 17 enterprises bankruptcy cases were closed or peace agreements were concluded).

The number of employees at 803 bankrupt enterprises or those going through the bankruptcy procedure, on the day when they were declared bankrupt, accounted for 38566 and their assets amounted to 2322,8 million LTL.

During 2000, 415 enterprises were declared bankrupt. On the day when they were declared bankrupt (according to preliminary information) the number of their employees accounted for 8003, and the assets equalled 897,7 million LTL. Out of 415 initiated bankruptcy processes the bankruptcy procedures were finalised for 7 enterprises. Among the 415 bankrupt enterprises or those going through the bankruptcy procedure 129 were industrial enterprises, 152 - wholesale and retail trade, 31 - agricultural, 51 - construction, 34 - other types of industry. Out of 408 bankrupt enterprises or those going through the bankruptcy procedure in Kaunas County the bankruptcy procedure was started for 98 enterprises, Vilnius County - 77, Klaipeda County - 44, Siauliai County - 43 and Alytus County - 36.

A particularly difficult situation has been faced in Alytus County. The number of bankrupt enterprises and those going through the bankruptcy procedure in 2000 increased twice. Corresponding number of employees were made redundant at those enterprises: in total -1388, among them in 2000 - 645 employees. The rate of unemployment in this county is one of the highest in the country.
Privatisation
During 2000, 951 entities were privatised for 906.8 million LTL, of which 574 entities were fixed tangible assets. The number of privatised entities in 2000, compared to 1999, grew 1.35 times, and fixed tangible assets - 1.56 times. The value of privatisation agreements concluded in 2000, compared to the previous year, increased 1.85 times.
The biggest privatisation agreement signed in 2000 was the sale of 25 per cent share portfolio owned by the state of stock company “Lietuvos telekomas” for 641.7 million LTL. The other two big privatised entities were the 80.94 per cent state-owned portfolio of stock company “Geonafta” privatised for 52 million LTL and the 56.26 per cent state-owned portfolio of joint stock company Lietuvos vystymo bankas (Lithuanian Development Bank) for which the Finish “Sampo Insurance Company” paid 23.9 million LTL.

Foreign Trade
According to the estimations of the Department of Statistics, in 2000, according to the general trade system, the volume of Lithuanian foreign trade turnover amounted to 37.3 billion LTL: exported goods accounted for 15.4 billion LTL, imported - 21.9 billion LTL. Compared to 1999, the turnover of goods grew by 18.8 per cent, export - 28.1 per cent, and import - 13 per cent. The foreign trade deficit decreased by 11.8 per cent compared to 1999.
Lithuania’s main foreign trade partners according to the general trade system in 2000 were as follows: Russia (export -7 per cent of total export, import - 26.8 per cent of total import) followed by Germany (14.2 per cent and 17 per cent respectively), Latvia (14.9 per cent and 3.9 per cent.), Poland (5.5 per cent and 6.6 percent), and United Kingdom (7.7 per cent and 4.3 per cent.).

Investments
According to the preliminary data provided by the Department of Statistics, all tangible investments on the territory of Lithuania in 2000 accounted for 5163.1 million LTL. Compared to 1999, tangible investments decreased by 2 per cent and by 20.8 per cent within the public sector. The main source of financing is own funds of economic entities accounting for 69.6 per cent of total investment. The financing of investments from the national budget has decreased significantly - 60.3 per cent. Compared to 1999, the amount of investments financed from the state and municipal budgets dropped by 71.3 and 47.3 per cent respectively.
In 2000 the investments to the public sector equalled 39.7 per cent of total investment. Most investments were made in the following fields: processing industry, transport and warehousing, housing construction, electricity, gas and water supply, post and distance communication.
According to the preliminary data provided by the Department of Statistics, the investments into industry in 2000 were by 18 per cent smaller compared to 1999. The distribution of investments across the industry fields was very uneven. Most investments were made to the manufacturing of food products and beverages, tobacco and oil as well as chemical products.
According to the information provided by the Department of Statistics, on 1 October 2000 direct foreign investments into the Lithuanian economy accounted for 9.2 billion LTL.
The major part of investments relate to traditional economic industries: processing industry, trade, financial mediation companies, post and distance communication services. Within the processing industry it was mostly invested into food, beverage and tobacco industry enterprises.
The proportion of direct foreign investment per one inhabitant on 1 October 2000 was 2497 LTL. The main investing countries were: Denmark - 1556.8 million LTL (16.9 per cent), the USA - 1363.5 million LTL (14.8 per cent), Sweden - 1220.7 million LTL (13.2 per cent), Estonia - 668.5 million LTL (7.2 per cent), and Germany - 635.8 million LTL (6.9 per cent). In 2000, likewise in 1999, the major share of direct foreign investment came to Lithuania from the privatisation of particular entities.

Execution of the National Budget
In 2000 the income of the national budget accounted for 8723.6 million LTL, and the expenditure - 9468.0 million LTL. The deficit equalled 1.7 per cent in relation with GDP.
In the structure of expenditures of the 2000 national budget, the biggest share is comprised of the social sphere - 50.8 per cent, economics - 12.1 per cent, and expenditure of other state functions - 37.1 per cent (the structure of the 1999 national budget was...
52.4, 12.3 and 35.4 per cent respectively).

**The State Debt**

On 31 December 2000 the state debt to domestic and foreign creditors accounted for 12.7 billion LTL and comprised 28.3 per cent of GDP. In 1999 the total debt amounted to 12.1 billion LTL, or 28.4 per cent of GDP.

At the end of 2000 the state owed: foreign commercial banks and financial institutions - 4.4 billion LTL; international development organisations (the World Bank, European Reconstruction and Development Bank, European and Nordic Investment banks, etc.) - 1.8 billion LTL; International Monetary Fund - 0.8 billion LTL; foreign management institutions - 0.8 billion LTL.

**Balance of Payment**

The balance of payment of the current account deficit during nine months of 2000 amounted to 1.32 billion LTL and compared to the corresponding period in 1999 decreased by 1.93 billion LTL, or 2.4 times. During the third quarter of 2000 the current account deficit accounted for 3.5 per cent of the Gross Domestic Product (GDP), and during the period of nine months - 4 per cent (during the third quarter of 1999 the current account deficit equalled 8.7 per cent, and during nine months – 10.2 per cent of the GDP).

The decrease in the current account deficit was due to several factors. Quite rapid revival of the markets of Lithuania’s main foreign trade partners (EU states, Latvia, Poland and Russia) is observed. Slower revival of the domestic market has caused rapid increase in export and slower growth in the import of goods. Increased saving has been another critical factor. A more strict Government treasury policy has also been rather influential. During the nine months of 2000 the total expenditure of the consolidated central national budget decreased by 8.9 per cent, and expenditure on tangible investment - as much as 2.8 times.

**Inflation**

During 2000 the process of consumer goods and services in Lithuania grew by 1.4 per cent (comparing December data in 2000 and 1999). Such low inflation rate was due to the big supply of and limited solvent demand on the domestic market for consumer goods. During 1999 prices increased by 0.3 per cent.

Although there was only a slight growth in the prices of goods and services, the prices of some groups increased significantly. For instance, the prices for housing, water, electricity, gas and other fuels grew by 14.7 per cent, communications services - 13.6 per cent, and education - 11.4 per cent. The highest inflation rate in 2000 was observed in January (1.5 per cent). It was partly due to the increased price in that month of electric energy (30.2 per cent) and natural gas and the introduction of subscription fee for it (25 per cent) as well as a higher price for centralised heat caused by the introduction of partial value added tax for thermal energy (9 per cent).

### 3.2. SOCIAL SITUATION

#### Demographic Indicators

At the beginning of 2001 Lithuania’s population accounted for 3692.6 thousand. Women comprised 52.8 per cent of the total number of population. The number of able-to-work inhabitants equalled 58.5 per cent, and those having reached retirement age - 20.2 per cent. The work force in 2000 was comprised of 1790.9 thousand people, employed persons - 1586.0 thousand.

#### Main Social Indicators

The gross average monthly wage in the country’s economy amounted to 1137.8 LTL in December 2000, and as compared to December 1999, grew by 1.3 per cent. The net average monthly wage in the Lithuanian economy accounted for 799.1 LTL and, as compared to December 1999, decreased by 1.6 per cent. The actual average monthly wage in the Lithuanian economy in December 2000, as compared to December 1999, dropped by 3 per cent.

During the twelve months in 2000 the minimal monthly wage did not change and accounted for 430 LTL (this amount was established from 1 June 1998). The state social insurance old age pension of a non-working pensioner as of December 2000 amounted to 312.74 LTL. The actual amount of the old age pension as of December 2000, compared to December 1999, decreased by 0.6 per cent.
In 2000 the minimal subsistence level (MSL) approved by the Government did not alter and accounted for 125 LTL per month (this amount was established starting from 1 May 1998). Both the actual minimal subsistence level and the actual minimal monthly wage in December 2000, as compared to December 1999, decreased by 1.4 per cent.

Expenditure on Social Security, Guardianship and Welfare from the national budget accounted for 11.8 per cent (11.2 per cent in 1999).

According to ESSPROS (European System of Integrated Social Protection Statistics) classification the expenditure on social security (including health care) in Lithuania in 1999 accounted for 16.6 per cent of GDP (15.8 per cent in 1999), and social expenditure per one inhabitant amounted to 1911 LTL, i.e., by 72 LTL more than in 1998.

Tables P.3.2-1, P.3.2-2 and P.3.2-3 (Appendices) show the structure of expenditure on social security according to main categories of expenditure and financing sources. Expenditure on old age accounted for the biggest share of the State Social Insurance Fund budget and of the expenditure of the state budget on social security. Compared to 1998, 1999 saw significant growth of expenditure on old age within the total state budget expenditure on social security (10.6 percentage points). Expenditure on family (children) comprised the biggest part of the expenditure on social security from municipal budgets.

Main Trends of Unemployment Development

According to the information provided by the labour exchange, the national unemployment rate on 1 January 2001 accounted for 12.6 per cent, and, as compared to 1 January of the previous year, increased by 2.6 percentage points. The pace of unemployment growth was slower than in 1999. The highest growth of unemployment was registered in January, July and December. For the first time in the labour market there was no distinct seasonal fluctuation of the unemployment rate, i.e., it almost did not decrease during the summer months.

The rate of unemployment among men exceeded the women’s unemployment rate by almost 2 percentage points (13.5 and 11.6 per cent respectively). The youth unemployment rate was the highest - 15.3 per cent. The number of registered unemployed persons on 1 January 2001 totalled 225.9 thousand, women comprising 45.5 per cent and men - 54.5 per cent.

During 2000 the number of unemployed persons registered with territorial labour exchanges totalled 258.0 thousand, which is 13.4 thousand or 5.2 per cent more than in 1999. Among the persons who applied to the labour exchange 56 per cent was comprised of people who lost their job within the period of one year. The share of unemployed persons repeatedly looking for a job (after a pause of 1 year) and those who have not worked before equalled 33 and 11 per cent respectively. The number of applying graduates increased by one third.

During 2000 there was an increase in the number of young people up to 25 years of age (from 31.1 thousand to 34.4 thousand) who register with the labour exchange and unemployed persons of pre-pension age (from 14 to 19 thousand). The number of long-term unemployed persons grew 2.4 times: from 26 thousand to 62 thousand. On 1 January 2001 the share of the long-term unemployed accounted for 27.4 per cent of the total number of the unemployed, i.e., almost twice as many compared to 1 January 2000.

In 2000 the major part of unemployed persons applied to labour exchanges from the services (70 thousand) and industry (40 thousand) sector. The growth of the number of unqualified unemployed persons slowed down. At the beginning of 2001 they accounted for 30 per cent of the total number of the unemployed.

In 2000 the number of job vacancies registered with labour exchanges accounted for 107.5 thousand. Most job offers were registered within the services (52 per cent) and industry (32 per cent) spheres. The smallest share - 5 per cent - came from agriculture.

During 2000 labour exchanges contributed to the employment of more than 100 thousand unemployed persons, i.e., 12.6 thousand more as compared to 1999. 86.3 thousand unemployed persons were referred to active labour exchange policy programmes.

Social Insurance

From 1 January 2000 the basic state social insurance contribution rate was increased from 31 to 34 per cent. The basic state social insurance contribution rate for insurers is 31 per cent.
The annual income plan of the State Social Insurance Fund budget was approved for 4.6 billion LTL and had to exceed expenditure by 29 million LTL. The actual income of the State Social Insurance Fund budget in 2000 accounted for 4.4 billion LTL (4.8 per cent more than in 1999). The biggest share of this income - 96.1 per cent - was comprised of actual state social insurance contributions paid by insurers and the insured.

The expenditure of the State Social Insurance Fund budget in 2000 accounted for 4.6 billion LTL. The biggest share of the State Social Insurance Fund budget expenditure falls on pension insurance (71.7 per cent in 2000). Compared to 1999, expenditure on pensions grew by 1 per cent. The number of recipients of the state social insurance old age pension in 2000 totalled 644.5 thousand people, recipients of the disability pension - 173.6 thousand, and recipients of widowhood and orphans’ (loss of breadwinner) pension - 234.2 thousand.

Social Assistance in Cash
In 2000, 516.7 million LTL was paid to support families raising children, provide assistance in the event of decease and to support inhabitants with low income, of which the funds from the state budget allocated to the free-of-charge catering of schoolchildren from poor families accounted for 11 per cent, and the remaining assistance was provided from municipal budgets.

260.8 million LTL was spent on non means-tested benefits (families raising children and children deprived of parental care) in 2000.

The average monthly number of inhabitants who received social benefits in 2000 accounted for 115.2 thousand (about 3.1 per cent of all Lithuania’s population), 36.8 thousand inhabitants were supported with lump sum benefits. Compared to 1999, the number of recipients of the social benefit grew by 13 per cent and the expenditure of this type of benefit increased by 20 per cent.

The funds for the compensation for the cost of heating and water in 2000 increased by 24 per cent.

Household Income and Expenditure
According to the data of the Department of Statistics, the disposable income of households (in cash and in kind) calculated per household member in 2000 accounted for 415.4 LTL per month (income in cash comprised 84 per cent of total disposable income). Rural disposable income per one household member was by 33 per cent lower than urban disposable income. Income in cash of urban households were twice as high as rural.

During 2000 disposable income decreased by 2.9 per cent as compared to 1999. The actual disposable income dropped by 4 per cent.

The level and structure of disposable income is particularly affected by the composition of households. Lone persons and married couples without children accounted for highest disposable income, and the lowest disposable income was characteristic of the so called other households with children consisting of parents and under-aged and grown-up children, or households consisting of several generations. The situation was similar in the previous years as well.

The main source of disposable income was employment income and income from self-employment. Employment income accounted for almost 64 per cent of all disposable income, and pensions and benefits - for 24 per cent.

In 2000 the average consumer expenditure per household member decreased by 5 per cent as compared to 1999.

The proportion of expenditure on food indicates the standard of living of a household: the smaller the share of expenditure on food within the total expenditure of a household, the higher the standard of living. In 2000 the share of expenditure on food in the total household expenditure decreased by 1.3 percentage points as compared to 1999. The decrease of expenditure on food and at the same time in its share in total expenditure was due to the decrease of product prices. As compared to 1999, there was a growth in expenditure on communications, and in rural areas there was a slight growth of expenditure on housing utilities.

After grouping household members according to the level of consumer expenditure it turned out that the consumer expenditure of 10 per cent of the most well off households was 7.9 times higher than that of the poorest ones (8.1 times in 1999).

In 2000, 16 per cent of the population lived below
the lowest level of poverty (it equalled 260 LTL per one equivalent consumer in 2000) (28 per cent of rural population, 8 per cent of metropolitan population and 14 per cent of other urban population). Although in 2000 the basic income in cash dropped due to decreased prices, inhabitants could purchase more food products. The dynamics of petrol and electric energy prices against the income of the population was particularly unfavourable (Table 3.2-1).

| Purchasing Power of Disposable Income in Cash (per one household member per month) |
|----------------------------------|---|---|
| Boiled sausage, kg              | 25 | 30 |
| Beef (category I), kg           | 40 | 44 |
| Chicken (category I), kg        | 39 | 38 |
| Milk (2.5 per cent), l          | 215| 223|
| Butter, kg                      | 31 | 37 |
| Eggs, unit                      | 1370| 1213|
| Granulated sugar, kg           | 110| 114|
| Two-piece suit for men, unit    | 0,7| 0,7|
| Warm high boots for women, 1 pair | 1,4| 1,4|
| Coloured TV (37 cm diagonal), 1 unit | 0,41| 0,48|
| Electric power, kWh             | 1802| 1344|
| Petrol                          | 174| 143|
| Sleeping sofa, 1 unit           | 0,50| 0,46|
| Vacuum cleaner, 1 unit          | 0,69| 0,79|

Table 3.2-1

The labour policy is the policy of the labour market, labour relations, payment for work, safety and health at work, equal opportunities and the activity of social partners. Its objective is to encourage employment of the population of the country, to integrate the unemployed into the labour market, to create suitable legal conditions for labour relations to exist, to ensure payment for work, the labour and rest regime, safe and healthy working conditions that are in line with the health standards, equal opportunities, as well as to increase the impact of social partners in the sphere of labour relations and the relations related to work.

Last year much attention was devoted to the above-mentioned issues. In the year 2000 the labour market policy was orientated to the creation of more favourable conditions for employment, which is regarded as the factor encouraging competitiveness and growth, as well as a key to social integration and participation in the life of the society. Great attention was devoted to ensuring equal opportunities in the sphere of employment and payment for work. In May 2001 the Government approved the 2001-2004 Programme of Increasing Employment of the Republic of Lithuania - a document defining the strategy of the employment and labour market policy, its medium-term priority objectives and actions, which the Government and other state government and administration institutions plan to take to increase employment of the population.

Quite a number of changes in the spheres of labour relations and payment for work took place in 2000-2001 due to the policy of improving business conditions carried out by the Government, one of the objectives of which was the liberalisation of labour relations. Some laws on labour currently in effect were amended and supplemented and drafts of new legal acts were prepared. One of the most significant drafts prepared in 2000 was the draft of the Labour Code, as the uniform legal act regulating labour relations and the relations related to work.

Great attention was focused on checking safety and health at work: in 2000 the Law on Safety and Health of Workers at Work and the Law on Supervision of Potentially Hazardous Equipment, as well as a great number of many secondary legislation were adopted. In 2001 the National Programme of Safety and Health of Workers at Work was drawn up.

With Lithuania seeking its membership in the European Union it is planned to prepare for participation in the European employment policy co-ordination process, to strengthen and reform the labour market institutions, to prepare for the administration of the European Social Fund. It is also planned to strengthen safety and health at work institutions, from 2001 to represent Lithuania in the work of safety, hygiene and health of the European Union in the Consultative Committee and in the work of the European safety and health at work agency with the right of an observer.

During the past year activity of social partners intensified and their impact on resolution of important labour and social issues increased. This is attested to by the results of the work of the Tripartite Council of the Republic of Lithuania and other tripartite commissions, different training programmes and seminars intended for social partners.

This Chapter deals with the 2000-2001 labour policy, its changes and the improvement of the legal basis.

4. LABOUR MARKET POLICY

In 2000 the situation in the labour market of Lithuania was rather tense: employment was on the decrease, and the unemployment rate kept growing, though at a lower pace. This was determined by a general economic situation in the country. Seeking to increase employment of the population and to bal-
The restructuring of economy, privatisation, the development of market relations, other internal and external factors determined the decrease in employment of the population and the increase in unemployment. During that decade significant changes took place in the sphere of employment of the population. From 1991 to 2000 the number of the employed decreased by nearly 300 thousand. The structure of employment changed: in 1990, prior to the beginning of economic reforms, the largest part of the population worked in industry (30 per cent), agriculture (18 per cent) and construction (12 per cent). In implementing the reforms, from 1992 to 2000 the number of the employed individuals working in industry and construction decreased most significantly - almost by half, whereas the number of people working in the service sector, in which half the employed population is engaged, was on the increase. The employment level of the population decreased from 89.7 per cent in 1991 to 50.2 per cent in 2000 (see Chart 4.1.1-1). People who worked in the state sector kept moving to the private sector. During the period from 1990 to 2000 the total number of the people employed in state enterprises, institutions and organisations decreased from 1332,9 thousand to 495,2 thousand. Accordingly, the number of people employed in private enterprises increased almost twofold (from 564,7 thousand to 1090,8 thousand). It should be noted that women constitute a larger part (about 64 per cent) of the total number of the individuals employed in the state sector, whereas men are more active in the private sphere of an economic activity (57 per cent). Speaking about female and male employment, it should be pointed out that employment of males decreased to a greater extent than that of females. In 1999 employment of males accounted for 58.4 per cent, in 2000 this figure stood at 55.5 per cent. Employment of females, as compared with 1999, decreased from 48.7 per cent to 47.5 per cent. This can be accounted for by the fact that economic activities dominated by males suffered greater economic difficulties in 1999.

On the basis of the employment situation three groups of territories formed. The highest employment was in a group of the largest cities (Vilnius, Kaunas, Klaipėda), medium employment - in medium -size towns where industry prevailed (Alytus, Plungė, Utena, etc.) and the lowest employment was in small towns and districts in which agriculture dominated (Lazdijai, Šalčininkai, Skuodas). The most significant decrease in the number of the employed during the last 5 years was observed in the districts of Šiauliai (9,4 thousand), Panevėžys (9,0 thousand), Utena (3,1 thousand), whereas the number of the employed individuals in the districts

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1 According to the data of the Labour Force Survey conducted by the Department of Statistics under the Government of the Republic of Lithuania in November 2000.
of Vilnius (11,2) and Kaunas (8,2 thousand) increased.

According to the data of the Labour Force Survey conducted by the Department of Statistics under the Government of the Republic of Lithuania in November 2000, as many as 1489 thousand people performed any paid work. Two thirds of the employed population worked in urban and one third - in rural areas. In 2000 the tendency of the decrease in employment continued in agriculture (-10.5 percentage point), industry (-7.8 percentage point) and the service sector (-2.6 percentage point). The number of people employed in the sphere of trade grew insignificantly (+1.2 percentage point)\(^1\). Lots of problems accumulated in the agricultural sector in which about one fifth of the population of the country worked. In carrying out the agricultural reform, small farms formed, however, they were incapable of assuring effective employment and income necessary to make a living for the owner of the farm and his family members. Employment in agriculture was on the increase till 1996, when 24.1 per cent of the total employed population worked in that sector. Later, (after 1996) it began to decrease and in 2000 it accounted for 18 per cent. However, this figure exceeds the European Union average greatly, which was 4.7 per cent in 1998. The percentage of the workers in industry was 20.7, and it was below the EU average, which in 1998 accounted for 29.5 per cent. The sector of rendering services was developed the least in Lithuania in which 40.2 per cent of the total employed population worked in 2000 (the EU average was 65.7 per cent (1998)).

In 2000 the employment level of the population decreased in all counties, with the exception of Panevėžys and Tauragė counties.

According to the data presented by the Department of Statistics (see Table 4.1.1-1), in 2000, by the employment status, the majority of the population of the country were hired workers (79.3 per cent). Employers and self-employed people accounted for 16.7 per cent only and men constituted 61.2 per cent

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\(^1\) According to the data of the Labour Force Survey conducted by the Department of Statistics under the Government of the Republic of Lithuania in 1999-2000.

\(^2\) The activity rate means the ratio of the labour force to population of working age and older; the employment rate means the ratio of the employed population to the population of the working age and older; the unemployment rate means the ratio of the unemployed to the labour force.
of all the workers. Women constituted the same percentage among all assisting family members. In 2000 the number of hired women was 42,1 thousand more than in 1999. Comparing the year 1999 with the year 2000, the number of women-employers and self-employed women increased insignificantly (0.9 per cent), however, the total number of employers and self-employed individuals decreased by 2.2 percentage point, that of hired workers - by 4.9 percentage point, and the number of assisting family members - as much as by 19 percentage point. A significant decrease in the number of assisting family members can be related to the decrease in the number of employers and self-employed individuals. Assisting family members are usually regarded family members of the owner of the enterprise or the farmer, and they are usually more than one in number. Hence, in case of bankruptcy of a farm or an enterprise several assisting members lose job at the same time.

**Partial employment**

Partial employment is when employees work shorter work hours than has been specified in the *Law on the Employment Contract*. The number of partially employed individuals (according to the data presented by the Lithuanian Labour Exchange) in 1996–1997 decreased more than twofold, in 1998 it increased from 9.5 to 16.7 thousand due to the Russian crisis. During the second half of 1999 the number of such employees started to decrease and at the end of 2000 constituted 10.5 thousand. The largest part of enterprises that faced the problem of partial employment was mainly food industry enterprises. The main reasons are an insufficient demand for the production being manufactured, a lack of orders for production, as well as financial problems.

### Employed Population by the Employment Status

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Thou.</td>
<td>Per cent</td>
<td>Thou.</td>
</tr>
<tr>
<td>The total number of employed</td>
<td>1598.4</td>
<td>100.0</td>
<td>1517.9</td>
</tr>
<tr>
<td>Females</td>
<td>786.3</td>
<td>49.2</td>
<td>758.1</td>
</tr>
<tr>
<td>Males</td>
<td>812</td>
<td>50.8</td>
<td>759.8</td>
</tr>
<tr>
<td>Employers and Self-employed people</td>
<td>259.2</td>
<td>16.2</td>
<td>253.4</td>
</tr>
<tr>
<td>Females</td>
<td>97.3</td>
<td>37.5</td>
<td>98.2</td>
</tr>
<tr>
<td>Males</td>
<td>161.9</td>
<td>62.5</td>
<td>155</td>
</tr>
<tr>
<td>Hired workers</td>
<td>1265.8</td>
<td>79.2</td>
<td>1203.5</td>
</tr>
<tr>
<td>Females</td>
<td>648.6</td>
<td>51.2</td>
<td>622.8</td>
</tr>
<tr>
<td>Males</td>
<td>617.1</td>
<td>48.8</td>
<td>580.7</td>
</tr>
<tr>
<td>Assisting family members</td>
<td>68.4</td>
<td>4.3</td>
<td>55.4</td>
</tr>
<tr>
<td>Females</td>
<td>37.6</td>
<td>55.0</td>
<td>33.9</td>
</tr>
<tr>
<td>Males</td>
<td>30.8</td>
<td>45.0</td>
<td>21.5</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>0.3</td>
<td>5.7</td>
</tr>
<tr>
<td>Females</td>
<td>2.8</td>
<td>56.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Males</td>
<td>2.2</td>
<td>44.0</td>
<td>2.6</td>
</tr>
</tbody>
</table>

*Data provided by the Department of Statistics under the Government of the Republic of Lithuania*
4.1.2. Unemployment

The data about the unemployment rate are usually announced on the basis of the information provided by the Lithuanian Labour Exchange. However, not all the unemployed people apply to the labour exchange. A large part of the unemployed look for work in private labour exchanges, collect information about jobs from the mass media, relatives, and acquaintances or with the help of employers. Another method to assess the number of the employed and the unemployed is to conduct surveys of employment of the population by interviewing them about employment. Therefore the unemployment rate according to the data of the survey differs from the level of unemployment registered by the Labour Exchange (see Chart 4.1.2-1).

After the re-establishment of Independence, in 1992-1994, the unemployment rate grew slowly, at the end of the year it did not exceed 3.6 – 4.5 per cent (see Chart 4.1.2.-2), however, it covered ever new regions and social demographic groups of the population. The year 1995 was noted for a continuous growth in the unemployment (at the end of the year it reached 7.3 per cent), which was related to the development of restructuring of economy and the liberalisation of economy. The decreased rate of unemployment at the end of 1996 (6.2 per cent) was partially determined by the provisions of the Law on Support of the Unemployed, which came into force at the beginning of the year and which was aimed at encouraging activity and initiative of the unemployed. Also, conditions of registering the unemployed and granting them unemployment benefits were made stricter. In 1997 the unemployment was on the increase due to the financial crisis of Russia whose effect on the Lithuanian economy, as well as on employment became pronounced in the fourth quarter of 1998, and at the end of 1999 it reached 10 per cent.

In 2000 an officially registered unemployment rate grew from 10.0 per cent at the beginning of January to 12.6 per cent at the end of the year and reached the highest rate after the re-establishment of independence. However, the growth of the unemployment in 2000 was slower than that in 1999. It increased by 3.1 percentage point from 1 January 1999 to the beginning of the year 2000. From 1 January 2000 to the year 2001 it increased by 2.6 percentage point. It was the first time that no considerable seasonal fluctuations in the unemployment in the labour market have been observed. In the summer of 2000 the unemployment level hardly decreased: the
The difference between April and October was only 0.5 percentage point.

During the whole year of 2000 the unemployment rate of women remained lower than that of men. This difference is on the increase. If as of 1 January 2000 the unemployment rate of women was 9.6 per cent, and that of men - 10.4 per cent, as 1 January 2001 the unemployment rate of women was already 11.6 per cent and that of men - 13.5 per cent.

Unemployment increased in all regions of the country, however, at a different rate. The greatest change in the unemployment rate was registered in Druskininkai (10.8 percentage point), Joniškis (7.4 percentage point) and Mažeikiai (6.5 percentage point). It changed least in Anykščiai and Varėna - there the unemployment level grew by as little as 0.4 percentage point. In the group of cities the greatest increase in the unemployment level was registered in Panevėžys (2.5 percentage point) and Klaipėda (2 percentage points).

Great territorial differences in unemployment remained. At the end of the year the highest and lowest rates of unemployment differed 3-4 times. The highest unemployment was in Druskininkai (27 per cent), Akmenė (24 per cent) and Pasvalys (22.8 per cent), whereas the lowest unemployment was registered in Anykščiai (7.2 per cent), Trakai and Kretinga (8.1 percent in each town).

The largest increase in the unemployment rate was in those places where employment was on the decrease - in Alytus, Šiauliai and Utena counties (see Table A. 4.1.2.-1). There the number of employed decreased in agriculture, industry and construction. Growing employment in the sphere of providing services did not compensate for the decrease in jobs in the above-mentioned sphere of activity.

**The Unemployed**

In 2000, according to the Labour Force Survey, the number of people seeking for a job totalled 276,0 thousand. Men accounted for 57.7 per cent of that number. 258,0 thousand unemployed applied to the territorial labour exchanges (in 1999 - 244,7 thousand). Women constituted 43 per cent. On average each month 21,5 thousand unemployed were registered with the territorial labour exchanges (in 1999 - 20,4 thousand, in 1998 - 17,0 thousand). The number of the unemployed, with the exception of Anykščiai and Trakai, was on the increase all over the country.

During the year 2000 the share of men increased in

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**The level of unemployment from 1992 to 2000 (at the end of the year)**

the structure of the unemployed (+1.2 percentage point) and the share of women decreased respectively. The share of young people also decreased (-2.3 percentage point), however, among them the number of persons looking for work for the first time, mainly graduates, increased – from 30.5 per cent at the beginning of the year to 36.6 per cent at the end of the year.

The share of long-term unemployed increased significantly (+13.1 percentage point) (see Table P. 4.1.2-2). At the beginning of the year 2000 the long-term unemployed accounted for 14.5 per cent of all registered unemployed individuals, whereas at the end of the year this figure stood at 27.6 per cent. Within one year their number grew by as much as 2.4 times. The individuals of older age, without qualifications and with limited motivation constituted the largest part among the long-term unemployed. The number of the unemployed of the pre-retirement age increased from 7.9 per cent at the beginning of the year to 8.4 per cent at the end of the year and nearly every third of them was unqualified, having been out of work for more than one year. 25,3 thousand more unemployed was registered in rural areas in 2000, their share in the structure of the unemployed increased from 35 per cent at the beginning of the year to 39 per cent at the end of the year. The majority of these unemployed had only secondary or basic education, and professional skills that did not meet the market demands.

Youth Unemployment

Young people constitute the most vulnerable group affected by unemployment. The total number of the young unemployed (under the age of 25) registered throughout 2000 amounted to 62,6 thousand, or 24.3 per cent. Individuals under the age of 18 accounted for 5.3 per cent. Every fourth unemployed that applied to a labour exchange was under 25 years of age. Alongside economic social factors and a decreased labour demand, the level of general education and professional skills determines a higher youth unemployment rate as compared with other groups of unemployed (see Chart 4.1.2-2). A large part of the young unemployed (about 42 per cent) registered with the territorial labour exchanges have no professional skills whatsoever. Most of them (60 per cent) are young boys. Two tendencies were observed when young people chose the sphere of activity: first, an ever increasing number of young people who finished basic school continue attending a secondary school and seek high or higher education. A large part of these people combines studies and working activity while studying, and in this way they acquire work experience and find the employer. The individuals with higher education constitute only 3-4 per cent among the unemployed individuals under 25 years of age. Second, due to deteriorated economic conditions part of the youth under 16 years of age does not attend secondary schools and fail to acquire even basic education. After finishing basic school a comparatively small part of young people go to study at vocational training schools – about 30 per cent. (In the EU countries they account for 50 per cent). The number of young people who try to get employed as soon as possible or make use of the privileges, social guarantees and benefits that the law stipulates for them is increasing. Graduates of secondary schools who failed to enter high or higher educational institutions have similar aspirations. The young people who failed to finish vocational training schools for one or another reason or who finished them but have professions that are not in demand on the labour market increased their ranks.

Vacancies and Placement into Jobs

The number of job seekers several times exceeded the number of vacancies registered in the labour exchange. 107,5 thousand vacancies were registered throughout the year 2000, including 74,4 thousand of new jobs, that is, 8,4 thousand more than in 1999. By branches of economic activities the structure of the labour demand, in essence, remained unchanged: the sphere of rendering services constituted 51 per cent, construction - 12 per cent, industry - 32 per cent (3 percentage point more than in 1999), agriculture - 5 per cent (2 percentage point less than in 1999). More than a half vacancies was intended for the employees with special professional training, specialists with high and higher education were given 8 per cent of the vacancies each, every fourth vacancy was meant for unqualified workers. With the number of vacancies in permanent jobs decreasing, more individuals were employed upon fixed-term contracts. Placement on the basis of a fixed-term contract, as compared with 1999, increased by three fourths.
In 2000 (as compared with 1999) a demand for specialists who had a degree in social sciences, psychology, computer science, business administration, manufacturing, trade and business management, mechanics or engineering, as well as for teachers, servicing personnel and qualified workers with qualifications in health care, transport and communications, servicing increased. A demand for specialists in agriculture, forestry, law, humanitarian and natural sciences, servicing workers and qualified workers with professions of handicraft and production, as well as art decreased.

In 2000 for the first time the number of those placed into jobs by labour exchange exceeded 100 thousand per year. This is the largest number of the job-seekers who were brought back to the working life during the whole decade of the activity of the Lithuanian Labour Exchange. As can be seen in Chart 4.1.2-3, the number of individuals placed into jobs during the tenth year of the activity of the Labour Exchange is larger than that during the first years of 1991, 1992 and 1993 taken together 3.0 per cent more individuals was placed into jobs in 2000 than in 1999. The number of men and women placed into jobs is proportional to the registered number.

In implementing the Republic of Lithuania Law on Legal Status of Aliens and the Procedure for Employing Aliens in the Republic of Lithuania upon the Employment Contract, 750 applications were received to employ citizens of foreign countries and to extend their work permits. Taking into account the situation in the labour market and the quota (1300 individuals) established by the Government, 701 work permits were issued to foreign citizens. In 2000 foreign citizens who arrived from the European Union (31 per cent) - Great Britain, Germany, Finland, Denmark, Sweden, the Ukraine (18 per cent) and China (10 per cent) worked in Lithuania. The largest number of work permits was issued to engineers, cooks and pedagogues.
Chapter 4

4.1.3. The Labour Market Policy and Measures of its Implementation

4.1.3.1. Improvement of the Legal Basis Regulating the Labour Market by Creating more Favourable Conditions for Employment

In its 1999-2000 activity programme the Government of the Republic of Lithuania provided for the following priority trends of activity:

- to increase the employment policy integration and orientation toward solving territorial problems;
- to carry out the active labour market policy related to the unemployment prevention, support of employment, labour market training, assurance of equal opportunities on the labour market, preparation of programmes of regional employment and encouragement of business;
- to prepare and implement measures enabling the employees and employers to adapt to the changes in the labour market better;
- to improve the activity of labour exchanges and the labour market institutions.

In fulfilling the provisions of the Programme of the Government of the Republic of Lithuania it was sought to create more favourable conditions to increase employment and decrease unemployment. With that end in view legal acts regulating the labour market were amended and improved. Having partially amended the Procedure for Supported by the Employment Fund Works, more favourable conditions for small enterprises to employ the unemployed in supported works were created. Earlier only an enterprise with at least 5 employees could make use of supported works programme. Now this limit is abolished. More favourable conditions for employment together with compensations paid to employers for employing the unemployed individuals, created wider possibilities to the temporarily employed unemployed remain for permanent job.

Supplements to and amendments of the Procedure for Registering the Unemployed and Extending and Paying Benefits to Them facilitated the conditions of the registration of individuals with the labour exchange and consequently created conditions for increasing the territorial mobility of the population and finding a job sooner. Individuals who are not registered or who do not reside at the place of their registration can register with the labour exchange by their actual place of residence. The conditions of visiting a labour exchange office are made simpler and easier: it is not necessary for the unemployed who do not receive the unemployment benefit to visit the labour exchange every month, it is suffice to arrive there at the invitation of the labour exchange officer in case there is an offer to work or participate in the labour market policy programmes.

Seeking to harmonise the regulation of dismissing a group of employees with the EU legislation, the Law on Support of the Unemployed whose Article 10 specified obligations of the employer when dismissing a group of employees, was amended and supplemented. A new Procedure of Dismissing a Group of Employees and its Prevention, which, in implementing

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1 Order of the Minister of Social Security and Labour No. 23 of 1 March 2000.
2 Order of the Minister of Social Security and Labour No. 24 of 1 March 2000.
3 Order of the Minister of Social Security and Labour No. 24 of 1 March 2000.
4 Order of the Minister of Social Security and Labour No. 61 of 30 May 2000.
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the provisions of the Law, created conditions for applying measures of prevention more extensively in cases of dismissing a group of employees, was approved. These legal acts provided for the requirements to employers who plan to dismiss a group of employees. Employers must timely notify territorial labour exchanges and local governments, provide consultations to the trade unions and the workers of enterprises about the planned dismissals, as well as assess the proposals made and participate in preparing prevention measures to mitigate the consequences of dismissal.

In implementing the Law on the Legal Status of Aliens, in 2000 the Procedure for Employing Aliens in the Republic of Lithuania upon the Employment Contract\(^1\) was approved. It regulates the procedure and conditions for employing aliens in the Republic of Lithuania upon the employment contract.

The new Procedure for the Labour Market Vocational Training\(^2\) regulates organisation of labour market vocational training, establishes the responsibility of the teaching subjects, regulates the improvement of professional qualifications, training in a specific workplace in accordance with the needs of the employer, raises possibilities to acquire qualification certificate without attending lectures.

In solving problems related to social economic consequences of decommissioning of Block I of Ignalina Nuclear Power Plant, in 2000 the Ministry of Social Security and Labour participated in preparing the Law on Decommissioning of Exploitation of Block I of the State Company “Ignalina Nuclear Power Plant” and the Programme of Decommissioning of the Exploitation of Block I of the State Company “Ignalina Nuclear Power Plant”.

Seeking to reduce unemployment and develop new labour market policy instruments, in co-operation with the Institute of Labour and Social Research the Programme of Employment Promotion in Didžiasalis was drawn up, as well as proposals to other programmes under preparation aimed at improving the situation of the individuals belonging to other social groups were submitted.

By Order No. 529 of 8 May 2001 the Government of the Republic of Lithuania approved the 2001-2004 Program of the Republic of Lithuania of Increasing Employment. This is an important document of the Government of the Republic of Lithuania, which defines the national strategy of employment and the labour market policy, medium-term priority objectives and actions that the Government and other state institutions plan to carry out to increase employment. The structure, directions and measures of the Programme are adjusted to the four strategic employment pillars of the European Union. The programme specifies the main problems in the sphere of employment, objectives and measures to achieve them. The most important directions of the 2001-2004 programme of increasing employment are as follows: 1) the development of jobs system (encouragement of entrepreneurship), 2) improvement of support of employment, 3) increasing adaptation to changes, 4) increasing equal opportunities on the labour market and 5) integration of the employment policy.

In implementing the measures of the 2001-2004 Programme of the Republic of Lithuania of Increasing Employment, in the spring of 2001 the Procedure for the Implementation of Local Employment Initiatives\(^3\) was approved. Projects of local employment initiatives are projects for creating new jobs, which help to unite the efforts of social economic partners of the local community for the employment promotion in the separate municipalities and the development of a local social economic infrastructure. These projects will be implemented on the municipal territories that are noted for the increased level of unemployment and that are established by the Employment Council under the Ministry of Social Security and Labour.

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\(^1\) Order of the Minister of Social Security and Labour No. 62 of 1 June 2000.
\(^2\) Order of the Minister of Social Security and Labour No. 103 of 7 December 2000.
\(^3\) Order of the Minister of Social Security and Labour No. 67 of 24 May 2001.
Taking into account the necessity to increase the efficiency of the activity of the labour market institutions and the labour market policy measures implemented by them, the main attention in 2000 was focused on:

- increasing the employment possibilities of job seekers, encouraging integration of the unemployed into the labour market by co-ordinating measures of social assistance and support of employment;
- strengthening the interrelation of institutions and the efficiency of their activity by uniting labour market partners for solving the employment and labour market issues at the territorial level.

To achieve the above-specified objectives the tasks and measures were set to the labour market institutions as well as resources from the Employment Fund were provided for and control of performance of tasks was constantly carried out.

Labour market policy measures are financed from the Employment Fund, which is a part of the State Social Insurance Fund. When the Seimas of the Republic of Lithuania approves the annual budget of

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the State Social Insurance Fund, depending on the situation on the labour market, the amounts of deductions to the Employment Fund in per cent are established - about 1.5 per cent from the approved 31 per cent of the total rate of social insurance contributions paid by the employees.

In 1995-2000 annual deductions into the Employment Fund amounted from 70 to 160 million Litas. The total funds allocated to finance the labour market policy measures within the GNP structure fluctuated between 0.29 and 0.36 per cent in 1995-2000 (see Table 4.1.3.2-2). 24-37 per cent of these funds was allocated to finance the active labour market policy measures, 33-50 per cent - to finance the passive labour market measures (unemployment benefits), and 21-28 per cent was allocated to maintain the labour market institutions.

**Unemployment Benefit**

In 2000, with the decrease in employment possibilities, more funds from the Employment Funds were allocated to the compensation mechanism in case of unemployment - to unemployment benefits (see Chart 4.1.3.2-1). This is a temporary assistance to the individuals who have lost work. Unemployed individuals with at least 24-month state social insurance record within the 3 years immediately preceding their registration with the state labour exchange shall be entitled to unemployment benefit provided that the labour exchange did not offer them employment, which would suit their particular skills and state of health, or any opportunity of vocational training. The amount of the unemployment benefit shall depend on the unemployed individual’s state social insurance record and reasons of loss of work. Unemployed individuals who worked and paid mandatory social insurance contributions for a longer time shall be entitled to a larger amount of the unemployment benefit.

Certain requirements shall be set to the unemployed who seek to receive unemployment benefit. He/she must accept the offer to work provided that the work corresponds to his/her professional skills and the state of his/her health, as well as the offer of vocational training, must attend the labour exchange regularly. In case of failure to fulfil the above-mentioned
requirements the unemployment benefit may not be allocated, may be reduced or its payment can be terminated altogether.

In 2000 the amount of the unemployment benefit, as in the previous year, was not less than the State supported income approved by the Government (135 Litas) and did not exceed two minimum living standards (250 Litas). 30 per cent of the unemployed registered with the labour exchange received unemployment benefits in 2000 (in 1999 - 26.6 per cent).

In the course of the past five years (1996-2000) the number of men among the unemployed entitled to the unemployment benefit increased from 47 per cent (in 1996) to 55 per cent (in 2000), and the number of women decreased accordingly.

The share of the unemployed of the pre-retirement age among the recipients of the unemployment benefit increased from 7 per cent (in 1996) to 8.4 per cent (in 2000). The share of the young unemployed under 25 years of age among the recipients of the unemployment benefit decreased from 17.3 per cent (in 1996) to 15.2 per cent (in 2000).

Two-thirds among the unemployed deriving unemployment benefits were individuals who had the compulsory state social insurance record, others - without the compulsory social insurance record. The latter received the minimum unemployment benefit. However, usually men (55-57 per cent) were recipients of the largest amount of the unemployment benefit, whereas women (56-61 per cent) are mainly recipients of the minimum unemployment benefit. Women who go back to work after the maternity leaves do not have, as a rule, the compulsory state social insurance record. During the above-mentioned five-year period the share of vocational, high and higher school graduates among the unemployed individuals receiving unemployment benefits and having no compulsory social security record increased from 40.5 per cent (in 1996) to 48.5 per cent (in 2000). This can be accounted for by the fact that some part of young people who applied to labour exchanges sought to make use of the break in the school year and social guarantees and privileges granted to them by the law rather than to get employed. Among the recipients of unemployment benefits the number of other groups of unemployed has also increased: the number of persons who have been released from places of imprisonment due to the 1999 amnesty increased from 2.8 per cent (in 1996) to 22.3 per cent (in 2000), the number of persons who returned from the national defence service - from 3.2 per cent (in 1996) to 14 per cent (in 2000). Mothers who raised children under 8 years of age accounted for a little more than one per cent among the recipients of the unemployment benefit who had no compulsory social insurance record and persons who took care of the disabled constituted only half per cent.

**Active Labour Market Measures**

Seeking to increase the employment possibilities 38.2 per cent of all registered unemployed individuals were involved in the active labour market policy measures in 2000 (in 1999 - 31.1 per cent) (see Chart 4.1.3.2-2 and Table P. 4.1.3.2-3). Out of all registered unemployed 31.3 per cent of young people (in 1999 - 31.8 per cent) and 40 per cent of long-term unemployed (in 1999 - 27.2 per cent) took part in these programmes. Some part of the active labour market policy measures being implemented in Lithuania is aimed at the prevention of long-term unemployment: labour market vocational training, activity of job clubs, financial assistance to employers who employed the unemployed in supported works, etc. In 2000, with the increase in the number of long-term unemployed, more of them participated in the active labour market policy measures and nearly twice as much took part in public works and activity of job clubs. Every third unemployed that took part in the active labour market policy measures was a long-term unemployed.

**The Labour Market Vocational Training Programme**

creates possibilities for people seeking employment through labour exchanges to acquire profession, upgrade their qualification or to acquire requisite skills meeting the labour market demand. In 2000 priority was given to the young unemployed (under the age of 25) who were starting their work activity and having no professional education. The main participant in vocational training was unqualified youth that constituted half the unemployed individuals directed to receive vocational training. Females accounted for 58.2 per cent among them. It was also mainly women who upgraded their qualification at high and higher educational institutions, 83.9 and 88.8 per cent,
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**Participation of the Unemployed in Active Labour Market Policy Measures in 1991-2000**


**Distribution of the Unemployed in Different Active Labour Market Policy Measures in 1999-2000**

The Chart has been compiled on the basis of the data derived from the 2000 Annual Report of the Lithuanian Labour Exchange.
respectively. 59 per cent of the participants in the re-qualification programmes were females. After having finished vocational training 90 per cent of the unemployed within the period of one year became employed.

**Unemployment Prevention and Matching Labour Supply and Labour Demand.** By implementing the unemployment prevention programme it is sought to help employed people who are threatened with dismissal from work to stay in their job places at the same or another enterprise, by granting them a higher or new qualification than they have, as well as to mitigate the consequences of unemployment by other measures encouraging employment. 404 employers made use of this programme to re-qualify their employees in 2000. The largest number of workers was engaged in the programme of upgrading qualification. Professions of the carpenter, firemen-rescuers and IT specialists were in greatest demand. At enterprises where large numbers of workers were dismissed a new service of the labour market - a “mini” labour exchange was commenced to be implemented. That is, specialists of territorial labour exchanges temporarily worked in those enterprises and provided consultations to the employees who were given notices.

The activity of job clubs was aimed at teaching the unemployed job seeking methods, to encourage their activity in the labour market, as well as their motives to look for alternative ways of solving the employment issues. Specific tasks and ways of their realisation were established for each participant in that programme. Every sixth unemployed individual registered with the labour exchange participated in the activity of job clubs in 2000. Participants in the job clubs in large cities were mostly women and rural areas - men. 14 per cent of the individuals who participated in the activity of job clubs found employment, 8 per cent - decided to study, 3 per cent became self-employed, 23 per cent made up their mind to solve their employment issues independently.

Seeking to provide information to job seekers and employers more efficiently, to balance demand and supply more effectively and to ensure transparent functioning of the labour market, open information system of the labour market oriented toward the clients’ needs was further developed in 2000. Zones of business, vocational guidance, youth, employers, labour market programmes, open placement have been established in the territorial labour exchanges with the view of providing information and consultations to the clients and choosing vacancies. Services were provided to all potential users of information. Two Job Centres and three Information and Consultation Centres were founded in 2000. In updating the means of information special computers intended for self-search for information about vacancies (SIP) were installed in eight territorial labour exchanges and vocational information centres were opened in nine territorial labour exchanges. In extending the provision of information services a new form of providing information to the customers “Labour Market Days” was started to be applied during which information about the labour market was provided to the individuals residing in remote places. The new service “Servicing of Customers by Telephone” that was introduced helped job seekers to save time. After the information accessibility principle was begun to be applied information became accessible and understandable to job seekers with different level of education.

**Employment Support Programme.** Taking into consideration changes in the structure of the unemployed great attention was devoted to the Support of Employment Programme aimed at helping the unemployed find temporary or permanent job. The following programmes implement the Support of Employment Programme:

- **Public works** shall be publicly beneficial works organised by local authorities and employers whose aim is to help individuals who have lost job to earn a living and to mitigate social tension. In 2000 the Public Works Programme was extended, as compared with 1997, more than twofold. By taking part in this programme the unemployed individuals had the possibility to temporarily return to the employment sphere and earn a living. In 2000, seeking to individualise the active labour market policy measures, the Public Works Programme established the priority for the unemployed individuals who had no necessary social insurance record to receive the unemployment benefit, in whose families there were small children or two or more unemployed family members, as well as for the unemployed who were within five years of...
becoming eligible to receive a full old-age pension. Almost half the individuals who participated in the Public Works Programme were rural population, every second participant was a long-term unemployed, about 6 per cent - schoolchildren from socially vulnerable families.

As there was a lack of funds in municipal budgets, 1700 employers contributed to carrying out this programme at their own expense in 2000, including 220 farmers and 72 agricultural companies. Public works projects supported and developed the local social infrastructure, helped implement environmental projects, exerted an impact on reducing the level of unemployment and social tension on the territories of the highest unemployment level. In the districts of Akmenė, Joniškis, Jonava, Jurbarkas, Kelmė, Lazdijai, Mažeikiai, Pasvalys, Radviliškis, Švenčionys, Šalčininkai where the unemployment rate exceeded the average of the country by 1.5 times, financing of public works from the Employment Fund that was increased by up to 100 per cent provided the possibility to additionally create over 2 thousand temporary jobs, to mitigate social tension and to reduce the possible unemployment rate on average from 0.5 to 1.5 per cent.

**Works Supported by the Employment Fund.** This is the programme aimed at determining a lack of knowledge, acquiring primary working skills, improving them at the work place and establishing oneself in a permanent job. In 2000 the priority of the Programme of Works Supported by the Employment Fund was intended for the individuals who had vocational training: the young unemployed who were starting their working activity (under the age of 25) and long-term unemployed. Out of 2,5 thousand unemployed that took part in that programme, two thirds were individuals under 25 years of age, every fourth - long-term unemployed and every third - rural population. Due to the Programme of Works Supported by the Employment Fund, 70 unemployed individuals stayed in permanent jobs, 40 per cent acquired primary professional skills and developed them at work places, 16 per cent of the individuals who had no professional skills were given the possibility to decide what profession to choose.

**The Programme of Setting up One’s Own Business** was aimed at encouraging unemployed individuals to set up their own business, orienting the clients to a private initiative, providing organisational, methodological and financing assistance to the persons seeking self-employment.

In 2000, by making use of the interest-free credit of the labour exchange or by buying the patent on favourable conditions, 12,4 thousand unemployed individuals set up their own business. Every fifth person who set up his/her own business was a rural inhabitant, every sixth - a young person under 25 years of age, every seventh - the long-term unemployed. The need for a free course in business fundamentals increased where 3,4 thousand unemployed were taught to solve the employment problem independently. The largest part of the unemployed that set up their own business bought patents on favourable conditions. Commerce, construction and repair works, rendering of everyday services were the most common activities pursued on the basis of the patent. As in the earlier years, the number of persons who wanted to make use of the financial assistance was small (see Chart 4.1.3.2.-3). This is caused by a fact that loan extended to set up one’s own business is small (4 thousand Litas) and the risk is high: the loan had to be paid back within three years. These unemployed individuals set up a business of trading, catering and providing everyday services.

**The Programme of Creating New Jobs** is aimed at helping most socially vulnerable people who cannot equally compete on the labour market (individuals who have additional employment guarantees provided for in the Law on Support of the Unemployed) to integrate into the labour market. Costs of the creation of new jobs shall be reimbursed to the employers from the Employment Fund in the procedure established in the Law on Support of the Unemployed; besides, local authorities apply tax reliefs: tax on land, reduction of income tax and the tax on profits of natural persons to the employers who create new jobs and employ socially vulnerable persons. The Programme shall guarantee permanent job to the individuals who have additional employment guarantees for three years. In 2000 the Programme gave priority to the disabled persons. Ten individuals with motion impairment were employed as accountants, collectors of information means of a computer in work places specially adjusted for them. Fifteen jobs were created at the enterprises of the disabled.
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The number of employers creating new jobs decreased due to economic difficulties. Creation of new jobs for the persons who were released from places of imprisonment, who were of pre-retirement age and under 18 decreased most significantly. A majority of those persons were unprepared for the labour market - they had no vocational training or their qualifications were low.

In 2000 the Lithuanian Labour Exchange started to implement the “The First Step on the Labour Market” programme aimed at integrating young people having professional skills and starting their working activity into the labour market within 6 months, and individuals without any professional qualification - within 12 months.

In May 2000 the “Bank of Talents” programme was started to be implemented. The database of highly qualified specialists that provided for the possibility for the participants to announce themselves on the Internet was created. Nearly half of 820 participants that were registered in the course of half a year were graduates and one-third - the unemployed individuals with the highest qualification. Specialists in technical sciences, business administration and teachers prevailed in the targeted groups of the participants of the “Bank of Talents”.

Due to the active employment support and labour market policy, negative social economic consequences of unemployment were mitigated and support of the temporarily unemployed individuals was provided. Due to the active labour market policy the possible unemployment rate was reduced by 0.9 per cent, the unemployment level of young people under 25 years of age was reduced by 1.4 per cent, 30,3 thousand temporary jobs financed by the Employment Fund were created to support employment.

In 2001 the situation on the labour market further remained complicated and tense. At the beginning of 2001 unemployment reached the highest level during the period of the whole decade - 13.2 per cent. Great differences in territorial unemployment persisted. In separate places where economy was developed one-sidedly, after the closure of separate enterprises, unemployment exceeded 20 per cent.

With competition on the labour market and requirements set to the labour force increasing, some part of individuals were ousted from the labour market due to the decrease in job places, low professional skills and inability to adapt to the change in technologies and the lack of experience. Unemployment affected separate social demographic groups of the population in particular: young people, people of elderly age, people of pre-retirement age, in particular, who found it especially difficult to adapt to the changing conditions and requirements of the market. Due to all that the number of the long-term unemployed was on the increase. The increase in the number of the rural unemployed population also posed a serious problem. Most of them are people who have professions and skills that do not meet the market demands and who have secondary or basic education only.

The situation on the labour market was noted for a misbalance between a labour supply and demand. Though the number of job seekers exceeded the number of vacancies by several times, a demand for certain highly qualified specialists exceeded the supply and often remained unsatisfied due to the lack of specialists with requisite qualifications and skills.

4.1.4. Further Measures to Address the Labour Market Problems

In 2001 the situation on the labour market further remained complicated and tense. At the beginning of 2001 unemployment reached the highest level during the period of the whole decade - 13.2 per cent. Great differences in territorial unemployment persisted. In separate places where economy was developed one-sidedly, after the closure of separate enterprises, unemployment exceeded 20 per cent.

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4.1.4.1. 2001-2004 Programme of Increasing Employment of the Republic of Lithuania

Actions and measures for resolving the unemployment problems are provided for in the 2001-2004 Programme of Increasing Employment of the Republic of Lithuania. Strategic objectives of the Programme are as follows: 1) to overcome negative consequences of the structural economic reform and the external impact on employment of the population and the labour market, 2) to increase employment of the
population, 3) to reduce unemployment and to balance the labour market.

Main directions of actions whereby it is planned to achieve the above-mentioned objectives are as follows:

1. The Development of the System of Jobs. It is planned to improve the system of encouragement of creation of jobs by joining all the funds that are possible to apply (from the programmes financed by the State, the Privatisation Fund, the Employment Fund, local funds and as well as EU and other international support programmes, etc.), as well as to encourage the development of local employment initiative, which, on the basis of co-operation of local partners would create conditions to develop local economy, to increase employment and to address problems of unemployment and poverty.

2. Improvement of Support of Employment. Measures are planned to increase the employability of young people who are starting their work activity, the long-term unemployed, as well as measures to improve systems of education and vocational training, vocational guidance and counselling, preparation of new training programmes meeting the labour market demands, optimisation of the network of vocational training institutions and the encouragement of possibilities to study and update professional skills. In 2001 it is planned to prepare the National Programme of the Development of Distance Education, and in 2002 to start creating the system of formalising unofficially acquired knowledge and skills. It is planned to implement the reform of financing the labour market policy by creating a separate system of unemployment insurance by separating financing of the active and passive labour market policy measures.

3. The Increase of Abilities to Adapt to Changes. Seeking to increase flexibility of the labour market it is planned to prepare the legal basis for the development of flexible forms of work organisation and remuneration, to develop the forms of fixed-term, home and distance work, to create conditions to increase self-employment. Measures to improve the mechanism of dismissal of a group of employees are planned.

4. The Increase of Equal Opportunities on the Labour Market. Seeking to form the labour market that is accessible to everyone, to ensure equal opportunities on the labour market, to support employment of the disabled the following is planned: 1) to refuse the establishment of quota of compulsory employment for employers in employing socially vulnerable groups of the population (to substitute them for the mechanism of economic encouragement); 2) to increase integration of socially vulnerable groups into the labour market relating it to the system of the provision of social assistance; 3) to support small and medium-size business set up by women; 4) to create conditions which would raise the possibilities for mothers and fathers to combine obligations at work with duties in the family (flexible forms of work organisation, child care services of a high quality, forms of social assistance to families, etc.).

5) Integration of the Employment Policy. Measures are planned to increase the employment policy integration and to improve co-ordination of policy decisions and actions taken by institutions concerned that have an impact on employment. It is planned to improve the system of employment and labour market management (to decentralise management, to develop the tripartite co-operation), to reform the institutional structure of the labour market by co-ordinating it with the on-going territorial administration reform and new conditions of functioning of the labour market.

As early as the end of 2001 and the first half of 2002 it will be sought to curb the increase in unemployment, and later - to consistently reduce registered unemployment 7-8 per cent. During the period of the implementation of the 2001-2004 Programme of Increasing Employment favourable conditions must be created for the development of business and investments, which would ensure the creation of 110-120 thousand new jobs.
4.2. LABOUR RELATIONS

Recently marked attention has been devoted to labour relations and relations related to it, the condition of these relations, disclosure and prevention of violations, and, naturally, the improvement of their legal regulation.

The year 2000 and the beginning of 2001 can be called the year of the liberalisation of labour relations. This process was determined by an unfavourable economic situation and drawbacks in legal regulation of labour relations manifesting themselves either as a too rigid state regulation of some issues or, on the contrary, revealing a great number of urgent issues that have not been regulated by legal acts. Taking all this into consideration the Government of the Republic of Lithuania adopted the decision to liberalise labour relations and to speed up the Labour Law reform. Seeking to achieve this objective, in 2000-2001 several laws on amending and supplementing the labour laws in effect were drafted and adopted. Another no less important issue was the preparation of the draft of the Labour Code, which was made quite efficiently in 2000. In the spring of 2001, after intensive negotiations the Tripartite Council approved that Code.

4.2.1. The Development of Collective Labour Relations

In 2000 an ever-increasing attention was devoted to collective labour relations because due to integration into the European Union the principle of collective autonomy, which is widespread and applied both on the European Union level and in separate member-states, is starting to operate in Lithuania. This principle specifies that social partners (that is, representatives of employees and employers’ organisations) should be given as much as possible importance in regulating labour relations. It is regarded that relations regulated by the Labour law, in essence, are collective relations, which must be regulated by the laws adopted by the State at the minimum, leaving everything else to the sphere of the above-mentioned contracts. Of late tears the said principal, though with great difficulties, is being implemented in Lithuania.

With such position prevailing, great significance is attached to collective agreements and collective labour agreements as one of the sources of the Labour law. However, these agreements do not enjoy popularity in Lithuania. Collective labour agreements are most popular. They are signed at separate enterprises between the employer and the trade union operating in that enterprise. Unfortunately, no exact data are available about the number of collective labour agreements that are in effect at present. Collective agreements signed on the branch, regional and national level are less popular. Eight collective agreements were signed in 2000, six agreements were signed in 1999 and six - in 1998. The reasons for signing so few collective agreements are numerous. One of them is the attitude that prevailed for many years that the State and individual contracts between the employer and the employee must regulate labour relations, as well as a small number of operating branch and social partners’ organisations and their low activity. The absence of necessary legal basis, the lack of regulation of the procedure and conditions of signing branch and regional collective agreements, as well as responsibility for non-signing and non-fulfilling these agreements can be regarded as one of the reasons too.

Seeking to mend this situation, at the beginning of 2001 specialists of the Ministry of Social Security and Labour, in co-operation with the Bilateral Commission consisting of the representatives of the trade unions and employers’ organisations prepared the draft Law on Amending and Supplementing Chapter I of the Law on Collective Agreements and Collective Labour Agreements, which was approved by the Government of the Republic of Lithuania on 12 April 2001.

1 Letter No 07-0005490/0003795 of 7 September 2000 and Letter No. 07-0102256/0101721 of 9 April 2001 of the Ministry of Justice
The draft aims at legalising the activity of the tripartite and bilateral institutions of social partners and lawfully regulate the issues of preparing, signing and implementing regional and branch collective agreements, that is, it is sought to create as favourable as possible legal conditions for signing and applying collective agreements.

The situation in the sphere of collective labour relations and on the whole the situation in the entire labour market is characterised by the distribution and frequency of the use of strikes as the last resort in resolving collective disputes at work. According to the data presented by the Department of Statistics of Lithuania, 56 strikes were conducted in Lithuania in 2000, including 21 warning strikes. All the strikes were conducted in the first half of the year 2000 in the state sector, that is, in educational institutions and transport companies. 52 strikes were organised in educational institutions, which covered 34 educational institutions in Rokiškis and Telšiai districts. Two high schools, nine secondary schools, three basic schools, one primary school, two nursery schools and three nurseries-kindergartens took part in the strikes staged in Rokiškis district. One high school, ten secondary schools, two basic schools and one nursery school went on strike in Telšiai district.

Four strikes in which two Vilnius transport enterprises participated were conducted at Transport companies in 2000.

Strikes conducted in educational institutions accounted for 93 per cent of all the strikes staged in 2000 (institutions of secondary education accounted for 75 per cent, institutions of primary education - 18 per cent), and transport companies - 7 per cent.

On average the number of workers who took part in strikes in the year 2000 totalled 3303 (in educational institutions - 2318, in transport companies - 985 employees), including 1208 workers who went on warning strikes. The number of workers who participated in strikes directly amounted to 3239, including 1192 workers who went on warning strikes, and 64 workers were forced to go on strikes (including 16 workers in warning strikes). Workers who are forced to go out on a strike are employees, who work at the divisions subordinate to the enterprise on strike and who have cancelled labour relations on other than their own initiative and are forced to stop work due to a strike conducted in another division.

Conflicts over the payment for work constituted main reasons of the strikes: the reason of strikes staged in transport companies was the amount of the wage, whereas in educational institutions employees went out on a strike because payment of salaries had been violated, that is, for a delayed payment of salaries.

4.2.2. Disclosed Violations of Labour Relations in 2000

The State Labour Inspectorate exercises control over the legal acts regulating labour relations, control and prevention of the violations of these legal acts at enterprises.

In 2000 with respect of the issues of executing laws on labour, the State Labour Inspectorate checked 10 548 enterprises and in 6 870 enterprises checked (that is, 65 per cent) violations of laws on labour were disclosed. As compared with 1999, the number of enterprises in which violations of laws on labour were disclosed decreased by 4 per cent.

The following violations of the labour law were established in 2000:

- conclusion of employment contracts (28.8 per cent);
- payment of wages and compensations (22.2 per cent);
- organisation of working and rest time and accounting of working time (19.9 per cent);
- other violations of the labour law (29.1 per cent).

Responding to the above-mentioned violations the inspectors of the State Labour Inspectorate issued

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*Publication of the Department of Statistics of Lithuania No. E342 of 7 March 2001.*
22,223 instructions to eliminate the labour law violations, drew up 1,047 protocols of the violations of administrative law, adopted 905 resolutions, initiated 19 bankruptcy cases, including 7 actions that were taken.

Moreover, in 2000 the State Labour Inspectorate investigated 3,529 complaints and applications filed by the employees, including 150 anonymous ones. Complaints and applications proved correct in 2,406 cases (this accounts for 68 per cent.), and in anonymous cases - 102 complaints and applications, or 68 per cent of all anonymously filed complaints and applications, were confirmed.

### 4.2.3. Amendment of Legal Acts Regulating Labour Relations in 2000

**Establishment of the Procedure for Considering Labour Disputes**

On 20 June 2000 a new Law on Considering Labour Disputes was adopted whereby it was sought to regulate consideration of individual labour disputes arising from labour relations between the employee and the employer. Prior to the adoption of this Law, individual labour disputes were considered following the provisions laid down in Chapter 15 "Labour Disputes" in the Code of Labour Law, which specified that labour dispute commissions, trade union committees of enterprises, institutions and organisations, district (city) courts shall consider labour disputes. Such regulation was no longer in compliance with the principles of a present-day legal regulation of labour relations, no longer satisfied either employees or employers and, consequently, the interests of the state. Frequent labour disputes and attempts to settle them aggravated the situation even more and created hostile relations between the employee and the employer due to the decisions taken by the trade unions that were binding on the employers, due to long-lasting court proceedings, the lack of benevolence and other objective, as well as subjective reasons. Therefore it was decided to prepare a new law that would be in line with the present-day labour relations. The system of the institutions considering individual labour disputes was changed in essence in the Law on Considering Labour Disputes. Considering labour disputes at the trade union committee was refused, the conception of direct negotiations between the employee and the employer was introduced. The new thing in the Law was that differently from the procedure that was in effect prior to the adoption of the new Law when the Commission on Considering Labour Disputes was a permanently functioning institution set up for a certain period of time, now this Commission is set up ad hoc for each individual case and considered only that labour dispute for the purpose of which it has been set up. Consideration of labour relations at the Commission is a necessary pre-trial stage, excluding those labour relations, which are permitted by the Law to be considered exceptionally in court. The court can also be appealed to in the following cases: 1) when the Commission of Considering Labour Disputes has not been set up; 2) when the Commission failed to consider the labour relation within one month following the day of receipt of the application from the employee; 3) due to the decision taken by the Commission; 4) when the parties to the labour dispute failed to adopt the decision at the Commission; 5) when the employee missed the term of applying to the employer to hold direct negotiations or set up the Commission to consider a labour dispute for sound reasons.

By adopting this Law it was sought to speed up settling of individual labour disputes, to mitigate the opposition forming between the employee and the employer when a labour dispute arises. However, practice of applying this Law showed that it was not always that the commission considering the labour dispute was possible to set up and it was even more difficult to hold direct negotiations between the employee and the employer. Therefore, in the opinion of some representatives of social partners and the State Labour Inspectorate, the pre-trial stage of considering labour disputes regulated by the above-mentioned Law was ineffective. This situation was several times dealt with in considering the draft of the Labour Code in which the procedure for considering labour disputes is regulated somewhat differently from that established in the said Law, and it was expected that currently arising practical problems would be settled in the draft of the Code.
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Prevention of Illegal Employment

In 2000, as in the previous year, illegal employment constituted a serious problem in the sphere of labour relations. Illegal employment shall be a commercial, economic financial, professional activity carried out without having established a company in the procedure established by laws or without having bought a patent necessary to start a corresponding activity when part of the payment for work is paid to “envelopes”, when individuals work in legal companies, however, no employment contracts are concluded with them, when people work longer hours than officially established in the employment contract. Such phenomenon as illegal employment causes negative consequences both to the labour market and the budgets of the State and the State Social Insurance because in such a case a certain part of taxes is concealed and is not paid. Illegally working companies create an unfair shadow competition to legally working companies and their employees. Therefore a fight against illegal employment must be waged not only by the State Labour Inspectorate but also by other interested state institutions. With that end in view a packet of laws was adopted in July 2000 whereby it was sought to make a fight against illegal employment stricter and to strengthen its prevention. The packet of the above-mentioned laws consisted of the following:

- The Law on Amending and Supplementing Articles 1, 3, 5, 17, 171 and 172 of the Law on Employment Contract, which stipulated the provision that the employee would be allowed to start work only after the employment contract had been formalised, that is, after it had been concluded in two copies and signed by both parties. Not later than before commencing work the employer must, together with the second copy of the employment contract, issue the employee the document identifying him/her (a work certificate

<table>
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<tr>
<th>Cases of Use of Illegal Employment by Sectors of Activity in 2000</th>
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<tr>
<td>Sector of activity</td>
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<td>Processing industry (the total):</td>
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<tr>
<td>Sphere of municipal, social and other servicing of the population</td>
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<tr>
<td>Retail trade and wholesale</td>
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<td>Agriculture</td>
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<td>Construction</td>
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<td>Public catering</td>
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<td>Transport, warehousing, communications activity</td>
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<td>Hotel services</td>
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<td>Forestry</td>
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<td>Motor-car maintenance</td>
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<td>Education</td>
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<td>The total</td>
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</tbody>
</table>

The data provided by the State Labour Inspectorate

Table 4.2.3-1
bearing the employee’s photograph, name and surname, the personal identification code), which the employee must carry with him while at work or keep in the place specified by the employer. The Law extended the list of the institutions that could exert control over illegal work, specified that apart from the State Labour Inspectorate this right shall be granted to the State Social Insurance Fund Board, the State Tax Inspectorate under the Ministry of Finance, the Tax Police and the Police Department under the Ministry of the Interior. Two new conceptions of works, which are not regarded as illegal though are performed without concluding the employment contract, have been introduced in the Law. They are the works of assistance (help) and voluntary work;

开口 The Law on Supplementing the Administrative Code, which established the provision that the employees who voluntarily informed corresponding state institutions about their illegal employment would not be subject to administrative penalties;

开口 The Law on Supplementing Articles 7 and 8 of the State Labour Inspectorate whereby the inspectors of the State Labour Inspectorate who investigate cases of illegal employment were granted the right to temporarily take the Journal of registration of employment contracts from the employee (leaving the corresponding act confirming that the Journal has been taken) and the possibility to make entries and to copy necessary documents was legalised.

In 2000, after these Laws had been adopted, a larger number of cases of illegal employment were disclosed. According to the data provided by the State Labour Inspectorate, 2037 enterprises were checked and 266 illegally working employees were found in 108 enterprises in 2000.

Cases of the use of illegal employment by different sectors of activity disclosed in 2000 are represented in Table 4.2.3-1.

The data presented in the Table show that the largest number (94) of illegally working individuals was found in 38 processing enterprises. 42 illegally working individuals were found in six municipal and social servicing enterprises. 36 illegal employees working in 22 enterprises were found in the sphere of wholesale and retail trade. The number of illegal employees is similar in agriculture too - 31, in construction 27 cases of illegal employment were disclosed.

In the first half of 2001 the Ministry of Social Security and Labour and the State Labour Inspectorate prepared The Action Plan of Strengthening Prevention and Control of Illegal Employment, which provided for more efficient measures of organising prevention of illegal employment. It was also proposed to amend and supplement some legal acts currently in force. The plan provided for the following:

开口 to review the functions fulfilled by the institutions controlling illegal employment and abolish duplication, as well as seek common co-ordination of the activity of these institutions;

开口 to conduct studies of illegal employment and assess negative financial, economic and social consequences of such employment;

开口 to improve some legal acts, to apply more efficient economic sanctions to the enterprises for the use of illegal employment;

开口 to increase the number of inspectors of the State Labour Inspectorate who directing control illegal employment, to legalise positions of labour inspectors who are not on the staff;

开口 to co-operate with the employers, their organisations, trade unions and the public in establishing cases of shadow economy and illegal employment.

The Government approved this Plan and adopted it on 19 July 2001.

In the spring of 2001 the State Labour Inspectorate established “confidence” telephone in every territorial division and people could anonymously provide information about cases of the use of illegal employment. It was expected that this means would help discipline employers and reduce cases of the use of illegal employment.

Regulation of Voluntary Work

Voluntary work when individuals perform works useful to the public without being paid has been organised in Lithuania more and more often recently. However, legal acts currently in effect do not regulate the issues of organising, performing and responsibility for such works. Therefore at the end of 2000 the Ministry of Social Security and Labour prepared
4. LABOUR POLICY

the draft of the Resolution of the Government of the Republic of Lithuania whereby the Procedure for Organising Voluntary Works was approved. This draft established that voluntary work meant the works performed of one’s own will for the purposes specified in the Law on Charity and Sponsorship. Volunteers shall be natural persons who perform work useful to the society of their own free will and without remuneration being paid to them. After this draft had come into force legal; conditions and guarantees for organising and performing voluntary works would be created.

**Assistance (Help) Works**

Historically traditions to make use of help offered by other people in doing land or household works have been established in Lithuania. However, it is quite often that the conception of the said assistance or help is used as a cover to do illegal work and exploit the free labour force. Therefore at the end of 2000 the Ministry of Social Security and Labour prepared the draft of the Resolution of the Government of the Republic of Lithuania whereby the Procedure and Conditions for Performing Assistance (Help) Works was approved. By means of the draft it was sought to establish the procedure and conditions under which natural persons could provide assistance in doing agricultural work or other work on the farm by mutual agreement. However, taking into consideration relations established among the persons and the popularity and frequency of such services, it was sought by means of that draft to regulate the conditions and procedure for performing assistance (help) works to the minimum.

**The Process of Liberalisation of Legal Relations of Labour**

In April 2000 the Government of the Republic of Lithuania approved the proposal put forward by the Ministry of Economy to prepare the Plan of Preparing Measures to Improve Business Conditions and instructed that Ministry to form some working groups for that period of time to consider the problems of improving business conditions. Also, the Commission of supervising the preparation of measures for improving business conditions (the “Sunrise” Commission) was established and it was authorised to organise and co-ordinate the preparation of measures for improving business conditions.

Eight temporary working groups were set up, including the Commission on Labour Market Liberalisation consisting of the representatives of social partners, state institutions and scientific research institutions. This Commission compiled a list of problems interfering with the effective activity and development of the labour market, as well as the plan for resolving the said problems. 30 problems were listed covering practice of concluding, implementing and cancelling of contracts, issues of collective agreements and employment contracts, spheres of co-operation of social partners and reducing unemployment. The method and actions to resolve these problems were also approved and deadlines of their implementation were set. The Government of the Republic of Lithuania approved this plan in June 2000.

In the autumn of 2000 the new Government of the Republic of Lithuania started its activity and decided to continue implementing the above-mentioned proposals of the “Sunrise” Commission, including those related to the labour market.

In implementing the Plan of Measures for Improving the Labour Market Conditions drawn up by the Commission on the Labour Market Liberalisation four drafts of legal acts in effect were prepared and adopted:

- The Law on Amending Articles 1 and 2 of the Law on Establishing Fines for Delayed Payment of Payments Related to Labour Relations whereby the amount of unreasonably high fines in effect up till that time was reduced from 0.2 per cent to 0.06 per cent;

- The Law on Amending and Supplementing Articles 8, 10, 17, 24, 30, 33, 41 of the Law on Employment Contract and its Annex. The Law provided for some essential changes in the regulation of labour relations: 1) the standard form of the employment contract was changed by a specimen form; 2) conditions of paying for involuntary idleness were reviewed in essence by supplementing the list of cases when idle time is regarded as involuntary by natural and other reasons not specified in that Law, 3) furthermore, the list of requirements which were obligatory to follow in case of idle time when the employee was transferred to another job, specifying that the work had to match his/her professional qualifications, specialisation and skills, as well as the state of health.
of the employee. However, it was established that when the employee refuses to take a job offered to him/her, which matched his/her professional qualification, specialisation and skills, or the job which did not require special professional training, which he/she could perform without doing harm to his/her health, he/she shall be paid not less than 0.3 of the minimum hourly wage for each idle hour. Prior to this amendment the employees were paid not less than one minimum hourly wage for every idle hour.  

4) amounts of compensations paid to dismissed employees were considerably reduced when these employees were dismissed at the employer’s will; 5) guarantees to the members of trade unions being dismissed were changed by establishing that the consent of the elected body of the trade union operating in the enterprise was necessary only when a member of the elected body of that trade union was dismissed from work at the employer’s will or in reducing the number of employees at the enterprise due to changes in the scope of production or work organisation; 6) the provision about paying remuneration for work when the employer delayed to settle accounts with the employee who was dismissed, was amended establishing that this employee had to be paid his average wage for a three-month period rather than for the whole delayed time as has been established earlier;

- The Law on Amending and Supplementing Articles 2, 9, 11 of the Law on Wages. Amendments related to the above-mentioned provisions of the employment contract, which regulate conditions of payment for work for the period of involuntary idleness were made; conditions and procedure for the payment of wages work were changed establishing that in case the employee submits a written application the wages could no longer be paid to him twice a month but not rarer than once per month;

- The Law on Amending and Supplementing Articles 8, 13, 21 of the Law on the Trade Unions. It has been established that not only those trade unions, which operate on the territory of one city or district and do not join into other larger trade union organisations must register their regulations (Statutes) with municipal executive institutions; in the procedure established by the collective agreement the right is granted to allocate a part of the funds from the payroll fund to education of the members of trade unions; at the request of the employee and the trade unions the employer must grant up to a three-day unpaid holiday per year to education and studies;

- The Law on Amending and Supplementing Article 23 of the Law on Holiday shall establish the above-mentioned possibility to receive a three-day unpaid holiday for education and studies.

The latter four laws on amending and supplementing the laws in effect were adopted in March 2001. The preparation of these laws caused a number of discussions and opposition of working individuals as well as the trade unions. Despite that the laws were adopted and started to be applied. Practice will show which of the above-mentioned amendments correspond with the present-day reality of the labour market and meet the needs of the employees and employers.

Furthermore, in 2000 great work was done in preparing the Draft of the Labour Code, which shall codify all the labour laws that have been in force up till now and shall create the single conception of regulating labour relations.

### 4.3. PAYMENT FOR WORK

In 2000 certain changes took place in the sphere of payment for work. It is true, though in 2000 it was proposed to increase the minimum monthly wage, having discussed all the arguments at the Tripartite Council it was decided not to increase it. Instead the Government was proposed to increase the untaxable minimum. Also, in 2000 two laws regulating the conditions of payment for work of the employees working at the institutions financed from the state and municipal budgets were adopted. These laws established equal criteria and principles of payment for work to all civil servants, officials and other employees of state and municipal institutions.

The adoption of the Law on Guarantee Fund should be considered as an important step in the sphere of guarantees of payment for work. With the number
of undertakings under bankruptcy and the number of undertakings that are unable to settle accounts with their employees in Lithuania increasing, the new Law of Guarantee Fund should play a significant role. This Fund was established in implementing corres-
ponding provisions of legal acts of the European Union and the International Labour Organisation and was aimed at satisfying the demands related to employment relationships of the employees of insolvent undertakings.

### 4.3.1. Dynamics of Main Indicators of Payment for Work in 2000

#### The Minimum Wage (MW)

The Wages Law of the Republic of Lithuania shall establish the provision that the State shall set the minimum hourly wage (MHW) and the minimum monthly wage (MMW), which is guaranteed to every worker. This provision corresponds with the provisions laid down in the Conventions and Recommendations of the International Labour Organisation whereby it is sought to create national systems of fixing the minimum wage and ensure minimum guarantees of payment for work equally applied to all employees working in the spheres of economic activities. The establishment of the minimum wage should be regarded as one of the elements of the policy oriented towards fighting against poverty. The main purpose of fixing the minimum wage is the assurance of minimum economic guarantees to working individuals and their family members.

The minimum wage was increased last in 1998 when it was increased from 400 Litas to 430 Litas (ac-

On 12 October 2000 representatives of four national trade union organisations and two national employers confederations sighed the agreement Concerning the Minimum Monthly Wage and Contributions of the Guarantee Fund in which they agreed to propose the Government of the Republic of Lithuania to increase the untaxable minimum from 214 Litas to 320 Litas as of 1 January 2001 and thus increase the income of all employees. It was decided to start increasing the minimum wage only after the amount of the untaxable minimum has reached the minimum wage. In this case, on the proposal of all social partners, it was refused to increase the minimum wage in 2000.

As has already been mentioned, in 2000 the minimum monthly wage equalled 430 Litas and, according to the data presented by the Department of Statistics of the Republic of Lithuania, in January it accounted for 40.9 per cent of the average monthly gross wage of the employees of the Lithuanian economy. In December of the same year, with the amount of the minimum monthly wage remaining unchanged, however, with the average monthly gross wage in the country having increased (actually this increase was determined by the payment of single
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Christmas bonuses and benefits) the minimum monthly wage constituted 37.8 per cent of the average monthly gross wage of the employees of the Lithuanian economy.

**Average Monthly Wage (AMW)**

The indicator of this wage is illustrated by two values:

- **The average monthly gross wage (AMGW)** shall be the wage from which income tax of natural persons and National Social insurance contributions paid by the employee shall not be deducted;
- **The average monthly net wage (AMNW)** shall be the size of wage received after income tax of natural persons and the contributions of National Social Insurance paid by the employee have been taken off from the average monthly gross wage.

In the first quarter of 2000 the average monthly gross wage in the country’s economy was equal to 1028.5 Litas. In the state sector it totalled 1240.2 Litas and in the private sector - 978.3 Litas. During the said period the average monthly net wage in the economy of the country equalled 729 Litas, in the state sector - 755.5 Litas and in the private sector - 696.8 Litas.

In the fourth quarter, as compared with the first one, the average monthly gross wage increased by as much as 4.3 per cent and constituted 1073.2 Litas, whereas the average monthly net wage increased by 3.9 per cent and amounted to 757.7 Litas. In the state sector these amounts increased accordingly as follows: the average monthly gross wage increased by as much as 4.9 per cent and constituted 1122.4 Litas, the average monthly net wage increased by 4.4 per cent and equalled 789.1 Litas, whereas in the private sector the average monthly gross wage increased by 3.9 per cent and amounted to 1016.6 Litas, and the average monthly net wage increased by 3.5 per cent and totalled 721.4 Litas.

**4.3.2. Changes in Regulation of Payment for Work at Institutions Financed from the State and Municipal Budgets**

In improving the system of payment for work and seeking to base the conditions of payment for work to civil servants, officials and other employees of the institutions financed from the state and municipal budgets on the same criteria and principles, the following laws were adopted in 2000: *the Law on Wages of State Politicians, Judges and Civil Servants* regulating the conditions of payment for work to the President of the Republic, members of the Seimas governing body, the Seimas members, judges, prosecutors and investigators and other officials and *the Law on Supplementing the Law on Public Service* regulating the conditions of remuneration to civil servants. The said laws were adopted seeking to introduce a uniform system of remuneration according to which each position would be evaluated taking into consideration its complexity, intricacy of work, the degree of responsibility, conditions, etc. This system also provided the possibility to evaluate professional skills, abilities and qualification of a specific employee. These laws were commenced to be applied in 2001. The above-mentioned laws establish that basic salaries of state politicians, judges, public managers and civil servants shall be calculated in the amounts of the minimum monthly wage (MMW). *The Law on Public Service* establishes that the coefficient of the basic salary of a civil servant belonging to the highest grade 30 shall be equal to 11 minimum monthly wages. According to the law, the positions of the Chancellor of the Seimas and the Government of the Republic of Lithuania and the Secretary of the Government shall belong to this grade. The coefficient of the basic salary of the employee who is not required to have even a secondary education to fulfill his/her duties and who is attributed to the lowest grade, is equal to one minimum monthly wage.

After the new system of payment has been introduced, salaries of the majority of the heads of institutions and establishments who were appointed by the Seimas and the President of the Republic of Lithuania (the State Ombudsman, Head of the State Security Department), the Chairmen and members of State Commissions (the Supreme Commission on Professional Ethics, etc.), prosecutors, judges, statutory public servants (the Police General Commissioner, other commissars) shall be reduced.
Salaries of the lowest paid public servants in state (central and municipal) institutions and organisations (pedagogues, employees of scientific, cultural and art institutions, social workers and the employees fulfilling economic-technical functions), as well as salaries of some statutory public servants (senior policemen, policemen) shall rise.

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In 2000 the number of undertakings under bankruptcy or bankrupt undertakings increased significantly. According to the data provided by the Ministry of Economy, the number of undertakings under bankruptcy or bankrupt undertakings amounted to over 400, whereas in 1999 this number stood at 170. Bankruptcy processes inevitably determined certain social problems. One of the most painful problems was often related to payment of wages to the employees of undertakings under bankruptcy or bankrupt undertakings. In 2000 the Fund for Satisfaction of the Requirements Related to Labour Relations of Employees of Bankrupt Companies or Companies to be Adjudged Bankrupt continued its activity. However, in 2000 due to the lack of funds the repayable financial assistance was granted to two bankrupt undertakings only, that is to the Joint-stock Company “Vilkaviškio konservai” and the Joint-stock Company “Žalgiris”. The total amount of 1.28 million Litas was granted to these Companies. On the whole, the total of 16.9 million Litas of repayable financial assistance was granted to 19 undertakings in 1999.

During the whole period of its activity, since 1 September 1997 the Fund has granted repayable financial assistance in the amount of 52.9 million Litas. 44 undertakings received this assistance, including 14 undertakings that had temporary financial difficulties, 17 bankrupt undertakings, 11 undertakings under bankruptcy and 2 liquidated undertakings. Within that period 6.2 million Litas was paid back to the Fund, which accounted for only 11.6 per cent of the total sum of the financial assistance granted. Nine undertakings settled accounts with the Fund. Only 4 undertakings settled accounts with the Fund completely, that is, paid interest calculated for them. In June 2001 the Fund for Satisfaction of the Requirements Related to Labour Relations of Employ-ees of Bankrupt Companies or Companies to be Adjudged Bankrupt was liquidated and the Guarantee Fund established on 12 September 2000 on the bases of the Law on Guarantee Fund started to function in its place. This law was prepared on the basis of Directive (80/987/EEC) of the European Union On the Approximation of the Laws of the Member States Relating to the Protection of Employees in the Event of the Insolvency of their Employer and Convention No.173 of the International Labour Organisation On the Protection of the Requirements of the Employees in the Event of the Insolvency of their Employer. The law established the purpose of the Guarantee Fund, legal basis of its activity, management and sources of its assets.

Assets of the Guarantee Fund shall comprise:

- contributions of undertakings (all undertakings, public agencies, banks and credit unions) - 0.2 per cent of the wages computed for employees (from which compulsory state social insurance contributions are calculated);
- resources of the Privatisation Fund and the State Budget resources allocated within the framework of a separate programme;
- resources received from undertakings under bankruptcy and bankrupt undertakings in satisfaction of the employees credit claims related to employment relationships of the Guarantee Fund;
- repaid resources which had been allocated to undertakings from the Guarantee Fund;
- voluntary contributions made by legal and natural persons.

Payments to the employees of undertakings whose bankruptcy process was started prior to the day of coming into force of this Law shall be paid from the resources of the Privatisation Fund accumulated in the Guarantee Fund, as well as from the resources of Bankrupt Companies or Companies to be Adjudged Bankrupt.
received from the undertakings, which were allocated from the Fund for Satisfaction of the Requirements Related to Labour Relations of Employees of Bankrupt Companies or Companies to be Adjudged Bankrupt. Payments to the employees of the undertakings whose bankruptcy process was initiated following the day of coming into force of this law, shall be paid from the contributions of undertakings accumulated in the Guarantee Fund, the resources from the State budget and resources recovered in the retroactive procedure provided for in this law.

The assets of the Guarantee Fund shall be allocated to pay the following payments:
- a wage in accordance with the claim of an employee, but not exceeding the amount established by the Government upon the recommendation of the Council of the Guarantee Fund. The amount established by the Government may not be less than three minimum monthly wages;
- cash compensation for an unused annual holiday the duration of which does not exceed the minimum duration of a holiday established in the Law on Holidays, and for a period of time not exceeding one working year;
- a severance pay when the employment relationship with an employee is terminated;
- a pay for the damage caused by occupational accidents or diseases in the amount established by the provisional Law on Payment for the Damage Caused by Occupational Accidents or Diseases when this obligation is not taken over by the state in the procedure established in that law;
- idle time payment.

The employees of the undertakings whose bankruptcy procedure was initiated prior to the day of coming into force of this Law shall be guaranteed only payments related to the unpaid wages and a pay for the damage caused by occupational accidents or diseases.

### 4.3.4. Violations of Payment for Work in 2000

In 2000 the State Labour Inspectorate inspected 9,400 undertakings with respect to the payment for work issues in which the total number of employees was 572,282. Violations of payment for work were disclosed in 2,736 undertakings, that is, in 29 per cent of the undertakings that had been inspected. The number of violations of payment for work totalled 4,934. In 542 undertakings wages were not paid for two or more months (to the total of 49,007 employees), the minimum wage was not paid in 32 undertakings (the total of 213 employees), bonuses and other compensations were not paid in 830 undertakings (the total of 7,948 employees).

In the opinion of the State Labour Inspectorate the basic reasons for the violations were as follows:
- an economic-financial situation, that is, the loss of markets due to the Russian crisis, non-competitiveness of production and the lack of markets in the countries of the European Union, the lack of working capital, debts of state and municipal budgets to undertakings, increased expenses on communications and energy, debts between undertakings, the low purchasing power of the population, etc.;
- inefficiency of bankruptcy procedures;
- an imperfect (from the social aspect) system of privatisation, absence of the analysis of economic and social consequences of privatisation;
- problems of fixing the output quota and tariff payment;
- an insufficient social dialogue on the level of undertakings and regions, absence of collective agreements;
- an ineffective procedure of satisfaction of claims of labour inspectors in the cases related to payments for work;
- insufficient institutional capacities of the State Labour Inspectorate.
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4.4. SAFETY AND HEALTH AT WORK

Safety and health at work shall mean all preventive measures intended for preserving working capacity, health and life of the workers that are used or planned at all stages of activity of the undertaking to protect the employees from occupational risks or to reduce these risks as much as possible\(^1\). This section deals with the condition of safety and health at work in 2000, a change in the legal basis in 2000-2001 and priorities in improving safety and health at work in Lithuania.

4.4.1. Safety and Health at Work in Undertakings in 2000

Working Conditions in Undertakings

The prevention of violations of legal acts regulating safety and health at work in enterprises through the function of control of how these legal acts are followed is being executed by the State Labour Inspectorate.

In 2000 state labour inspectors inspected 10.4 thousand undertakings with respect to safety and health at work (according to the data presented by the Department of Statistics, in 2000 there were 67.9 thousand operating undertakings in Lithuania).

51.3 thousand violations of safety and health at work requirements laid down in legal acts were revealed, which accounted for 69.8 per cent of the total number of violations of requirements of labour law and safety and health at work that have been revealed, including the following:

- 52 per cent of organisational\(^2\) violations,
- 21.9 per cent of technical\(^3\) violations,
- 26.1 per cent of health at work violations.

The number of hired workers in the inspected undertakings who worked in especially harmful conditions\(^4\),

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of employees who worked under harmful conditions in per cent</th>
<th>Number of employees who worked under especially harmful conditions in per cent</th>
<th>Number of employees who performed dangerous work in per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>8.95</td>
<td>0.38</td>
<td>12.73</td>
</tr>
<tr>
<td>1999</td>
<td>6.6</td>
<td>0.2</td>
<td>11.6</td>
</tr>
<tr>
<td>2000</td>
<td>7.4</td>
<td>0.6</td>
<td>13.5</td>
</tr>
</tbody>
</table>

\(^1\) The Law on Safety and Health at Work No. VIII-2063 (Žin., 2000, No. 95-2968).

\(^2\) Work organisation requirements.

\(^3\) Technical requirements.

\(^4\) When one or more factors of the working environment or their sum constantly exceeds the requirements of the statutory legal acts on safety at work (hygienic norms) and there is a danger to contract an occupational disease (the Law on Labour Protection No. I-266 (Žin., 1993, No. 35-1064).
harmful conditions¹ and performed dangerous work². It was established that 38 hired workers worked under conditions where harmful factors exceeded the amounts of especially harmful factors. As compared with 1999, working conditions in undertakings inspected in 2000 were worse. In 2000 the number of individuals performing dangerous work was largest in undertakings inspected in 1998-2000.

Responding to the above-mentioned violations, inspectors of the State Labour Inspectorate recorded the requirements to eliminate drawbacks, in 410 undertakings terminated their work or forbade exploitation of work equipment.

**Occupational Accidents**

In 2000 the State Labour Inspectorate registered the following:

- 113 statements about fatal occupational accidents or death cases;
- 152 statements about serious occupational accidents;
- 2577 statements about minor occupational accidents.

110 fatal accidents out of the total number of fatal accidents that took place in 2000 were studied and it was established that 62 accidents were related to work. 151 serious accidents out of the total number of serious accidents that took place in 2000 were studied. It was established that 141 accidents were related to work.

The largest part of all occupational accidents took place due to non-observance of requirements of statutory acts: 29 per cent of fatal accidents, 27 per cent of serious accidents and 47 per cent of minor accidents.

Having made a comparative analysis of occupational accidents that took place in 1998-2000 (see Table 4.4.1-2) it turned out that the number of accidents related to work in the country in 2000 was on the decrease. As compared with 1999, the number of fatal accidents decreased by 9 per cent, that of serious accidents - by 8 per cent, and the number of minor accidents - by 4 per cent. As compared with 1998, in 2000 the number of occupational accidents decreased correspondingly by 35, 14 and 14 per cent.

### Occupational Accidents Related to Work Registered by the State Labour Inspectorate in 1998 - 2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of minor accidents</th>
<th>Number of serious accidents</th>
<th>Number of fatal accidents</th>
<th>The total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>2989</td>
<td>164</td>
<td>96</td>
<td>3249</td>
</tr>
<tr>
<td>1999</td>
<td>2681</td>
<td>154</td>
<td>68</td>
<td>2903</td>
</tr>
<tr>
<td>2000</td>
<td>2577</td>
<td>141</td>
<td>62</td>
<td>2780</td>
</tr>
</tbody>
</table>

Data presented in Annual Report of the State Labour Inspectorate, 2000 Table 4.4.1-2

¹ When one or more factors of the working environment or their sum not constantly exceeds the requirements of the standard legal acts on safety at work (hygienic norms), cause harm to health and under certain conditions can contract an occupational disease (the Law on Labour Protection No. I-266 (Žin., 1993, No. 55-1064)).

² The work with a risk degree, that is, when the accidental effect of a dangerous, harmful factor related to the nature of work, or the effect of abnormally changed harmful factor is possible. (Law on Labour Protection No. I-266 (Žin., 1993, No. 55-1064)).
The number of individuals who contracted them totalled 414. Occupational diseases diagnosed in males constituted 87.9 per cent and in females - 12.1 per cent.

The number of occupational diseases registered in Lithuania in 1998-2000 (see Table 4.4.1-3) decreased from 618 to 572 cases. Having compared the number of occupational diseases diagnosed in males and females in per cent in 1998 and 2000 one can see that the specific weight of occupational diseases diagnosed in males increased, whereas that in females decreased by 5.4 per cent.

As in 1998 and 1999,
- cases of vibration diseases (44.9 per cent);
- cases of ear diseases (33.6 per cent) were most common.

### Number of Occupational Diseases Registered in Lithuania in 1998-2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of occupational diseases registered</th>
<th>Occupational diseases diagnosed in males in absolute figures (and per cent from the total number)</th>
<th>Occupational diseases diagnosed in females in absolute figures (and per cent from the total number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>618</td>
<td>510 (82.5 proc.)</td>
<td>108 (17.5 proc.)</td>
</tr>
<tr>
<td>1999</td>
<td>606</td>
<td>530 (87.5 proc.)</td>
<td>76 (12.5 proc.)</td>
</tr>
<tr>
<td>2000</td>
<td>572</td>
<td>503 (87.9 proc.)</td>
<td>69 (12.1 proc.)</td>
</tr>
</tbody>
</table>

*Data presented in Annual Report of the State Labour Inspectorate, 2000*  
*Table 4.4.1-3*

The largest number of cases of occupational diseases (64.3 per cent), as in every year, were diagnosed for the people of 50-59 years of age whose work record amounted on average to 20-39 years. However, as compared with 1998 and 1999, by 6.3 and 5 per cent, respectively, the specific weight of occupational diseases diagnosed in people of 60 years of age and older increased up to 19.2 per cent, and the specific weight of occupational diseases diagnosed in 40-49 year old people decreased and at the same time the specific weight of occupational diseases diagnosed in people less than 50 years old decreased. Hence, the total number of occupational diseases is on the decrease. Fewer cases of occupational diseases have been diagnosed in young people.

### 4.4.2. Change in the Legal Basis in 2000-2001

In implementing the goals set in the 1999-2000 Programme of the Government of the Republic of Lithuania, seeking to improve safety and health at work and preparing for negotiations with the European Union in seeking to become its member, Lithuanian legal acts on safety and health at work are being harmonised with corresponding EU directives, the assessment of consequences of the implementation of separate directives (legal acts drawn up on their basis) has been made. As of 1 January 2001, after secondary statutory legislation that was adopted prior to 11 March 1990 has become null and void, compulsory requirements in the sphere of safety and health at work are based on the European Union law. New legal acts, which were adopted at the end of 1999 and in the first half of 2001, shall be reviewed in this section.
The Law on Safety and Health at Work

According to the basic EU safety and health at work directive concerning the improvement of measures of safety and health at work and assessing practice of applying the Law on Labour Protection, the Law Amending the Law on Labour Protection (the Law on Safety and Health at Work) was prepared and came into force in November 2000. This law has also been harmonised with the EU directives with respect to work time, measures intended for ensuring better safety and health at work of pregnant women and women who gave birth to children a short time ago or who breast-feed, as well as with respect to protection of youth at work.

The Law on Safety and Health at Work specifies more exactly the sphere of application of the Law, duties and rights of employers and employees, functions of Committees on Safety at Work in undertakings and the procedure for investigating occupational accidents and occupational diseases, provides for general principles of ensuring safety and health at work in the undertaking. The Law has been supplemented with the provision about the institution of the representatives authorised by the employees, the rights and duties of these representatives have been established. The provision about fixing benefits to the employees who work when there are deviations from normal working conditions and the provision about giving foodstuffs that increase resistance to the effect of harmful substances were eliminated from the Law because according to the conclusion drawn by the World Health Organisation, milk or other foodstuffs have no impact on increasing resistance to the effect of harmful substances. According to the Law on Insurance against Occupational Accidents and Occupational Diseases, provisions about a single benefit in case of death of the employee due to an occupational accident or occupational disease have been eliminated.

In implementing the Law on Safety and Health at Work, the Regulations of Investigating and Taking Account of Occupational Accidents as well as the Regulations of Investigating and Taking Account of Occupational Diseases have been prepared. In 2001-2003 new secondary legal acts on safety and health at work shall be prepared and the valid ones shall be adjusted.

The Law on Supervision of Potentially Hazardous Work Equipment

Seeking to ensure safety of work equipment, taking into account a long-term practice of the countries of the European Union, the Law Amending the Law on Supervision of Potentially Hazardous Work Equipment was prepared.

The adoption of the Law created preconditions to separate functions of supervision and control, decreased budgetary expenses because public institutions that test the technical condition of equipment are not financed from the budget and have to maintain themselves from the resources received for the services of compulsory supervision rendered to the owners of potentially hazardous equipment.

To implement this Law the List of Categories of Potentially Hazardous Work Equipment and the Procedure for Granting Authorisation to Public Institutions to Test the Technical Condition of Potentially Hazardous Equipment were prepared. Also, state institutions responsible for organising supervision of potentially dangerous equipment were appointed.

Legal Acts by Separate Safety and Health at Work Directives of the European Union

On the basis of separate EU directives concerning safety and health at work, in 2000 the Safety Regulations of the Employees Working in Potentially Explosive Environment, which came into force in January 2001, the Regulations of Protecting the Employees from the

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Impact of Biological Substances at Work Places\(^1\), which shall come into force on 1 January 2002 and shall replace the currently valid Regulations of Protecting the Employees from the Impact of Biological Substances at Work Places\(^2\), the Regulations of Protecting the Employees from Chemical Agents at Work and the Regulations of Protecting the Employees from the Impact of Carcinogens and Mutagens at Work\(^3\) that will come into force since 1 January 2003, Minimum Requirements in Providing Medical Help on Board Vessels were prepared.

**Legal Acts Ensuring Free Placement of Safe Products on the Market**

Seeking to ensure placement of safe products on the market the Government of the Republic of Lithuania appointed the Ministry of Social Security and Labour to be responsible for approving compulsory safety requirements for personal protective equipment, lifts, explosives used for civil purposes, ropes, hooks and chains, machinery.

These requirements were prepared in accordance with the new approach directives and after their coming into force only safe products would be placed on the market and work places, as well as preconditions for free movement of goods would be created. In this way safety and health at work shall improve.

At the end of 1999 technical regulation **Lifts**\(^4\), which shall come into force on 1 January 2002 was approved. In 2000 the following technical regulations were prepared and approved by separate directives: **Personal Protective Equipment**\(^5\), which came into force in August 2000; **Safety of Machinery**\(^6\), which came into force in January 2001; **Lifting Equipment. Certification and Marking**\(^7\), which came into force in July 2001.

**Signing of Protocol of Conformity Assessment and Recognition of Industrial Products (PECA)**

On 13 February 1999 the European Committee under the Government of the Republic of Lithuania prepared and endorsed the Action Plan for Preparation for Negotiations for Signing of the Protocol of Conformity Assessment and Recognition of Industrial Products to the Europe (Association) Agreement (PECA) the implementation of which was constantly coordinated by the European Committee. The object of the protocol is the new approach directives: 73/23/EEC (on low voltage), 98/37/EC (machinery), 89/686/EEC (personal protective equipment), 87/404/EEC (simple pressure vessels), 95/16/EC (lifts), 89/336/EEC (electromagnetic compatibility); three of the said directives belong to the sphere of competence of the Ministry of Social Security and Labour. The objective of the Protocol is to provide the possibility for the Lithuanian goods and products included into the object of the Protocol to gradually join the EU common market prior to Lithuanian’s accession to the European Union. The Protocol is important from social and economic aspects because the Lithuanian notified institutions of conformity assessment and the quality certificate issued by them shall be recognised all over the European Union. This shall permit manufacturers of Lithuania not only to

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\(^7\) Order No. 113 of 28 December 2000 of the Ministry of Social Security and Labour (Žin., 2001, No. 3-57)
adapt to higher requirements set to the products they manufacture but also shall help them find new markets.

The Ministry of Social Security and Labour in cooperation with the Ministry of Economy prepared the Programme for the Development of the Infrastructure of Conformity Assessment (test laboratories, certifying institutions) which was approved by Protocol Decision No. 9 of the Government of the Republic of Lithuania on 21 February 2001.

The first official meeting of the negotiations for the Protocol of Conformity Assessment and Recognition of Industrial Products to the Europe (association) Agreement took place in Brussels on 7 March 2001. During the meeting the text of the Protocol was discussed.

4.4.3. Co-operation with Foreign Partners in the Sphere of Safety and Health at Work

When integrating into the European Union, seeking to transpose the EU safety and health at work requirements into national law and implement them, a great deal of assistance is provided by foreign experts. In 2000 the following projects were carried out in the sphere of safety and health at work:

- PHARE twinning project “Strengthening Enforcement of Occupational Safety and Health Policy”;
- PHARE project “Integration Activity Strengthening and Support to the Ministry of Social Security and Labour and Occupational Safety and Health Institutions”;
- “Sector integrated assistance of the Baltic region to the environment. Safety and health at work. Asbestos”; and
- “Assistance to the State Labour Inspectorate of the Republic of Lithuania”.

These projects are dealt with in the section “International Co-operation”.

4.4.4. Priorities in Improving Safety and Health at Work

Preparation of the Programme of Safety and Health at Work

Seeking to improve the condition of safety and health at work in the country, the National Programme of Safety and Health at Work was prepared in the first half of 2001. The programme is aimed at providing for concrete measures to improve the condition of safety and health at work and thus reduce the number of occupational accidents and incidence of occupational diseases. The programme provides for the legal and organisational means for the purpose to assure the improvement of the health and safety at work state in the country, the prevention of occupational accidents and incidence of occupational diseases, adjusting of safety and health at work legal acts currently in effect to the EU law and their implementation, improvement of safety and health at work informational systems, raising qualification of safety and health specialists in undertakings, strengthening of co-operation of social partners in the sphere of safety and health at work, strengthening of safety and health at work institutions.

The National Programme of Safety and Health at Work shall be implemented in 2001-2003.
In preparing national legal acts in accordance with the EU directives and in implementing them, the necessity arose to extend (strengthen, reorganise, broaden functions) institutions that participate in the implementation of these legal acts because new functions came into being that had not been fulfilled by these institutions. Therefore in 2001-2003 and later, after Lithuania has become the EU member, it is planned to strengthen the institutions of occupational safety and health at work. In 2001-2003 it is planned to strengthen the State Labour Inspectorate (by increasing the number of the employees and computerising work places). Its function is to control how the provisions of the legal acts regulating safety and health at work are being implemented in undertakings. In 2002-2003 it is planned to extend the Division of Working Conditions of the Ministry of Social Security and Labour whose main objective is to transpose the provisions of the EU directives concerning safety and health at work to national law. The Division will have to establish conditions under which competent individuals will carry out the initial check of work equipment when its safety depends on the assembling conditions, as well as will check it after it has been assembled in the new place. Beginning with 2001 the Division will represent Lithuania in the Advisory Committee on Safety, Hygiene and Health at Work of the European Union with the right of an observer.

Participation in the Activity of the Safety and Health at Work Agency of Europe

In 2001, after the Council of Europe has decided to extend agencies so that countries-candidates of Central and Eastern Europe could take part in their activity, Lithuania, in preparing to join the European Union and seeking to improve the condition of safety and health at work in the country, shall participate in the work of the Safety and Health at Work Agency of Europe with the right of an observer. The purpose of the Agency is to provide technical, scientific and economic information on the issues of safety and occupational health at work to the institutions of the European Community, member-states and persons who take part in the activity of ensuring safety and health at work.

The State Labour Inspectorate shall be the institution responsible for the participation in the activity of the Agency. In preparing to take part in the activity of the Agency, it is planned to establish the National Information System in 2001, which would connect the institutions of safety and health at work and the social partners, as well as to create an information website of the Agency in the Internet in Lithuania.

4.5. SOCIAL PARTNERSHIP IN THE LABOUR POLICY

The process has been going on for the past ten years in Lithuania during which a transition from a strictly centralised model of regulation of labour relations to contractual regulation of these relations is made. The conception of social partners was introduced in the course of that process. It is true, the legal acts that are currently in effect contain no single definition of this conception because in every specific case of regulated relations the composition of partners may differ. Speaking about labour relations and relations related to work, employees and employers’ organisations co-ordinating their positions among themselves on important labour, social and economic issues are regarded as social partners.

In Lithuania, following experience acquired by the European Union countries, it is sought to assign an ever-increasing role in regulating labour relations to social partners and, on the contrary, to decrease the possibility of the state to regulate the said relations. It is this process that the conception of social partnership, a social dialogue characterises. These conceptions are used to characterise the process of consultations and negotiations between the representatives of the employees and employers. A social dialogue can manifest itself in different spheres of activity of the state and the society, however, usually its impact is most profound on the spheres of the labour market and the social policy. A social dialogue is a highly efficient and important means in settling social disputes in the society, which are frequent in the process of social and economic reorganisation of the state. This dialogue helps reduce
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In the countries of the market economy the greatest attention is devoted to a bilateral social dialogue between the organisations of the representatives of employees and employers. However, in the countries undergoing transition, including Lithuania, a tripartite dialogue is more popular when apart from the two above-mentioned social partners the Government or corresponding state institutions join in the negotiations. A tripartite co-operation is most active in Lithuania in resolving such issues as employment, payment for work, social guarantees of employees on the national level. A bilateral social dialogue is more often used in regulating specific issues related to labour relations, working and social conditions in a certain sphere of their functioning - in some branches of industry, regions.

4.5.1. Organisations of Social Partners

Trade Unions and their Organisations

Legal acts that are currently in effect in Lithuania legalise only one possible form of organised representation of employees, that is, trade unions. The Law on Trade Unions that was in force till its amendment on 27 March 2001, specified that the Regulations (the Statute) of all trade unions must be registered with a corresponding state institution depending on the territory of which a specific trade union operates, that is:

1) the municipal executive institution - if the trade union operates on the territory of one town or district;

2) the Administration of the Country Governor - if trade unions or their associations operate on the territory of more than one municipality, but within the boundaries of one county;

3) the Ministry of Justice - if trade unions or their associations operate on the territory of more than one county.

Despite such strict regulation of the procedure for registering the Regulations, no exact data is available on the number of trade unions currently operating in Lithuania and the number of employees they unite because there is no general register and many local trade unions that operate in one municipality or county do not participate in larger associations, centres or federations of trade unions.

On the other hand, such an imperative requirement to register the Regulations of trade unions was treated as an artificial restriction on the establishment of trade unions, especially at the lowest level - in towns and districts. Therefore the Law on Amending and Supplementing Articles 8, 13, 21 of the Law on Trade Union adopted on 27 March 2001, established that trade unions, which do not unite into territorial and national associations unification and operate on the territory of one municipality, shall register their Regulations (the Statute) with the municipal executive institution. In this case the trade union operating in one undertaking or its branch shall have to register its Regulations only if it does not unite or participate in the larger trade union organisation. On the other hand, if such trade union is a member of a certain trade union association, it shall be able to operate in compliance with the Statute of that association.

Different sources present different percentage of the workers represented by trade unions. For example, the State Labour Inspectorate, on the basis of studies conducted in undertakings several years ago, maintains that trade unions in Lithuania represent only 10-15 per cent of the workers. It should be stated that as long as there is no single Register or a mechanism of collecting certain information about operating trade unions it is impossible to determine or know the exact number of the workers who participate in the activity of trade unions.

As has already been mentioned, the Ministry of Justice registers the Regulations of those trade unions that operate on the territory of more than one county. This register has been kept since 1992 and the number of trade unions registered by the end of
As can be seen in Chart 4.5.1-1, the largest number of trade unions (a total of 44 trade unions) was registered during the first year of the Register, that is, in 1992. This could be related to the adoption of the Law on Trade Unions and the registration of the trade unions that already functioned in compliance with a corresponding provision. In later years this number decreased considerably and fluctuated between 5 trade unions registered in 1997 and 14 trade unions registered in 1993. A more intense activity has been observed recently. 18 new trade unions were registered in 2000.

On the national level four trade union organisations function in Lithuania:

- **The Lithuanian Workers’ Union** was formed as a branch of the “Lithuanian Rebirth Movement Sąjūdis”. The first group of the Union of Workers was formed in Kaunas in 1988, and in the summer of 1989 the first congress was held where political and economic requirements were set. After the re-establishment of the independence of the Republic of Lithuania, at the congress convened on 1 July 1990, political goals were refused and the Lithuanian Union of Workers was declared the trade union organisation. Currently the Lithuanian Workers’ Union unites 25 city/district, that is, territorial unions of workers and 12 industrial-trade union federations and its membership totals about 52 thousand;
- **The Lithuanian Labour Federation** functioned from 1919 to 1941. Its activity was re-established in 1991. In 1995 the Lithuanian Labour Federation joined the Lithuanian Trade Union Association and in 1997 the Lithuanian Regional Trade Union Federation joined the Association. At present the

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2 Information leaflet "Lietuvos darbininkų sąjunga" (The Lithuanian Workers’ Union)
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Lithuanian Labour Federation unites 10 branch trade unions operating at separate industrial, trade and regional levels and its membership totals 20 thousand. Since 1996 the Lithuanian Labour Federation has been a full-fledged member of the World Labour Confederation;

The Trade Union Centre of Lithuania was founded on 23 March 1993 and unites 14 branch trade unions. Its membership exceeds 90 thousand. This organisation takes an active part in the activity of the Council of the Trade Unions of Baltic States (Lithuania, Latvia and Estonia) and makes attempts to establish relations with the trade unions of European countries and other Baltic Sea states. As other three above-mentioned trade union organisations, the Trade Union Centre of Lithuania actively participates in the process of drafting legislation and a tripartite dialogue when formulating the labour and social policy;

The Trade Union Unification of Lithuania is a confederation of trade unions uniting 11 independent branch trade unions. The Trade Union Unification of Lithuania was founded on 20 February 1992 upon the agreement of the Free Trade Unions and forms a constituent part of the movement of the Lithuanian Trade Unions. In 1994 this trade union organisation became the International Confederation of Free Trade Unions (ICFTU), and in 1998 it became an associate member of the European Trade Union Confederation (ETUC). It also maintains relations with the trade unions of Sweden, Denmark, Finland, Germany and other countries.

Employer Organisations

No less problematic is the situation of another social partner - the Employer Organisations. Two large employer confederations function on the national level:

The Confederation of Lithuanian Industrialists,

The Lithuanian Business Employers’ Confederation.

These confederations unite smaller branch and regional associations and separate undertakings.

A legal problem of regulation of the activity of employer organisations is that thus far no valid specific legal act has been drawn up to define the status of the employer organisation as a social partner, to establish its obligations and rights, which reveal themselves through a social dialogue. At present all functioning employer organisations follow the Law on Associations in their activity, however, this Law neither establishes nor defines those features that are characteristic of those organisations as one of the participants of the social dialogue.

Neither exact data about the number of branch and regional employer organisations in Lithuania or detailed data about the percentage of undertakings and their workers represented in the two above-mentioned national confederations of employer organisations are available. According to the data provided by the confederations themselves, The Lithuanian Business Employers’ Confederation unites about 500 undertakings and 60 regional and branch associations which employ about 400 000 workers. The Confederation was founded in April 1999 after the Lithuanian Confederation of Entrepreneur Employers and the National Confederation of Businessmen merged. The largest part of its members is associations and enterprises of small and medium-size business.

The Confederation of Lithuanian Industrialists was founded in 1993 after reorganising the Lithuanian Confederation of Industrialists that started functioning in 1989. At present the Confederation unites 40 branch and 8 regional associations of industrial undertakings. It also comprises other enterprises, institutions and organisations, a total of over 2 200

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1 Letters of the Lithuanian Labour Federation of 23 November and 1 December 2000 to the Ministry of Social Security and Labour

2 Letter No. 61 of the Trade Union Centre of Lithuania dated 7 May 2001 to the Ministry of Social Security and Labour

3 Information leaflet “The Trade Union Unification of Lithuania”.

4 Website of the Confederation of Lithuanian Industrialists <http://www.lpk.lt>.
undertakings. Branch associations cover nearly every industrial undertaking operating in Lithuania and producing about 90 per cent of the industrial output of Lithuania.

Unlike the trade unions whose aim is to represent workers and address labour, social and economic issues, the employer organisations represent their members-employers, seek to create favourable business and production conditions, besides, they exert an impact on the state social policy and seek, together with the trade union organisations and the representatives of the state bodies to resolve important labour and social problems.

4.5.2. The System of Tripartite Institutions

The system of tripartite institutions in Lithuania consists of a whole group of tripartite structures the majority of which are specialised. The largest part of these institutions operates on the national level, and some of them function in regions.

Since 1995 the Tripartite Council of the Republic of Lithuania (hereinafter referred to as the Tripartite Council), which addresses the most acute labour, social and related economic issues on the national level, has been in operation. It is formed on an equal basis of 15 members (5 members from the national trade union organisations, 5 members from national employer organisations and 5 representatives of the Government). The Tripartite Council was founded to implement the Tripartite Agreement of 5 May 1995. Four standing specialised commissions function at the Tripartite Council:

1) Standing Commission on Wages;
2) Standing Commission on Labour Relations;
3) Standing Commission on Employment and Social Guarantees;
4) Standing Commission on Tripartite Consultations to Implement International Labour Standards.

The goals and purpose is these Commissions are to consider proposals put forwards by the members of the Tripartite Council, draft laws and submit observations and proposals to the Tripartite Council on the issues within its competence.

Apart from the above-mentioned Tripartite Council, a lot of specialised tripartite structures operate in Lithuania:

State Social Insurance Council was founded in 1991 on the basis of the Law on State Social Insurance. This Council consists of 15 members. Each member has equal rights and represents the insured (employee) employer organisations and state governing institutions on an equal basis. The representatives of the insured and the employers are delegated by the organisations being represented, and the Government appoints the representatives (Vice-ministers) of the state governing institutions. The Government of the Republic of Lithuania approves the structure of the Council. The Council operates under the Ministry of Social Security and Labour and is headed by the Minister of Social Security and Labour or his/her authorised member of the Council. The Council supervises the implementation of the legal acts regulating State Social Insurance; submits proposals to the Government about the rate of the State Social Insurance contributions, assignations from the state budget, the formation of the reserve fund; considers and submits conclusions about the project of the budget of the State Insurance Fund and the report on its execution, etc.

The Council of the State Social Insurance Fund by Resolution No. 2-2 of 27 February 1998 approved the Regulations of Territorial Councils of the State Social Insurance Fund. Territorial Councils of the State Social Insurance Fund are founded at the territorial divisions of the State Social Insurance Fund as public institutions enabling to ensure the influence of the participants of social insurance on the functioning and development of the State Social Insurance system and helping explain the compulsory social insurance policy to the public, as well as decisions of the Council of the State Social Insurance Fund on the acute social insurance issues. These Councils are formed on a voluntary basis from representatives of the territorial trade union associations and pensioner organisations, territorial employer organisations and territorial divisions of the Council of the State Social Insurance Fund and local governments.
Employment Council under the Ministry of Social Security and Labour was founded in 1996 in implementing the provisions of the Law on Support of the Unemployed. The Council considers employment of the population and the factors that have an impact on it; submits proposals to the Ministry of Social Security and Labour for employment of the population and the labour market policy, preventive measures of reducing unemployment and mitigating its negative social consequences; submits proposals for the priorities of the labour market policy in the established procedure, financing of the measures being implemented, the amount of rates of annual contributions of insurance against unemployment and deductions from the budget of the State Social Insurance Fund of the Republic of Lithuania to the Employment Fund; establishes the procedure for the formation and use of the Employment Fund, approves the annual estimate and report of the Employment Fund.

The Council consists of 15 members. Each member has equal rights and represents employee and employer organisations and state governing institutions on an equal basis. The Minister of Social Security and Labour or its authorised member of the Council heads the Council.

Commission on Safety at Work of the Republic of Lithuania was founded in 1994 in implementing the provisions of the Law on Labour Protection that was in effect at that time. The Commission participates in formulating and implementing the safety at work policy; analyses the state of safety at work and proposes measures to improve it, prepares corresponding recommendations and projects of measures; considers and submits proposals for the laws and other legal acts regulating issues of safety at work, etc. The Commission is formed from 15 members who have equal rights: 5 representatives from employee, employer and state governing institutions each. The Chairman who is elected from the members of the Commission on the rotation principle heads the Commission. According to the Law on Safety and Health at Work that was adopted on 7 October 2000 and that replaced the former Law on Labour Protection, to match interests of the state, the employees and the employers in the sphere of safety and health the Commission on Safety and Health of Workers of the Republic of Lithuania is being established. Pursuant to legal acts on health at work approved by the Government of the Republic of Lithuania, which implemented the Law on Safety and Health at Work, the currently functioning Commission on Safety at Work of the Republic of Lithuania shall have to be reorganised into the Commission on Safety and Health of Workers of the Republic of Lithuania in the third quarter of 2001.

Council of the Guarantee Fund was founded in 2001 in implementing the provisions of the Law on Guarantee Fund. The Council of the Fund for Satisfaction of the Requirements Related to Labour Relations of Employees of Bankrupt Companies or Companies to be Adjudged Bankrupt established on the basis of the tripartite principle operated till 2001. However, after the law on Guarantee Fund has been adopted, the Council of the Fund for Satisfaction of the Requirements Related to Labour Relations of Employees of Bankrupt Companies or Companies to be Adjudged Bankrupt was abolished and the Council of the Guarantee Fund was formed to head the established Guarantee Fund. This Council governs the resources of the guarantee fund; adopts decisions on their allocation; submits proposals to the Government for the activity of the Fund; performs other functions within its province. The Council consists of 12 members: 4 members represent the organisations defending interests of the employees (trade unions and their associations), 4 members represent employer organisations (amalgamations, associations, etc.) and 4 members represent state governing institutions. The Chairman heads the activity of the Council who is appointed by the Government of the Republic of Lithuania from the representatives of state governing institutions.

Lithuanian Council of Vocational Training was founded in 1998 in implementing the provisions of the Law on Vocational Training. This is an advisory institution, which fulfils functions of consultation, examination and co-ordination when resolving strategic issues of vocational training. The Council consists of 18 members who represent state governing institutions, employee and employer organisations in equal parts.

Tripartite Commission at the National Labour Exchange (the National Commission) was founded in
In implementing the provisions of the Law on Support of the Unemployed (at that time the Law on Employment of the Population). The National Commission consists of 9 members who are appointed in equal parts from the representatives of employees (trade unions, associations and other organisations), employers (amalgamations, associations and other organisations) and state governing institutions. The Commission submits proposals to the National Labour Exchange and the Employment Council under the Ministry of Social Security and Labour for the establishment and financing of priority measures of the labour market policy taking into consideration trends in the development of the labour market and the increase in unemployment; prepares proposals to the Lithuanian Labour Exchange for the implementation of the labour market policy, issues of the improvement of social assistance to the unemployed and the establishment of its priorities; submits proposals to the National Labour Exchange for the use and allocation of the resources of the Employment Fund to the territorial labour exchanges, preparation of programmes of employment of the population, public works, organisation of works supported from the Employment Fund, vocational training, etc.

Tripartite Commissions at Territorial Labour Exchanges are founded on the regional level. These Commissions consider and solve important issues related to the implementation of the labour market policy that arise in separate territories serviced by territorial labour exchanges on a tripartite basis. Commissions consist of 6 members who have equal rights and represent employee and employer organisations, as well as of the representatives of local authorities institutions. At present 46 territorial labour exchanges function in Lithuania and tripartite commissions are established at each of them.

Council of Experts at the Lithuanian Labour Exchange Training Service. The Council of Experts was established at this Service in 1996. The Council is a tripartite advisory and controlling institution whose main objective is to help develop the system of vocational training and consulting of the labour market, to improve its functioning and interaction with the labour market partners, to encourage professionally qualitative and socially expedient methods of work. The Council is made up from 15 members representing employee, employer organisations and state governing institutions.

Six territorial labour market training and consulting services belong to the Lithuanian Labour Market Training Service, which operate in Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys and Alytus. Six tripartite commissions of experts whose main goal is the preparation and carrying out of programmes of vocational training of adults in separate regions were set up at these territorial Councils. These commissions consist of no less than 5 members representing trade unions, employer organisations, the territorial labour exchange and a corresponding municipality.

4.5.3. Activity of the Tripartite Council of the Republic of Lithuania in 2000

The Tripartite Council of the Republic of Lithuania (hereinafter referred to the Tripartite Council) is the institution formed on the equal basis of tripartite partnership, consisting of 15 members who have equal rights and represent the Government, trade unions and employer organisations and operating on the national level. The Tripartite Council was established in 1995, in implementing the first national Tripartite Agreement signed on 5 May of the same year. The first meeting of the Tripartite Council was convened on 30 May 1995. It elected the Chairman of the Council, discussed the procedural issues of the activity of the Council and was decided to establish the Secretariat of the Tripartite Council, which would carry out preparatory and organisational work of the Council.

The Tripartite Council shall fulfil the following basic functions:

- analyse social, economic and labour market problems, submit proposals to the Government of the Republic of Lithuania for resolving these problems;
Chapter 4

- consider drafts of laws, other legal acts regulating social, economic and labour issues and submit proposals, as well as conclusions about them;
- analyse the possibilities of improving and developing bilateral and tripartite partnership;
- establish standing and temporary tripartite commissions to settle important and conflicting issues, etc.

The main form of the Tripartite Council shall be meetings held at the time appointed by the Council itself, on the initiative of the Chairman or in the event at least one representative of every party demands it, however, not rarer than once in two months.

During the time of existence of the Tripartite Council, that is, in 1995-2000, 39 meetings were convened which considered 287 issues. In 2000 seven meetings of the Tripartite Council were held in which 26 issues were considered, including the following:

- the draft Law on Guarantee Fund;
- the draft Law on Amending and Supplementing the Law on Collective Agreements and Collective Labour Agreements;
- the procedure for dismissal of a group of employees;
- the draft Law on Amending the Enterprise Bankruptcy Law;
- the draft Law on Restructuring of Enterprises;
- the draft of the Labour Code;
- proposals of the temporary labour market liberalisation working group (“Sunrise Commission”);
- issues of the minimum monthly wage and the increase in the untaxable minimum;
- issues of the improvement of tripartite partnership.

The Activity of the Tripartite Council in 2000 was fruitful, the majority of the above-mentioned drafts were approved, they were recommended to be implemented without delay. However, the Tripartite Council did not reach common agreement on all the issues, many issues raised heated discussions.

In 2000 the elections to the Seimas of the Republic of Lithuania had an effect on the activity of the Tripartite Council. Due to these elections some politically unpopular agreements were not adopted and drafts of certain legal acts that provoked opposing opinions were avoided to be considered. Moreover, the composition of the Tripartite Council itself was not clear because upon the formation of the new Government, it was only at the beginning of 2001 that Ministries, which were represented in the Tripartite Council, delegated their representatives. Therefore from October 2000 till January 2001 no meetings of the Tripartite Council were held. The Tripartite Council of the new composition underwent changes because, in place of the ministers who represented the Council earlier, the Government, seeking a more professional participation in the activity of the Tripartite Council, decided to delegate Vice ministers of corresponding ministries, i.e. the Ministry of Justice, Finance, Economy, Social Security and Labour, Agriculture, to whose province most of the issues considered at the Tripartite Council belonged. This novelty raised certain discontent of other two social partners, however, the Tripartite Council continued to carry out its activity successfully. The Tripartite Council of the new composition put forward the proposal for signing a new Tripartite Agreement and established a provisional commission to consider this idea and to prepare the possible wording of the future agreement. The Commission, having considered the situation formed, decided that the Tripartite Agreement that was signed on 11 February 1999 was in essence good, its provisions corresponded to the current social and economic situation of Lithuania and there was no need to change it, unless members of the tripartite Council demanded that. The Tripartite Council approved the conclusion of the above-mentioned provisional Commission and decided to adhere to the principle of continuity and on its basis to implement the provisions of the existing Tripartite Agreement.

An unfavourable condition of the country’s economy and the decreased possibility of the Government and

Information used in this part is taken from the 2000 Review of the Activity of the Tripartite Council prepared by the Secretariat of the Tripartite Council.
employers to satisfy economic requirements of the employees constituted another obstacle to the work of the Tripartite Council. Due to this a large part of proposals of trade unions received no approval from the Government of the Republic of Lithuania and employers.

4. LABOUR POLICY

4.5.4. Development and Strengthening of Social Dialogue

Of recent years much attention has been devoted to the development of the social dialogue. However, still it should be admitted that the condition of the social dialogue is unsatisfactory (speaking about branches and enterprises, in particular). In most cases this is determined by a lack of experience of social partners, vagueness of their role and functions. In such a situation the Government is to play a special role. For this purpose sub-project “Assistance to the Development and Strengthening of the Social Dialogue in Lithuania” of PHARE project “Assistance to Lithuania in Integrating to Europe (SEIL)” was carried out in April-September 2000. In the course of the implementation of this sub-project four seminars were held to train social partner:

- “Tripartite social dialogue”;
- “Provision of information and consulting/ Works European Councils”;
- “Bilateral Collective Bargaining and Collective Agreements”;
- “Development of negotiation skills of social partners”.

Participants of the seminars were acquainted with the conception of the bilateral social dialogue, possibilities of conducting negotiations. The course in developing skills on collective negotiations was provided to representation of social partners. These seminars gave positive results. Social partners managed to distinguish the difference between bilateral and tripartite social dialogues. The place and the role of both the Government and social partners themselves in a bilateral and tripartite social dialogue became clear. Social partners were especially satisfied with the seminar in which their negotiation skills were developed.

In 2000 the Tripartite Council of Lithuania considered the possibilities if improving tripartite co-operation and decided to supplement the Work Regulation of the Government of Republic of Lithuania. The draft of the amendment of that Work Regulation was prepared. It specified that ministries, in submitting drafts of legal acts to the Government, which were considered in the Tripartite Council, shall at the same time submit the conclusions of the Tripartite Council. Also, that the Government, in submitting such a draft to the Seimas shall also submit the above-mentioned conclusions of the Tripartite Council about the draft of the corresponding legal act.

In strengthening the efficiency of the Tripartite Council, the Regulations of the Secretariat of the Tripartite Council were amended. The Secretariat of the Tripartite Council was granted the right to control how the decisions of the Tripartite Council were being implemented.

One of the immediate priorities of the Republic of Lithuania is support of social partners by increasing their capabilities of participating in the process of the implementation of the requirements of legal acts of the European Union law (acquis communitaire), especially through a bilateral dialogue. It is expected that after the draft of the Labour Code has been adopted, co-operation of social partners shall intensify because the Labour Code regulates labour relations to the minimum, establishing minimum and principle rights and duties of the participants in these relationships. Other labour issues and issues related to work are left to the parties to labour relations to be resolved on the basis of agreement, through a bilateral dialogue, in particular.
Chapter 5

5. STATE SOCIAL INSURANCE AND PENSIONS

5.1. MAIN CHARACTERISTICS OF STATE SOCIAL INSURANCE

The state social insurance comprises the principal and the most important portion of the Lithuanian social security system. It covers almost all residents of the country: employed persons and self-employed persons pay social insurance contributions, and upon the occurrence of insurable peril receive state social insurance payments (pensions, benefits, compensations). The principal aim of the state social insurance system is to guarantee income for the insured in the event of the loss of ability to work due to illness, maternity, unemployment, old age, disability or loss of breadwinner.

State social insurance, likewise the entire social security, is based on the fundamental principles of universality, solidarity of generations, as well as continuity and fulfilment of undertaken obligations. The state social insurance system does not provide for any exceptional privileges or rights to individual social groups or representatives of certain occupations.

The state social insurance system functions according to the pay-as-you-go principle. It means that state social insurance contributions are not accumulated by capitalizing them, but are forthwith utilised to cover the state social insurance payments.

The state social insurance system has been designated as an independent system. This was taken account of when separating the state social insurance budget from the state budget and creating tripartite state social insurance administration. Separation of the state social insurance budget from the state budget means that its funds shall be used only for benefits provided for under the laws on state social insurance.

Types of state social insurance
In Lithuania, likewise in most countries of the world, the following traditional types of state social insurance are legalised: pension, sickness and maternity, maternity (paternity), health, unemployment, occupational accidents and occupational diseases. The biggest portion of the state social insurance expenditure (about 73 per cent) is allocated to the payment of pensions.

System of state social insurance benefits
The state social insurance system covers short-term and long-term benefits.

Short-term benefits
The following short-term benefits are currently paid: sickness and maternity, maternity (paternity), occupational accidents and occupational diseases social insurance benefits. Besides, unemployment benefits are also paid from the State Social Insurance Fund budget through the Employment Fund. (Short-term benefits are described in more detail in paragraphs 4, 5.3.1. and 5.3.3.).

Long-term benefits
The following long-term benefits are currently paid: old age, disability, widowhood and orphans’ (survivors’), loss of breadwinner pension and pension for the actual time worked (service pension) as well as periodic compensation for lost ability to work. The two latter payments were granted before the coming into force of the Law on State Social Insurance Pensions (1995). These benefits are described in more detail in paragraphs 5.3.1.and 5.4.
Financing

The basis of the state social insurance funds is the independent State Social Insurance Fund budget, which is not included in the state and municipal budgets. The draft of the annual State Social Insurance Fund budget and the annual report on its implementation is approved by Seimas of the Republic of Lithuania.

The basic and most significant source of income of the State Social Insurance Fund budget is the state social insurance contributions made by insurers and the insured. They account for 98 per cent of total income. The remaining portion is comprised of operational income of the State Social Insurance Fund Board (late charges, penalties, income for execution of payments from the state budget, etc.) as well as contributions of the self-employed. Contributions made by the insurer and the insured are calculated as percentile portion of the wage paid to the insured.

Starting from the beginning of year 2000 the rate of state social insurance contributions is approved by Seimas of the Republic of Lithuania. From year 2000 it amounts to 34 per cent from the calculated remuneration for work, 31 per cent being paid by employers and 3 per cent by employees.

Self-employed persons were involved in social insurance at a later stage compared to employed persons. Their insurance is somewhat different. Starting from 1995 a fixed contribution rate was introduced. It amounts to 50 per cent of the basic pension amount. Self-employed persons are currently insured under compulsory social insurance to receive basic pension.

The Law on State Social Insurance provides for a possibility to make allocations from the state budget if due to resolutions adopted by Seimas or the Government the expenditure of the state social insurance budget exceeds its income.
**Administration**

The system of administration of the state social insurance system is represented by:

- **the Ministry of Social Security and Labour**, which sets perspective and current objectives of the state social insurance and holds inspections of the activities of the State Social Insurance Fund;

- **the State Social Insurance Fund Council under the Ministry of Social Security and Labour** is a council consisting of 15 members who supervise the activities of the State Social Insurance Fund. It is formed of an equal number of members enjoying equal rights and representing the organisations protecting the interests of the insured (trade unions, associations, etc.), employers’ organisations (corporations, associations, etc.) and state governing institutions. The Council is chaired by the Minister of Social Security and Labour. The Council considers and gives conclusions with reference to the draft of the State Social Insurance Fund budget and report on its implementation, considers and gives conclusions on the standards of headcount and expenditure on organising the state social insurance, as well as schemes of remuneration for work, and approves the methodology for calculating average monthly insurable income provided for in the *Law on State Social Insurance Pensions*.

**State Social Insurance Fund Board** is an executive institution of state social insurance responsible for the implementation of the approved State Social Insurance Fund budget, it ensures security of recipients of social insurance and other types of payments provided for in the law, organises collection of contributions and payment of pensions and benefits. Divisions of the Board bear responsibility for organising the state social insurance on the whole territory of the country, takes part in the drafting of state social insurance laws and other regulations, prepares methodological directions, instructions, and explanations, provides methodological and practical assistance to local offices, examines applications and claims from insurers and the insured and summarises the accumulated know-how. The functions of the state social insurance are locally performed by 52 local offices of the State Social Insurance Fund Board operating in cities and regions. They take care of the collection of state social insurance contributions, register and control insurers and are responsible for correct and timely payment of pensions, benefits and compensations.

**5.2. FINANCIAL SITUATION OF SOCIAL INSURANCE DURING THE RECENT YEARS**

**5.2.1. Increase of the Rate of Social Insurance Contributions**

Before year 2000 the procedure of drafting and implementation of and accountability for the State Social Insurance Fund budget was established by the Government. In 1999, with a view to increase the supervision of state budgets and funds, Seimas of the Republic of Lithuania adopted the *Provisional Law on the Structure of the State Social Insurance Fund Budget of the Republic of Lithuania*, which sets forth a procedure for the drafting and implementation of the State Social Insurance Fund budget of the Republic of Lithuania, classification of its income and expenditure, the procedure for the payment and postponement of contributions and indicators which should be the basis for the approval of the State Social Insurance Fund budget and the report on its implementation.

With the change in the procedure, the budget for year 2000 of the State Social Insurance Fund was approved by the *Law on the Approval of 2000 State Social Insurance Fund Budget* adopted by Seimas. Since 1995 the expenditure of the State Social Insurance Fund budget has exceeded its income. Such situation is faced to present and it will obviously continue in 2001. The *Law on State Social Insurance* provides for a possibility to make allocations from the state budget to the State Social Insurance Fund budget in the event of the growth in state social insurance payments or decrease of income and if the rates of state social insurance contributions are not altered. In late 1999, the liabilities of the State Social Insurance Fund budget accounting for 200 million LTL were qualified as internal debt of the state.
and were covered from the state budget. After the inclusion into the internal debt of the state of the portion of liabilities pertaining to the State Social Insurance Fund (200 million LTL) the accumulated deficit of the State Social Insurance Fund budget on 31 December 1999 accounted for 284.1 million LTL. The debt to other institutions equalled about 291.7 million LTL, including: loans (with state guarantee) - 177.3 million LTL, Compulsory Health Insurance Fund - 57.5 million LTL, Employment Fund - 24.7 million LTL, and the state budget - 32.2 million LTL.

The rate of the state social insurance contributions was approved in 1991 and did not alter before the end of 1999. It equalled 31 per cent from the calculated remuneration for work. 30 per cent was to be paid by employers for employed persons and 1 per cent by the employees themselves. With the growth of the deficit of the State Social Insurance Fund budget, in late 1999 Seimas of the Republic of Lithuania, with regard to the fact that the rate of state social insurance contributions had not been changed for nine years, adopted the Law on the Approval of 2000 Indices of the State Social Insurance Fund Budget which contains a provision that starting from 1 January 2000 the general rate of state social insurance contributions shall be increased from 31 to 34 per cent. The general rate of state social insurance contributions for insurers was increased up to 31 per cent and for the insured – up to 3 per cent. Distribution of the rate for different types of insurance is shown in chart 5.2.1-1.

5.2.2. Social Insurance Income in 2000

Although the economic growth in the country is continuing (it is discussed in more detail in Chapter 3), the deficit of the State Social Insurance fund budget in 2000 could not be avoided.

According to the report of the implementation of the State social Insurance Fund budget, the actual income of the State Social Insurance Fund budget in 2000 accounted for 4,405 million LTL, or by 181
million LTL less than planned. However, comparing this figure with 1999 the actual income of the State Social Insurance Fund budget increased by 4.8 per cent.

The biggest portion of the income of the State Social Insurance Fund budget - 4,235 million LTL or 96.1 per cent - was comprised of the actual compulsory state social insurance contributions, which compared to 1999 grew by 6.5 per cent.

Since the income and expenditure of the State Social Insurance Fund budget are planned every year, one should take account of the possible deviation. In 2000 the actual contributions of the insurers and the insured amounted to 260 million LTL or by 5.8 per cent less than planned.

Failure to collect the planned contributions from the insurers and the insured was influenced by:

- smaller number of those insured with full state social insurance than planned;
- average wage of those insured under full state social insurance lower by 34 LTL than planned;
- the Officials’ Payroll Fund smaller by 59.2 million LTL than planned;
- the forecast number of mothers (fathers) raising children from 1 to 3 years of age and smaller basic pension.

The actual compulsory state social insurance contributions of the self-employed and equated persons accounted for 48 million LTL or 77.0 per cent of the planned amount and 8.0 per cent less compared to 1999. When planning these contributions an assumption had been made that in 2000 sole proprietors would be ensured to receive the whole pension and would pay contributions from the average monthly wage, i.e., 430 LTL.

5.2.3. Social Insurance Expenditure in 2000

The actual expenditure of the State Social Insurance Fund budget in 2000 accounted for 4,58 million LTL or 23 million LTL more than planned. The expenditure of the State Social Insurance Fund budget in 2000, compared to 1999, increased by 0.9 per cent or 3.9 percentage points less than the income.

Pension insurance comprised 3,264 million LTL or 71.3 per cent of all expenditure of the State Social Insurance Fund budget.

The average old age pension of non-working pensioners amounted to 312.54 LTL and comprised 49.9 per cent of the average annual net wage of those insured under full state social insurance. The pension of non-working old age pensioners grew by 0.8 per cent (December 2000 compared to December 1999) in 2000.

Sickness and maternity (paternity) insurance benefits comprised over 458 million LTL or 10.0 per cent of total expenditure. Unemployment insurance accounted for over 175 million LTL.

The expenditure on the social insurance of occupational accidents and occupational diseases, which started operating since the beginning of 2000, accounted for about 9.4 million LTL or merely 16.7 per cent of the planned amount. Such big deviation from the planned amount was due to the fact that when planning this type of expenditure there was no sufficient statistical information and there were almost no insurable occurrences entitling to periodic benefits.

5.3. MAIN CHANGES IN SOCIAL INSURANCE DURING 2000-2001

5.3.1. Introduction of the Insurance of Occupational Accidents and Occupational Diseases

Since 1 January 2000, the Law on The Social Insurance of Occupational Accidents and Occupational Diseases came into effect, which stipulates that the burden of paying benefits to the employee in relation with occupational accidents will be moved from the employer’s “shoulders” to the “shoulders” of the State Social Insurance Fund. The type of the occupational accidents insurance is based on the solidarity
principle: the employer will pay the contribution of occupational accident insurance (1 per cent rate was approved for 2000) for all employees, and the benefit will be paid only to those who have suffered from an occupational accident. The said Law provides that this type of insurance covers employed persons, students at vocational schools, colleges and higher education establishments during their professional training (practical assignments) at the educational establishment or enterprise and persons referred by labour exchanges for retraining at enterprises or to engage in public works, as well as persons staying at social and psychological rehabilitation establishments during their working period and persons sentenced to imprisonment during their working period. The new Law on The Social Insurance of Occupational Accidents and Occupational Diseases required several acts of secondary legislation and organizational changes.

In January 2000, the Procedure of Attributing Occupational Accidents and Occupational Diseases to Insurable Occurrences was approved. This legal regulation stipulates the procedure for attributing minor, severe and fatal occupational accidents and occupational diseases to insurable occurrences for persons insured.

### Benefits, conditions and size of the social insurance against occupational accidents and occupational diseases

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Conditions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sickness benefit</td>
<td>If the insured experiences temporary work disablement to occupational accident or occupational disease.</td>
<td>100 per cent of the compensatory wage.</td>
</tr>
<tr>
<td>Lum-sum compensation for work disablement</td>
<td>If the insured lost 20 per cent of ability to work.</td>
<td>10 per cent of 24 monthly compensatory wages of the insured.</td>
</tr>
<tr>
<td></td>
<td>If the insured lost over 20 per cent, but less than 30 per cent of ability to work.</td>
<td>20 per cent of 24 monthly compensatory wages of the insured.</td>
</tr>
<tr>
<td></td>
<td>If the insured is qualified as having permanent work disablement.</td>
<td>The amount of compensation is increased three times respectively</td>
</tr>
<tr>
<td>Periodic compensation for work disablement</td>
<td>If the insured lost over 30 per cent of ability to work.</td>
<td>Compensation is calculated according to the formula 0,5 x d x k x D, where</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d - work disablement coefficient, k - compensation coefficient,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>D - average insurable income valid during the month of payment.</td>
</tr>
<tr>
<td>Benefit in case of decease of the insured</td>
<td>In case the insured perished due to an insurable occurrence, his/her family members are entitled to a funeral grant in equal portions.</td>
<td>100 average monthly insurable income.</td>
</tr>
</tbody>
</table>

*Information provided by the Ministry of Social Security and Labour*
under the social insurance of occupational accidents and occupational diseases; incidents not attributable to insurable occurrences as well as the procedure for the investigation of claims arising due to the attributing of occupational accidents and occupational diseases to insurable occurrences.

Since 1 March 2000, regional offices of the Unemployment Control Division of the State Social Insurance Fund Board started their operation. They were established with the view to implement the said Law. The key function of these offices is to arrive to a conclusion whether the accident at work, on the way to or from work or an occupational disease is an insurable occurrence.

The Regulations of the Occupational Accidents and Occupational Diseases Social Insurance Benefits approved in May 2000 provide for a procedure of the granting and payment of funds allocated to the social insurance of occupational accidents and occupational diseases.

The Law on The Social Insurance of Occupational Accidents and Occupational Diseases stipulates that with regard to the degree of work disablement a person can be granted a sickness benefit for illness resulting from an occupational accident or occupational disease, one-time benefit, periodic benefit and death benefit.

Table 5.3.1-1 shows the benefits of the social insurance against occupational accidents and occupational diseases, their amount and conditions entitling to the payment of said benefits.

Benefits, conditions and size of the social insurance against occupational accidents and occupational diseases

Occupational accidents and occupational diseases are attributed to insurable occurrences by the local offices of the State Social Insurance Fund Board, which also award and pay occupational accidents and occupational diseases social insurance benefits.

During 2000 the organisational units of the Unemployment Control Division of the State Social Insurance Fund Board investigated in total 4484 occupational accidents, accidents on the way to/from work and occupational diseases. 4012 (89 %) of them were attributed to insurable occurrences. The distribution of occupational accidents and accidents on the way to/from work is shown in Table 5.3.1-2.

The annual number of occupational diseases accounts for 294. 176 (60 per cent) of them were insurable.

### Table 5.3.1-2

<table>
<thead>
<tr>
<th>Distribution:</th>
<th>Occupational accidents per annum - 2509</th>
<th>Accidents on the way to/from work per annum - 1681</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor</td>
<td>2313 (92 per cent.)</td>
<td>1642 (98 per cent)</td>
</tr>
<tr>
<td></td>
<td>including 2152 (93 per cent) - attributed to insurable occurrences</td>
<td>including 1505 (92 per cent) - insurable</td>
</tr>
<tr>
<td>Severe</td>
<td>129 (5 per cent.)</td>
<td>29 (2 per cent)</td>
</tr>
<tr>
<td></td>
<td>including 96 (74 per cent.) - insurable</td>
<td>including 23 (79 per cent) - insurable</td>
</tr>
<tr>
<td>Fatal</td>
<td>67 (3 per cent.)</td>
<td>10 (1 per cent)</td>
</tr>
<tr>
<td></td>
<td>including 52 (78 per cent) - insurable</td>
<td>including 8 (80 per cent) - insurable</td>
</tr>
</tbody>
</table>

Information provided by the Unemployment Control Division of the State Social Insurance Fund Board

Table 5.3.1-2
5. STATE SOCIAL INSURANCE AND PENSIONS

5.3.2. Changes in the Social Insurance of Self-employed Persons

In the middle of 1999 Seimas of the Republic of Lithuania passed a resolution in relation with the state social insurance of self-employed persons. It was decided to oblige self-employed persons to insure themselves for the full amount of the state social insurance pension, paying contributions from the amount not lower than the average wage. Besides, the Government of the Republic of Lithuania was proposed to draft a Procedure of Patent Holders’ Social Insurance. It was also suggested to prepare a methodology for the determination of economically weak farms. With the help of this methodology the regional agriculture divisions of rural affairs departments under county governors’ offices each year would determine economically weak farms and would submit their lists to the institutions of the State Social Insurance Fund and the Ministry of Agriculture. Together with the methodology it was proposed to the Government to draft a Procedure of the Social Insurance of Farmers of Economically Weak Farms, which would stipulate that the farmers of economically weak farms insure themselves and members of their farms who are over 18 years of age under state social insurance paying a portion of the contribution. The remaining portion of the contribution would be covered from the state budget.

At the same time Seimas of the Republic of Lithuania established that farmers shall be exempt from the payment of unpaid state social insurance contributions, late charges and penalties from the period from 1 January 1995 to 1 January 1999, and the state social insurance record of farmers and their family members for the said period is accounted against actually paid sums to the State Social Insurance Fund budget. Seimas also relieved patent holders from late charges and penalties for unpaid compulsory state social insurance contributions for the period from 1 January to 1 June 1999.


In April 1999 Seimas adopted the Republic of Lithuania Law on Exemption of Sole Proprietors (Co-owners of Sole Proprietorships) from Unpaid State Social Insurance Contributions, Late Charges and Penalties and their Exclusion from the Register of Enterprises. Pursuant to this Law on 1 July 2000 the local offices of the State Social Insurance Fund Board relieved 2278 sole proprietors from the payment of state social insurance contributions, late charges and penalties. These sole proprietors were given a possibility to exclude non-operating enterprises from the Register of Enterprises at the same time protecting them from the likely growth of their debt because if a sole proprietorship is not excluded from the Register of Enterprises the calculation of state social insurance contributions, late charges and penalties for it is continued.

In 2000 the problems of the social insurance of self-employed persons were further addressed - who must be insured with social pension insurance, contributions of what amount must be paid, and for what amount of benefit one must be insured. In July 2000 it was established that self-employed persons must pay contributions to receive only the basic social insurance pension irrespective of their income or causes for which they do not receive income. In the middle of 2000 Seimas amended the Law on State Social Insurance, which stipulated that the state social insurance record of farmers and their family members over 18 years of age for the period from 1 January 1999 to 31 December 1999 shall be accounted in accordance with the sums actually paid to the State Social Insurance Fund budget. Moreover, after the coming into force of this Law farmers and patent holders are relieved from the payment of unpaid state social insurance contributions, late charges and penalties for the period from 1 January 1999 to 31 December 1999.
Chapter 5

On 1 January 2001 the Republic of Lithuania Law on Sickness and Maternity Social Insurance came into effect. It is one more independent legal act regulating only one type of compulsory state social insurance - sickness and maternity insurance. The Law specifies persons insured under this type of insurance who will be able to draw sickness and maternity as well as maternity (paternity) benefits, defines conditions for awarding these benefits, amount of benefits and the procedure for calculating benefits.

The purpose of this Law is to strengthen the key principle of insurance: award payments from the social insurance budget only to those persons who for a certain period of time paid social insurance contributions established for this type of insurance.

The Law on Sickness and Maternity Social Insurance provides that the right to draw benefits payable in accordance with this Law shall be attributed only to those insured persons who before the start of sickness leave, pregnancy and confinement leave or child care leave for children up to one year of age will have attained a social insurance record of the corresponding length. Sickness and maternity social insurance payments are of a short-term character and for this reason only the insurance period acquired during the last 12 or 24 months before the start of illness, pregnancy and confinement or child care leave shall be taken account of when establishing the right to draw the benefit. The insurance record would consist of employment periods when social insurance contributions entitling to this type of insurance were paid for the working person, as well as the periods when the person received sickness benefits including the illness days covered by the employer, maternity, maternity (paternity) or unemployment benefits. Periods when state social insurance contributions were paid for the insured or the insured paid them themselves only under pension insurance, must not be included in the insurance record which is the basis for the establishment of the right to draw the benefits. The adopted Law specifies the compulsory insurance record of the following duration: to draw the sickness allowance as well as the maternity benefit for the pregnancy and confinement leave - at least 3-month insurance record during the last 12 months or 6-month record during the last 2 years; maternity (paternity) benefit - at least 7-month insurance record during 24 months.

One other purpose of this Law was to achieve more rational utilisation of the state social insurance funds and to avoid the widely-spread abuse by benefit recipients when according to an agreement with employers persons are employed only to be able to draw maternity and maternity (paternity) benefits.

Before the coming into force of the Law on Sickness and Maternity Social Insurance the amount of the benefit paid from the State Social Insurance Fund budget depended on the duration of medical treatment. The maternity benefit for the pregnancy and confinement leave amount to 100 per cent and the maternity (paternity) benefit for the child care leave for children up to one year of age - 60 per cent of the compensatory wage amount. Although there was only a slight change in the amount of benefits, new benefit amounts and the minimal and maximal amounts were established. The minimal sickness allowance or maternity benefit for a period of one month cannot be lower than one fourth of the average monthly insurable income approved by the Government which was effective in the month of the start of the sickness or the pregnancy and confinement leave. The maternity (paternity) benefit must be not lower than one third of the average monthly insurable income. The recipient’s average monthly compensatory wage from which the sickness allowance and maternity (paternity) benefit will be calculated cannot exceed the 3.5 times the sum of the last average monthly insurable income approved by the Government.

In some cases the Law provides for different length of periods of the payment of benefits than before. For nursing a child up to 16 years of age who has a serious disease at an in-patient institution the sickness allowance for the nursing period can be paid...
for up to 120 calendar days per year. It has also been established that persons drawing state social insurance disability pension will be able to receive the sickness allowance for not longer than 30 calendar days per year.

It is worth mentioning that persons who will not have the required record and will not be able to draw the maternity or maternity (paternity) benefits pursuant to the Law on Sickness and Maternity, will be able to receive payments established in the Law on the State Benefits for Families Bringing up Children.

5.3.4. Annulment of Certain Social Insurance Benefits

With the view to strengthen insurance principles amendments were made to the laws in order to exclude the benefits which are not characteristic of the state social insurance. Thus the Law on the Amendment of Articles 1 and 2 of the Law “Support in Case of Decease” was adopted providing that from 1 January 2001 the payment of death grants will be delegated to municipalities. Corresponding amendments were made to the Law on State Social Insurance and the Provisional Law on the Structure of the State Social Insurance Fund Budget, excluding the requirement that a certain portion of funeral grants must be paid from the State Social Insurance Fund budget. The new Law on Transport Benefits was also adopted providing that starting from 1 January 2001 the expenditure on reimbursement for transport expenses shall be covered form the state budget. Before 1 January 2001 the said payments were attributed to the expenditure of the State Social Insurance Fund budget.

5.3.5. Improvement of the Social Insurance Administration

Changes to the Procedure of the Approval of Average Insurable Income
In July 2000 Seimas of the Republic of Lithuania adopted an Amendment to the Law on State Social Insurance providing that the Government shall be obliged to approve the average monthly insurable income. The purpose of this change was with the help of the Law on State Social Insurance to legalise the principle that the average monthly insurable income, which has direct impact on the amount of state social insurance pensions and other state social insurance benefits, must be approved by the Government of the Republic of Lithuania. Before the amendment the insurable income was approved by the State Social Insurance Fund Council. The said amendments to the Law were aimed at providing a possibility to take necessary measures with regard to the fluctuations of the average insurable income ensuring that recipients of the State Social Insurance Fund benefits, first of all the pensioners of the State Social Insurance Fund, do not suffer from the decrease in the average monthly insurable income.

Control over the payment of pensions to working pensioners
In order to avoid overpayment of pensions to working pensioners and protect pension recipients from the necessity to inform the local offices of the State Social Insurance Fund Board about their insurable income, the Regulations of the Record of Persons Insured under State Social Insurance were drafted and in August 2000 submitted to the Government of the Republic of Lithuania. The Regulations provide that the employer must inform the local office of the State Social Insurance Fund Board on a monthly basis about the income of the working pensioner by completing a standardised report. The adopted amendment to the Regulations enabled to reduce the risk of pension overpayment.

Attempts to reform the administration of contributions
On 16 October 2000, according to the resolution of the Government of the Republic of Lithuania the Concept of the State Social Insurance Contributions Reform was approved. Alongside with the said concept a Commission for the implementation of the Reform concept was approved.
Chapter 5

The Concept provides for the transfer of contributions administration functions currently performed by the State Social Insurance Fund Board to the State Tax Inspectorate under the Ministry of Finance.

The proposal to implement the contributions administration reform was aimed at the following key results: to improve collection of contributions and tax; reduce the risk of contribution and tax evasion; eliminate the overlapping of functions in contribution and tax administration; reduce the cost of contribution and tax administration; provide conditions for general return of income.

After the implementation of the state social insurance contribution administration reform, two institutions with different functions would be involved in the process: the State Tax Inspectorate under the Ministry of Finance, which would be responsible for the administration of taxes and contributions, and the institution performing the administration of the State Social Insurance Fund budget.

Although at the beginning of 2001 the corresponding draft laws were submitted to Seimas of the Republic of Lithuania, after several months’ consideration Seimas did not approve of the said proposals.

5.4. PENSIONS

Lithuanian pension system consists of state social insurance pensions financed from the State Social Insurance Fund budget and state pensions financed from the state budget. The biggest portion in the system is comprised of state social insurance old age, disability and survivors and orphans’ pensions. They account for 90 per cent of all expenditure allocated to pensions. On the other hand, pensions comprise the major part of the entire social insurance fund budget. Therefore smooth operation of the latter pensions is much more significant.

5.4.1. State Social Insurance Pensions

Expenditure on state social insurance pensions accounts for more than half of the total expenditure of the State Social Insurance Fund budget. The fluctuation of the expenditure of the State Social Insurance Fund budget on pensions and of the total expenditure of the State Social Insurance Fund budget during 1996 - 2000 is shown in Chart 5.4.1-1.

In 2000, 1 million 54 thousand state social insurance pensions were paid1. They include, as can be seen from Chart 5.4.1-2, 61.1 per cent of state social insurance old age pensions, 16.5 per cent - state social insurance disability pensions and 19 per cent - state social insurance survivors and orphans’ (survivors’) pensions.

Aside from state social insurance old age, disability and survivors and orphans’ pensions, the expenditure of the State Social Insurance Fund budget also included loss of breadwinner pension (3.2 per cent of all social insurance pensions) and pension for actual time worked (service pension) (0.2 per cent of all state social insurance pensions) allocated pursuant to pension laws and other legislation formerly in force (until 1 January 1995). Although the new Law on State Social Insurance Pensions that came into force on 1 January 1995 does not provide for the allocation of loss of breadwinner pensions and pension for the actual time worked (service pension), those pensions are still paid to persons to whom they had been allocated before 1 January 1995.

Aside from the above-mentioned pensions, compensations for extraordinary work conditions (6293 recipients) awarded pursuant to the provisions of the Law on State Social Insurance Pensions.

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1 Recipients of state social insurance pensions in addition to the state social insurance old age or disability pension can draw the state social insurance widowhood pension. Therefore the number of state social insurance pensions specified in the text does not reflect the actual number of persons receiving these pensions.
State social insurance old age pensions

The average state social insurance old age pension in 2000 was 312 LTL and compared to 1999 it increased by 1 per cent. The average pension of a working pensioner in 2000 was 309 LTL, non-working pensioner - 312 LTL. More than half (70 per cent) state social insurance old age pension recipients received lower than average old age pension.

With comparatively low pensions not all people, who have reached pension age, terminate labour relations. Therefore every sixth old age pensioner was working (15.6 per cent).
Chapter 5

**State social insurance disability pensions**

The average state social insurance disability pension in 2000 was 280 LTL and compared to 1999 increased by 0.4 per cent.

The average pension of a working disabled person in 2000 amounted to 239 LTL, and of a non-working disabled person 289 LTL. More than half of the disability pension recipients (about 62 per cent) received a lower than average disability pension.

Every fifth pensioner receiving disability pension was working (18 per cent).

**State social insurance widowhood and orphans’ pensions**

200.8 thousand people received widowhood and orphans’ pensions in 2000. The number of recipients of the widowhood and orphans’ pension compared to 1999 increased by 6 per cent. The average amount of the widowhood and orphans’ pension the same year was 60 LTL.

According to summarised statistical data it can be stated that the total number of recipients of state social insurance pensions is increasing annually. It increased by 19.8 per cent since the beginning of 1996 until the end of 2000. Due to the extension of the retirement age the number of recipients of old age pensions from 1996 to 2000 decreased by 1.6 per cent or 10.5 thousand persons. However, old age pensioners still account for the biggest portion of all pensioners. Extension of the retirement age and unemployment were the key reasons for the increase in the number of recipients of disability pensions by 26.6 thousand people or 18 per cent. Admittedly, the statistics also shows a growth in the number of working persons who receive disability pensions. The growth from 1996 to 2000 accounted for 42 per cent.

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### Number of Recipients of State Social Insurance Old Age and Disability Pensions during 1996-2000 (thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Old age pensions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>working</td>
<td>655</td>
<td>651</td>
<td>648</td>
<td>644,6</td>
<td>644,5</td>
</tr>
<tr>
<td>non-working</td>
<td>99</td>
<td>103,9</td>
<td>105,4</td>
<td>107</td>
<td>100,6</td>
</tr>
<tr>
<td><strong>Disability pensions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>working</td>
<td>147</td>
<td>152,2</td>
<td>158,8</td>
<td>165,9</td>
<td>173,6</td>
</tr>
<tr>
<td>non-working</td>
<td>125</td>
<td>128,2</td>
<td>131,3</td>
<td>135,4</td>
<td>142,4</td>
</tr>
</tbody>
</table>

Statistical data of the Statistics Analysis and Forecasting Division at the State Social Insurance Fund Board

Table 5.4.1-1

---

### 5.4.2. Changes of the Pension Allocation and Payment Procedure

As early as at the end of 1999 and the beginning of 2000 it was proposed to take measures for the balancing of the State Social Insurance Fund budget. The implementation of two measures in this plan was related to the allocation and payment if the state social insurance pensions:

- **speeding up the extension of retirement age established in the Law on State Pension Insurance:**
- **updating the valid procedure for the payment of state social insurance pensions to working recipients of these pensions.**
5. STATE SOCIAL INSURANCE AND PENSIONS

5.4.2.1. Speeding up the Extension of the Retirement Age

The Law on State Social Insurance Pensions valid from 1 January 1995 stipulates a new age limit entitling to old age pension (60 years for women and 62.5 years for men). The same Law provides gradual transition to the new age entitling to the old age pension: annually the age entitling to old age pension would be raised by 4 months for women and 2 months for men until 2009 when the newly stipulated age entitling to old age pension has been reached.

Starting from 1 January 2001 the retirement age both for men and women is annually increased by 6 months until the limit of the retirement age entitling to old age pension established in the Law is reached. Men should reach this limit in 2003 (62 years 6 months), and women in 2006 (60 years).

5.4.2.2. Updating the Procedure of the Payment of Pensions to Working Pensioners

From 1 January 1995 to 1 January 2001 the provision was that working old age pensioners are paid the total amount of the allocated pension, if their monthly earnings are lower than 1.5 MMW (645 LTL in 1999). The total pension allocated is also paid to working old age pensioners 65 years of age and older. However, if the earnings of working old age pensioners younger than 65 years of age exceed 1.5 MMW, they are paid only the basic part of the state social insurance pension (basic pension).

Starting from 1 January 2001 pensioners who after having been awarded the state social insurance old age pension have income from which compulsory state social insurance pension contributions are calculated and paid or who receive state social insurance sickness allowance (including the allowance paid by the employer during the illness days), maternity, maternity (paternity) and unemployment benefits (hereinafter referred to as insurable income) provided that these disabled persons have the required state social pension insurance record entitling to old age pension, shall be paid the basic part of the state social insurance old age pension. In addition, if their insurable income is lower than 1.5 of the minimal monthly wage, they are paid a part of the supplementary part (hereinafter referred to as supplementary part) of the awarded old age pension amounting to:

1) 50 per cent of the supplementary part not exceeding 100 LTL;
2) 20 per cent of the supplementary part which is from 100.01 to 200 LTL;
3) 10 per cent of the supplementary part which is from 200.01 to 300 LTL.

The part of the supplementary part of the old age pension which exceeds 300 LTL is not payable.

A similar procedure is applied to the payment of disability pensions to disabled persons who have reached retirement age and have insurable income.

To working disabled persons who have not reached the retirement age the same procedure for the payment of awarded disability pensions (which was also valid before) is applied. I.e., disabled persons who have not reached retirement age entitling to old age pension and who after having been awarded the state social insurance disability pension have insurable income provided that these disabled persons have the required state social pension insurance record entitling to disability pension (with the exception of disabled persons of the first degree to whom the requirement of compulsory record is not applicable) are paid:

1) disabled persons of first degree - the entire amount of the awarded state social insurance disability pension irrespective of insurable income;
2) disabled persons second and third degrees whose insurable income does not exceed 1.5 minimal monthly wage - the entire amount of the awarded state social insurance disability pension;
3) disabled persons of second and third degree whose insurable income exceeds 1.5 minimal monthly wage - the basic part of the awarded state social insurance disability pension and 50 per cent of the supplementary part.

The new procedure for the payment of pensions is not applicable to the recipients of old age or disability pensions who are sole proprietors and self-em-
ployed persons equated to them in accordance with the procedure established by the Government, farmers and patent holders. Pursuant to the Law on State Social Insurance, persons involved in the above-mentioned activities who are pensioners of the State Social Insurance Fund or persons disabled from childhood of the first and second degree who draw the assistance pension, as well as persons who are insured under state social insurance in accordance with the law of the Republic of Lithuania or have the required record entitling to the state social insurance old age pension, are relieved from the payment of state social insurance contributions. Thus these persons are deemed having no insurable income. Persons receiving royalties are also considered as having no insurable income because from royalties state social insurance contributions are not deducted.

This amendment to the Law caused particularly harsh discontent in the society. Therefore after extensive discussion Seimas of the Republic of Lithuania adopted a milder draft of the procedure for the payment of pensions to pensioners with insurable income. From 1 July 2001, a new procedure for the payment of state social insurance old age and disability pensions to pensioners working after the award of pensions came into force. Starting from the above-specified date working old age pensioners and disabled persons who have reached old age and whose insurable income does not exceed 1 minimal monthly wage, are paid the entire amount of pension. If the insurable income of these persons exceed 1 minimal monthly wage, but does not exceed 1.5 minimal monthly wage, they are paid the basic part of the old age pension and a part of the supplementary part of the awarded old age pension calculated pursuant to the procedure which was effective from 1 January 2001 to 1 July 2001 (i.e., 50 per cent of the supplementary part which does not exceed 100 LTL, 20 per cent of the supplementary part which is from 100.01 to 200 LTL, etc). If the insurable income of working old age pensioners as well as disabled persons who have reached retirement age exceeds 1.5 of the minimal monthly wage, they are paid the basic part of the old age pension.

The procedure for the payment of disability pensions to disabled persons who have not reached retirement age was not altered.

5.4.2.3. Annulment of the Term for Applying for Compensation for Extraordinary Work Conditions

According to Article 56 of the Law on State Social Insurance Pensions which was effective before 25 October 2000, persons entitled to a compensation for extraordinary work conditions could apply for it only within 2 years after the coming into force of the said Law, i.e., from 1 January 1995 to 1 January 1997. However, there appeared persons who failed to apply for compensation with the established term and therefore it was decided to extend it.

A Law on the Amendment to Article 56 of the Law on State Social Insurance Pensions was adopted. The amendment annulled the 2-year limitation for applying for the compensation for extraordinary work conditions and the general procedure, likewise the procedure for applying for state social insurance pensions, was established. I.e., starting from 25 October 2000, persons can apply for the award and payment of the compensation for extraordinary work conditions three months before the occurrence of the right to draw such compensation or at any other time after the day of the occurrence of the right to draw the compensation.

5.5. STATE PENSIONS

5.5.1. Overview of the State Pension System

The state pension system consists of the following state pensions:

- state pensions of the first and the second degree of the Republic of Lithuania;
- state pensions of the President of the Republic;
- state pensions of the deprived persons;
5. STATE SOCIAL INSURANCE AND PENSIONS

- State pensions of officers and soldiers;
- State pensions of research workers.

All state pensions are paid from the funds of the state budget.

Further references will be made only to the pensions within the scope of competence of the Ministry of Social Security and Labour. These are the state pension of the President of the Republic, state pensions of the first and the second degree of the Republic of Lithuania, state pensions of the deprived persons and state pensions of research workers.

State pensions of the first and the second degree of the Republic of Lithuania and state pensions of the deprived persons are awarded and paid in accordance with the Republic of Lithuania Law on State Pensions. The state pension of the President of the Republic, state pensions of officers and soldiers and state pensions of research workers are awarded and paid pursuant to special laws.

State pensions of the first and second degree of the Republic of Lithuania are awarded to persons having reached retirement age or having been recognised as disabled of the first or second degree who were particularly distinguished as the state created and developed its statehood, economy, culture, science, art and sport, defended its independence, the integrity of the territory and constitutional regime; to volunteer soldiers - participants of the armed resistance; to the most distinguished participants of the resistance to the occupations of 1940-1990; to mothers who have raised and gave good upbringing to 10 or more children; to volunteer soldiers of the independence fights of 1918-1920; to the signatories of the Act of the Independence of Lithuania; to persons who were the Chairman of the Seimas, the Prime Minister, the Chairman of the Supreme Court or the Constitutional Court of the Republic of Lithuania.

Before 1 January 2001 state pensions of the first and second degree were paid irrespective of the income received by recipients of these pensions. Starting from 1 January 2001, the awarded pensions are not paid to the recipients of the state pensions of the first and the second degree who have insurable income after the award of these pensions. This provision is not applicable to volunteer soldiers - participants of the armed resistance – recipients of the state pension of the first degree, as well as to the recipients of the state pension of the second degree – mothers who have raised and gave good upbringing to 10 or more children.

State pensions of the deprived persons are awarded to the defenders of the independence of the Republic of Lithuania and other persons who have suffered from the aggression of the USSR in the period of 11-13 January 1991 and later; political prisoners and exiles as well as persons who were awarded the legal status of a person who has suffered from occupations, of a political prisoner or a deportee; members of the resistance to the occupations of 1940-1990, i.e. fighters for freedom; the Second World War participants; persons who participated in the elimination of the consequences of the Chernobyl nuclear station accident; persons who were deported for compulsory works or placed in ghettos, concentration or other types of coercive camps during the Second World War; persons who became disabled during the time of the active military service in the Soviet army or were later recognised as disabled due to the diseases related to the military service. State pensions of the deprived people are also awarded to the parents of the persons who were deceased in the result of the aggression in the period of 11-13 January 1991 and the later events, who perished during the actions of resistance to the occupations of 1940-1990 or during the active military service in the Soviet army, and other persons.

State pensions of the deprived persons and state widowhood and orphans’ pensions of all types are paid irrespective of the person’s income.

State pensions of research workers are awarded to persons who have an academic name or degree and a work record of a doctor or a habilitation doctor of no less than 10 years, who have reached retirement age or were recognised as disabled of the first and second degree and who do not work under an employment contract. The state pension of research workers are not payable to research workers working under an employment contract.
5.5.2. Problems of the State Pension System and Ways of Solving them

All state pensions are awarded and paid to persons who receive state social insurance pensions (with an exception of state pensions of the state officers and soldiers and the artists’ annuities that can be paid to persons below the old age pension age or persons not recognised as disable and, therefore, not entitled to receive state social insurance pensions). This means that the state applies double pension guarantees towards persons of certain occupational or social groups in the event of old age, disability or widowhood. In this case, the social justice is violated and privileges for certain groups of inhabitants are created.

During the six years that passed after the pension system reform in 1994-1995, the state pension system was artificially extended: additional groups of persons entitled to receive these pensions were included into the number of the recipients of state pensions; the amounts of the pensions paid were significantly increased for some groups of the recipients of state pensions; another occupational group - artists of the state music theatres and concert organisations - obtained the right to receive benefits of the pension type paid from the state budget (these persons are awarded and paid artists’ annuities). The fluctuation of the number of the recipients of

**Fluctuation in the Number of Recipients of State Pensions**

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<thead>
<tr>
<th>Types of pensions</th>
<th>Number of recipients</th>
</tr>
</thead>
<tbody>
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<td>first and second degree</td>
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</tr>
<tr>
<td>deprived persons (thous.)</td>
<td>72,4</td>
</tr>
<tr>
<td>research workers</td>
<td>1538</td>
</tr>
<tr>
<td>total (thous.)</td>
<td>76</td>
</tr>
</tbody>
</table>

*Information provided by the Ministry of Social Security and Labour*  
Table 5.5.2-1

**Need for Funds for the Payment of State Pensions (with the exception of state pensions of soldiers and officers), million LTL**

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<thead>
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<td>8,2</td>
<td>11,3</td>
<td>13,3</td>
</tr>
<tr>
<td>deprived persons</td>
<td>89</td>
<td>119,2</td>
<td>138,8</td>
<td>174,4</td>
<td>149,8</td>
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<tr>
<td>research workers</td>
<td>5,4</td>
<td>5,8</td>
<td>7</td>
<td>7,6</td>
<td>8</td>
</tr>
<tr>
<td>total</td>
<td>98,9</td>
<td>133,7</td>
<td>154</td>
<td>193,3</td>
<td>171,1</td>
</tr>
</tbody>
</table>

*Information provided by the Ministry of Social Security and Labour*  
Table 5.5.2-2
the state pensions from 1996 to 2000 is shown in Table 5.5.2.1.
The number of the recipients of the state pensions is growing annually, and the entire system requires more and more expenditure form the state budget. The need in 2000 compared to 1996 increased by 73 per cent.
One needs to admit that in the existing economic situation when the state social insurance pensions do not provide sufficient guarantee of the compensation for income lost due to old age, disability or widowhood and Lithuania still does not have pension funds, it is rather complicated to abandon the existing state pension system. It is apparent that in the future when the Lithuanian pension reform is fully implemented and the persons who paid pension contributions to pension funds start receiving pension benefits from these funds in case of old age or disability, the problem of state pensions will lose its relevance.
In order to gradually abandon state pensions as distorting the essence of the pension system and violating social justice, state governing institutions must take resolute and maybe even unpopular measures.
In the plan of measures for the implementation of the 2000 - 2004 programme of the Government of the republic of Lithuania approved with Resolution No. 149 as of 9 February 2001 it was established to prepare a conception of the reorganisation of the state pension system. For this purpose the Ministry of Social Security and labour formed a task group who drafted this concept.
The immediate objectives of the reorganisation of the state pension system:
1. to stop the further expansion of the state pension system and the growth of the pension amount;
2. to reduce the discontent of the society with the state pension system developed;
3. to reduce the state budget expenditures on the payment of state pensions.
It is planned to assign the state budget resources saved for the subvention of the state social insurance fund - to increase the basic pension of the state social insurance. Increasing the basic pension of the state social insurance would simultaneously increase the state social insurance pensions and social (assistance) pensions.
In seeking to implement the immediate objectives of the state pension system, it is necessary:
1. in the future, to refrain from increasing the basic state pension, on which the amount of state pensions of the first and second degree of the Republic of Lithuania, the deprived persons and research workers is directly dependent. The indexation of state pensions of the state officials and soldiers should also be linked to the basic state pension;
2. to continue the payment of the awarded state pensions while limiting the amount of the state pensions paid for a single person;
3. to link the payment of state pensions and artists’ annuities to the fact of possession of the insured income (work remuneration);
4. to seek the gradual decrease in the number of persons entitled to receive state pensions;
5. to refrain from awarding new state pensions of the first and second degree of the Republic of Lithuania to the distinguished persons and state pensions of the deprived persons. Instead of them, to award lump-sum benefits to be paid upon reaching the old age pension age or becoming disabled;
6. to restrict the conditions for the award and payment of some remaining types of state pensions gradually refuse these pensions;
7. to re-organise the state survivors and orphans’ pension system;
8. to refuse all additional state pensions provided for in other legal acts.
In summary it can be observed that the Ministry of Social Security and Labour, seeking to implement one of the strategic objectives - to balance the social insurance system and provide conditions for the pension system reform, gives proposals for decreasing the deficit of the State Social Insurance Fund budget. Proposals are also constantly made on how to reform the pension system to make it financially stable and fairly protected from negative economic and demographic changes.
Chapter 5

5.6. LITHUANIAN PENSION SYSTEM REFORM

5.6.1. Necessity of the Lithuanian Pension System Reform

In 1994 Seimas of the Republic of Lithuania adopted a package of legal regulations including the laws on State Social Insurance Pensions, State Pensions, Pensions of Soldiers and Officers of Domestic Affairs, State Security, National Defence and Prosecutor’s Office, Provisional Law on State Pensions of Research Workers, and the Law on Social (Assistance) Pensions (effective from 1 January 1995). It was the first step towards the Lithuanian pension system reform - abandoning the Soviet pension security system. These laws defined types of pensions, persons entitled to draw different types of pensions, amount of pensions and sources of their payment. After a few years have passed following this significant step, society was convinced that a deeper reform of the Lithuanian pension system is required. A similar advice comes from foreign organisations that analyse the economic condition of our country. The key problems of the Lithuanian pension system are small social insurance pensions, high redistribution, low motivation for the residents of Lithuania to be involved in the social insurance system, financial difficulties of the State Social Insurance Fund and the growing trend of the ageing of population. State social insurance pensions are small in spite of a rather high contribution rate. The financing of pensions is currently unstable: it depends on the proportion between the number of employed persons and persons of retirement age - the higher the number of persons of retirement age per one employed person, the higher tax burden falls on the employed. According to the data of the State Social Insurance Fund, the number of persons employed under employment contracts during 1991-2000 decreased by 36 per cent. Whereas the number of pensions paid from the State Social Insurance Fund grew from 838 thousand in 1991 to 1 million 54 thousand in 2000. The World Bank forecast that from 2000 to 2050 the number of persons of retirement age in Lithuanian will increase by 12.4 per cent (from 712 thousand to 800 thousand), and the number of persons of work capacity age will fall from 2,236 million to 1,692 million (or 24.3 per cent).

Fluctuation of the number of contribution payers and benefit recipients (thous.) (retirement age from 65 y.)

Pension System Reform White Paper  
Chart 5.6.2-1
When paying contributions to the State Social Insurance Fund budget, employed persons do not see direct link between their contributions and the future pension. The average portion of the person’s income replaced with pensions accounts for 40 per cent. Persons receiving higher salaries face even a lower rate of replacement. Such situation has demotivated people to participate in the existing pension system and it is one of the reasons for frequent evasion of contributions.

Therefore, in seeking to financially stabilise the Lithuanian pension system which would stimulate participation and higher benefits, it is expedient to launch the reform of the system as soon as possible. Changing the way of financing can ensure the long-term vitality of the pension system.

5.6.2. Suggested Trends of the Pension System Reform

Pursuant to Resolution No. 465 as of 26 April 2000 of the Government of the Republic of Lithuania, a commission was formed for the drafting of the Pension System Reform White Paper, which describes in detail the possible trends of reorganising the Lithuanian pension system and the possible structure of the future pension system. It is suggested to reorganise the existing pension system into a three-pillar pension system, where:

- The 1st pillar of the pension system (provided for in the Law on State Social Insurance Pensions) would ensure the minimal protection from poverty in the event of old age or disability. It would be financed as before - according to the pay-as-you-go principle;
- The 2nd pillar of the pension system - compulsory accumulation in pension funds. This pillar would operate according to the defined contributions and individual accounts principle and would ensure the supplementary part of the pension depending on the contributions paid by the person;
- The 3rd pillar of the pension system - voluntary accumulation for old age in pension funds or insurance companies.

On the basis of the Government Programme 2001-2004, it is planned to reform the pension system with the introduction of private accumulative funds operating alongside with the state social insurance, providing favourable conditions for the establishment of those funds and ensuring social guarantees by retaining the independent state social insurance system and co-ordinating the pay-as-you-go and accumulative pension systems. Preceding governments had also planned for the introduction of the pension accumulation pillar.

The introduction of the accumulative pension system is planned without decreasing the amount of the existing social insurance pensions. The establishment of additional contributions to the compulsory accumulative pension pillar would mean an increase in the burden of contributions falling on employed persons and their employers. For this reason the expected effect from the reform would not be achieved. Should such alternative of the reform be chosen, the value of work force would increase or wages would decrease, and it would cause resistance from the part of the society who must pay additional contributions to pension funds, and most likely a higher degree of contribution evasion.

Within ten years from now social insurance will undoubtedly face similar financing difficulties due to the demographic process and other causes (high rate of re-distribution, low motivation to participate in the system and contribution evasion, changes in the labour market reducing the number of contribution payers). Then the only choice will be to increase the social insurance contribution rate to keep the promises or to reduce the pensions (e.g., to index them only against inflation and not remuneration for work, and to continue the extension of retirement age). An even higher than now state social insurance contribution rate would have negative impact on the competitiveness of enterprises in the country and employment, because it would increase the value of work force. Nevertheless, at that time reformation of the social insurance system will be much more complicated due to the decreasing proportion between employed persons and pensioners (Chart 5.6.2-1).
5.6.3. Introduction of the Compulsory Accumulative Pension Pillar - Priority Area of the Pension System Reform

The Pension System Reform Concept and the Pension System Reform White Paper refer to the introduction of the compulsory accumulative pension pillar as the main trend of the pension system reform. These instruments were the basis for drafting the Law on Pension System Reform which is currently discussed in Seimas.

The main purpose of this Law is to identify the key trends for the reorganisation of the pension system with the view to provide a possibility to the residents of the Republic of Lithuania to ensure for themselves greater social guarantees in the event of old age, disability or widowhood. The Law stipulates the basic principles of the operation of the compulsory accumulative pension pillar. These principles will cause amendment to the Law on Pension Funds, the Law on State Social Insurance and other legal regulations by establishing a more detailed mechanism for this compulsory accumulative pension pillar and its relation to the existing pay-as-you-go pillar.

The compulsory accumulative pension pillar is based on the investment principle, therefore the benefit paid to each person will be totally dependent on the amount of contribution, accumulative period and interest on investment. The amount of state social insurance pensions will be reduced in proportion with the amount of the contribution paid to the pension fund.

The draft Law suggests that contributions will be transferred to pension funds which possess the right to perform compulsory accumulation of pensions from 1 January 2003. The proposed contribution for the compulsory accumulative pension is 5 percentage points of the state social insurance contribution rate attributable to the state social insurance pensions. Such contribution amount was proposed after having analysed the experience from other states which have introduced the compulsory accumulative pension pillar. A contribution lower than 5 per cent would not guarantee a proper return on investment for the participants of the pillar and would have only small impact on the reformation of the existing pension system, moreover that quite a significant portion of the contribution would be used to cover the administrative costs of the pension funds.

It has been established that the participation of persons under 40 years of age in the accumulative system will be compulsory without exceptions because their social insurance record is relatively short, they have a relatively long accumulative period and therefore a possibility to accumulate a reasonable pension in the pension funds. At the same time their obligations towards the state pay-as-you-go system (the first pillar of the pension system) will be reduced.

Insured persons from 40 to 50 years of age will be allowed to choose whether to participate in the compulsory accumulative pension system or not. They will have to make their own decision which pillar is more favourable for them because in each case it will depend on the age and income of the participant as well as the social rights already possessed. Such accumulation is beneficial not for all insured persons – persons over 50 years of age due to a particularly short accumulative period would accumulate a rather small pension, but would lose part of their social insurance pension.

The retirement age for those taking part in compulsory pension funds is the same as the one entitled to draw the state social insurance old age pension. Benefits from pension funds will be paid after the insured person has reached retirement age or after he/she has become disabled.

It has been established that contributions to the pension funds of the compulsory accumulative pillar should be collected in a centralised way through the State Tax Inspectorate, but not directly to each fund to ensure more effective control of the payment of taxes and contributions and cheaper administration. Taking account of the existing IT system developed for the State Social Insurance Fund, it will transfer compulsory accumulative pension contributions to pension funds chosen by the persons and pay-as-you-go benefits to the residents of Lithuania. Laws needed for centralising collection of contributions have been drafted and are currently read by Seimas.
5. STATE SOCIAL INSURANCE AND PENSIONS

5.6.4. Measures for Ensuring Security of the Compulsory Accumulative Pillar

With regard to the compulsory character of participation in such pension funds, the state must perform a special supervisory role.

Since the administration of the second and third pension pillar is of a similar nature, the activities of pension funds under both pillars will be regulated by the Law on Pension Funds providing for a mechanism of compulsory accumulative pension pillar and the voluntary accumulative pension pillar. The Law will stipulate measures for ensuring the activities of pension funds according to the following principles:

1) Special supervision of investment:
- diversification requirements and investment limitations will be established with the goal to reduce the risk of investments and ensure their liquidity;
- pension funds will have to ensure relative income rate for participants of the compulsory accumulative pension funds.

2) Protection of pension assets:
- inclusion of the participants’ pension assets separately from the pension funds’ own assets;
- prohibition for creditors of the pension fund to direct enforcement towards the pension assets;
- establishment of the structure and restrictions of settlements from the pension assets in the favour of the pension fund.

3) Publicity and accountability of the pension fund activities:
- an audit company will inspect annually the financial accounts of the pension fund;
- public announcement of the pension fund activities and financial status reports;
- to ensure effective utilisation of funds accumulated in the pension fund, the participants will have the right to learn about the assets accumulated on their account at any time.

State supervision of the pension funds operating within the second pillar will be carried out by the Securities Commission and the Ministry of Social Security and Labour, and the activities of the payers of pension annuities - by the State Insurance Supervision Agency under the Ministry of Finance.

5.6.5. Financing of the Pension System Reform

It is planned to finance the deficit of the State Social Insurance Fund budget caused by the loss of part of the contributions paid to the compulsory accumulative pension funds in several ways - by using the funds received from privatisation, borrowing funds and covering the deficit from the state budget.

According to estimations, the annual decrease in the income of the State Social Insurance Fund budget due to the introduction of the compulsory accumulative pension pillar during the first 15 years of the reform will account for about 0.9 per cent of the GDP (the projected trends of the income and loss of the SSIF budget for 2001-2020 are provided in appendices).

The Sodra budget deficit in 2000 accounted for 212,2 million LTL (0.5 per cent of the GDP), and the deficit accumulated during the preceding years - 462,3 million LTL (1 per cent of the GDP).

The financing of the deficit would not be problematic since, as the experience from the neighbouring countries shows, the major part of the funds is left within the country and at least at the beginning of the reform a major part is invested into the Government Securities (GS). With regard to the experience from other countries facing similar reforms it can be stated that during the first years of the reform about 70-80 per cent of the funds possessed by pension funds can be invested in the GS.

The following method of covering the deficit of the State Social Insurance Fund budget caused by the reform:
Table 5.6.5-1

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tbody>
<tr>
<td>Coverage of SSIF budget deficit from Reserve (stabilisation) fund</td>
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<td>258</td>
<td>271</td>
<td>290</td>
</tr>
<tr>
<td>Coverage of SSIF budget deficit from Borrowed funds</td>
<td>247</td>
<td>258</td>
<td>271</td>
<td>290</td>
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<tr>
<td>Inely:</td>
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</tr>
<tr>
<td>from World Bank</td>
<td>49</td>
<td>52</td>
<td>54</td>
<td>58</td>
</tr>
<tr>
<td>from other sources</td>
<td>198</td>
<td>206</td>
<td>217</td>
<td>232</td>
</tr>
</tbody>
</table>

Information provided by the Ministry of Finance

Seimas of the Republic of Lithuania must approve the financing of the State Social Insurance Fund budget deficit caused by the pension reform by adopting a Law on the Approval of Financial Indications of State and Municipal Budgets.

5.6.6. Implementation of the Pension System Reform

On 6 February 2001 with the Resolution No. 138 the Government approved the Plan of Measures for the Implementation of the Pension Reform for 2001-2002, consisting of the following parts:

- preparation of the legislative basis for the reform. After the adoption of the Law on Pension System Reform legal acts regulating the operation of the compulsory accumulative pension pillar and continuation of the state’s financial obligations will be drafted and adopted;
- development of the pension fund supervision system. The principles of ensuring the pension fund activities will be stipulated in legal acts. In addition to that, the capacity of the Securities Commission and other supervisory institutions will be strengthened;

- preparation of the new pension system administration system. This means adoption of legal acts regulating the centralisation of contribution collection and development of the corresponding information technologies system;
- planning and implementation of the public education campaign. Society will be explained what benefits the pension system reform will bring. People will have an opportunity to calculate their future pension by using special software applications.

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Chapter 6

6. SOCIAL ASSISTANCE

The system of social assistance of Lithuania consists of two main parts: assistance in cash and social services. Besides, there exists social assistance in the form of granting privileges.

In improving the system the following programmes to victimised persons and social risk groups are being implemented: the Programme for Political Prisoners and Deportees and their Families Returning to Lithuania and Their Provision with Apartments and Employment, the 1999-2003 National Programme for Drug Control and the Prevention of Narcotic Addiction and the 1999-2003 Programme for Social Adaptation of the Convicted Individuals and Persons Released from Places of Imprisonment, the Corrective Labour Colony, Social and Psychological Rehabilitation Institutions, which was started to be implemented in 2001.

The state social assistance is aimed at supporting poor families after means-testing. The main goal of assistance in cash is to help the families whose income derived, as well as their ability to take care of themselves is insufficient on account of objective reasons that are beyond their control. Benefits in cash are paid cash to such families (people living on their own) and it is also sought to ensure social guarantees for them.

Seeking to ensure the change in generations, in accordance with the possibilities of the state budget, irrespective of the income derived, families raising children are paid state benefits. The improvement of the system of providing assistance in cash to families raising children and the improvement of the system of the protection of rights of children and the child care system constitute main trends of assistance rendered to families.

Social services play an important role in the provision of social assistance.

6.1. ASSESSMENT OF CURRENT SITUATION

Changes going on in Lithuania, new social economic conditions, real and potential unemployment and a declining standard of living are reflected and concentrated in the family – the lowest birth rate has been achieved, the number of socially weak and impoverished families is on the increase, especially families raising children. Many families face difficulties that they are incapable of overcoming on their own, that is, without assistance.

The decreasing birth rate does not ensure the change of generations and leads to depopulation. The number of children born in Lithuania in 2000 totalled 34,2 thousand, that is 22,6 thousand less than in 1990. The birth rate in rural areas continues to exceed that in urban areas.

Ageing of the population also adjusts the social policy. About 19 per cent of the Lithuanian population are people older than 60 years of age. The majority of old lonely people live in the country, they are in need not only of assistance in cash but also in need of social services. It is sought to bring social services as close as possible to the place of residence of their recipients.

According to the statistical data, since 1990, as compared with the number of marriages, the number of divorces has begun to grow rapidly in Lithuania: on average every year 11 thousand couples divorce (3 divorces per 1000 population), including 8,5 thousand couples that have common children. Every year about 12,4 thousand children, after their parents divorce, stay with one of the parents, usually with mother. The largest number of divorces is registered among the age group of 30-34; the rate of divorce among young people is somewhat lower (25-29 years of age).

During the past decade another phenomenon, that was atypical of Lithuania before, began to manifest itself: the number of children born out of wedlock
has started to increase. The number of mothers who have to raise children on their own is on the increase, part of them lose work, live in poverty, submit their children to their own fate.

With the increase in property differentiation, incomplete families whose main breadwinner is a woman, families with small children, large families, families with disabled family members, as well as families living in the countryside and small towns are the first to find themselves among the impoverished.

According to the data presented by the Department of Statistics, 16 per cent of the total population of Lithuania lived below the poverty line in 2000 (assuming the poverty line to be 50 per cent of the average consumption expenses). One of the main factors of poverty is the ratio of children to adults in the family. If in 2000 the poverty level in households with one child was 12.9 per cent, in large families (raising 3 and more children) it accounted for 37.6 per cent.

The number of families whose main source of income is different benefits is quite large. Such families live especially poorly. It is important to solve the problems of economic vitality of such families by encouraging the economic activity of members of these families, as well as aspiration for independence of the family rather than by increasing benefits and creating preconditions for their orientation to the status of the dependants.

In this case the creation of economic social environment by reducing unemployment, long-term unemployment, in particular, encouragement of professional activity, the improvement of the system of assistance to the family (by increasing the role of the system of services and taxes, as well as by reducing the role of universal benefits), increasing responsibility of families for their welfare are important trends in improving economic vitality of families.

Young families face an especially acute problem of acquiring a dwelling. This is one of the most important reasons of a decreasing number of marriages, postponing them to a later time, the decrease in the birth resulting in lots of other problems related to the assurance of favourable conditions for normal upbringing of children. The creation of favourable conditions of credits to young families, as well as other measures of solving the problem of acquiring a dwelling must become an important trend of the development of assistance to the family.

One of the greatest problems determining negligence of children and violation of their rights is an increasing number of dysfunctional families. Since 1995 the number of dysfunctional families registered with agencies for the protection of the rights of children of municipalities (hereinafter referred to as APRCH) has increased by as much as 1.9 times and the number of children - by 57 per cent. A more exact further registration can also have an impact on the growth of these figures.

Every year about 3 thousand children (in 2000 - about 2.5 thousand children) from dysfunctional families, from families in which one parent is missing and the other parent does not take care of the children, when parental rights are restricted for an unlimited period of time for both parents of the child or a single parent, when the father is imprisoned,
are taken under the care of the state. Such assistance should be provided to a much larger number of children. The number of dysfunctional families depends greatly on the alcohol consumption rate. This is not a complete list of such families because it depends on the extent to which agencies for the protection of the rights of the child of municipalities, due to a large workload and the lack of coordination between separate institutions responsible for the protection of the rights of children are capable of establishing the number of such families. The condition of children of many families is especially difficult.

The largest number of children living in dysfunctional families have been found in the city of Kaunas (at the beginning of 2001 the number of such children was 6482), in Kaunas district (1292), in Šakiai district (1141), in Tauragė district (1210). 1464 problem families were revealed in Vilnius in which there were 2512 children.

On the other hand, though Article 64 of Family and Matrimonial Code of the Republic of Lithuania that was in force till 1 July 2001 established that even upon termination of marriage both father and mother had equal rights and obligations to maintain their children, however, according to the household survey, in 2000 only 36 per cent of divorced women indicated alimony in their income. Moreover, every year about 150 criminal cases are initiated for deliberately avoiding maintaining children. This means that after a divorce the parents understand and fulfil their duties to children in differently.

At the same time it has been noticed that recently the number of claims filed with both agencies for the protection of the rights of the child of municipalities and the Ministry of Social Security and Labour, other non-judicial institutions related to the protection of the rights of children, where legal and psychological assistance is sought to help settle disputes between former spouses concerning property relations, maintenance of children, establishing communication with children and their place of residents after a divorce increases. Cases of everyday violence against children when disputes between adults are settled at the expense of children are on the increase.

Though the most important laws defending children’s rights in Lithuania have already been adopted (the UN Declaration and Convention of the Rights of Children, the Law on the Fundamentals of the Protection of the Rights of Children of the Republic of Lithuania, the Civil Code of the Republic of Lithuania and its book 3 “Family Law”, the Law on the Controller of the Protection of the Rights of Children of the Republic of Lithuania), the institutional system of the protection of the rights of children has been created, protection of the rights of children and assurance of a child’s safety, especially in the family, remains problematic.

Taking into consideration the above said, it is planned to formulate the conception of investigation and prevention of family conflicts and the strategy of its implementation, which would establish a pre-trial system of the investigation of family conflicts and the strategy of its implementation in Lithuania, further strengthen agencies for the protection of the rights of children of municipalities, to evaluate and reorganise the system of child guardianship in a complex way.

6.2. ASSISTANCE IN CASH TO FAMILIES RAISING CHILDREN AND PEOPLE WITH LOW INCOME

At present the following benefits in cash are paid to families:

- state benefits irrespective of the family’s property and income (benefits to families for children, for the children deprived of parental care, the funeral benefit);
- assistance in cash to poor inhabitants after assessing their income (the social benefit, lump sum benefit) (see Chart 6.2-1).

According to the Law on State Benefits to Families Raising Children¹ state benefits shall be paid to families raising children who are in need of the state social benefit most (the word state should not be used here because the word social separates this kind of assistance from private assistance or charity). Also support of orphans and children deprived of parental care has been established. This comprises the following:

- lump sum benefit upon the birth of a child;
- maternity benefit to studying women;
- family benefit;
- benefit to families raising three and more children;
- benefit to the children of soldiers (conscripts) of national defence service;
- child care benefit;
- orphan student’s allowance;
- benefit to orphans and children deprived of parental care to get settled.

These benefits are paid irrespective of the income of the family, with exception of the benefit paid for raising three children to receive which the criterion of income is applied (income per one family member must not exceed the amount of three times the average real income (currently amounting to 405 Litas)).

Payment of the funeral benefit upon the death of a permanent resident of the Republic of Lithuania or upon the birth of a stillborn is regulated by the Law on Assistance in Case of Death² of the Republic of Lithuania.

Apart from the above-mentioned state benefits paid to poor families, benefits are paid and assistance is provided in other forms after assessing income of the family:

According to the Law on Guarantee of Income of Residents of the Republic of Lithuania³ families are entitled to the social benefit if their income per one family member is lower than the income supported by the State. As of May 1998 the Government of the Republic of Lithuania has established the average real income for the social benefit in the amount of 135 Litas per person.

Lump sum benefits are also granted to families deriving low income in case of poverty, homelessness, illness, disability, natural calamity, etc. Local governments in accordance with the possibilities of their budgets establish the procedure for granting lump sum benefits and their amounts.

Another important form of assistance applied to low-income families is compensations for expenses on heating a dwelling area, expenses on cold and hot water established in the Law on Reimbursement to Individuals Deriving Low Income for Expenses on Heating a Dwelling Area (Individual House), Expenses on Cold and Hot Water⁴.

Seeking to support schoolchildren of low-income families, every year the earmarked funds are planned in the state budget for organising free of charge catering to pupils at schools of general education. Every year the Ministry of Social Security and Labour distributes these funds among local governments.

Local governments are responsible for rendering social assistance established in legal standard acts to the inhabitants of their territories. They are granted broad rights in this sphere. Funds of the State budget are allocated to pay maternity benefits to studying mothers, as well as to pay orphan student’s allowances. Local governments pay the remaining benefits from the funds of their own budgets. Having checked living conditions of the families and drawn up the act of the investigation, local governments have the right to allocate a social benefit and compensations for expenses on heating dwelling areas, expenses on cold and hot water on their own decision also to those families who are not entitled to them in accordance with the established procedure. Local governments shall establish a specific

⁴ The Law on Reimbursement to individuals Deriving Low Income for Expenses on Heating a Dwelling Area (Individual House), Expenses on Cold and Hot Water of the Republic of Lithuanian No. VIII-1131 adopted on 8 April 1999.
6. SOCIAL ASSISTANCE

Classification and Types of Social Assistance in Cash to Families

Social assistance in cash to families

Non means-tested benefits

Residents deriving low income after means testing

Social benefit

Lump sum

Benefit to families raising 3 and more children

Families raising children

Children deprived of parental care

Child care benefit
Orphan student’s allowance
Benefit to orphans and children devoid of parental care to settle

Funeral benefit

Lump sum benefit upon birth of a child

All families

Family benefit for a child between 1 and 3

Families not entitled to state social insurance maternity (paternity) benefit

Maternity benefit for studying mothers
Family benefit for a child under one year of age

Families of conscripts in national service

Benefit to children of conscripts in national service

The Chart has been devised on the basis of the following: the Law on State Benefits to Families Raising Children of the Republic of Lithuania No. I-621 adopted on 3 November 1994, the Law on Assistance in Case of Death of the Republic of Lithuania No. I-348 adopted on 23 December 1993 and Resolution of the Government of the Republic of Lithuania No. 441 of 17 April 1999 On Approving the Regulations of Granting and Payment of Social Benefit

Chart 6.2-1
procedure of allocating and paying compensations in its town (district). They can also apply higher standards, extend the circle of the categories of individuals entitled to receive compensations, etc.

When families use benefits received not according to their purpose, social assistance can be allocated in the form of buying the most necessary products or consumer goods taking into account the needs of children.

6.2.1. The Policy of Assistance in Cash to Families

In developing the current social assistance in cash the following was provided for in the 2000-2004 Programme of the Government of the Republic of Lithuania:

- to increase its efficiency, to ensure that assistance should reach those who are really in need of it;
- to relate social assistance to the property and income of an individual by applying a general system of declaring income and property;
- to move from providing privileges and compensations by subsidising providers of services to direct payments in cash;
- to create the system of assistance to the family, which would guarantee its independence and stability as a social institution, would ensure the change of generations, by paying main attention to young families.

Taking into account social economic processes taking place in the country, in 2000 new legal acts regulating social assistance provided to the inhabitants in cash were adopted and the legal acts that were in force were adjusted and improved.

Legal Assistance Guaranteed by the State

Seeking to provide necessary assistance to the inhabitants who are unable to properly defend their rights and interests protected by the laws due their property situation, in 2000 The Law on Legal Assistance Guaranteed by the State was adopted. On the basis of this Law, property and income levels have been established by resolution of the Government of the Republic of Lithuania. If the levels are not exceeded legal assistance guaranteed by the State stipulated in the law shall be ensured to the individuals and maximum amounts of the provided legal assistance guaranteed by the State shall be established. With the increase in the value of property of the individual who is applying for legal assistance and his/her income, legal assistance guaranteed by the state is decreased accordingly.

Social Benefit

Social benefit shall be allocated following the Regulations of Granting and Paying Social Benefit approved by the Resolution of the Government of the Republic of Lithuania. Low income families, when parents work or do not work due to objective reasons (study, are disabled, homeless, mothers raising small children, etc.) shall be entitled to this benefit.

Restrictions on the right to a social benefit for the unemployed have been established. Only families of the individuals who receive the unemployment benefit/student’s allowance or who perform public works/works supported from the Employment Fund shall be entitled to this benefit, and only for 6 months after the end of that period.

After the economic situation has changed and taking into account the proposals put forward by local governments, in 2000 categories of individuals entitled to a social benefit were supplemented and adjusted. Recently, with the number of families in need of a social benefit increasing, it was established to pay the social benefit to long-term unemployed who have registered with the state labour exchange for longer the six months till they have not cancelled their registration with the labour exchange procedure of allocating and paying compensations in its town (district). They can also apply higher standards, extend the circle of the categories of individuals entitled to receive compensations, etc.
as of 1 May 2000. Furthermore, in this way it was sought to match the conditions of allocating a social benefit to the unemployed with the Law on Reimbursement to Individuals Deriving Low Income for Expenses on Heating of a Dwelling Area (Individual House), Expenses on Cold and Hot Water\(^1\). However, due to an increasing number of the unemployed individuals and with the financial condition of the country being difficult, the state is incapable to satisfy the increased demand the funds to pay a social benefit and ensure minimum social assistance to the families of long-term unemployed who actively seek employment through the labour exchange. Therefore the above-mentioned provision to grant the right to a social benefit to the individuals who are registered with the labour exchange for longer than six months was annulled by Resolution of the Government of the Republic of Lithuania of 14 July 2000\(^2\).

Local governments, which by resolution were granted the right to allocate the social benefit on their own decision having checked the living conditions of families, should be responsible for allocating benefits to the families that were not entitled to a social benefit in the established procedure, however, who are in need of assistance. However, due to the lack of resources only about 8 per cent of the families applying for social assistance is supported. Some local governments do not provide any assistance to families at all on their own decision.

Taking into account the fact that illegal employment is wide-spread in the country and that families concealing their real income receive social benefits unlawfully, it was established that as of 1 May 2000 applicants should indicate the property he/she owns and the income derived from it in the application for the social benefit.

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\(^1\) The Law on Reimbursement to Individuals Deriving Low Income for Expenses on Heating a Dwelling Area (Individual House), Expenses on Cold and Hot Water of the Republic of Lithuania No. VIII-1131 adopted on 8 April 1999.


18 years of age. Since the Law on Child Guardianship came into force on 1 July 1998, in 2000 after supplementing the Regulations of Granting and Paying State Benefits to Families Raising Children\(^1\) the procedure for granting settlement benefits to individuals who were deprived of parental care before the Law on Child Guardianship came into force, was established.

According to the Law on State Benefits to Families Raising Children\(^2\), till 1 July 2001 the right of precedence to draw benefits for children (lump sum benefit upon the birth of a child, family benefit for a child under three years of age and a benefit to families raising three of more children) belonged to the child’s mother.

Seeking to grant the family equal opportunities to receive benefits established by laws by means of the amendment of the said Law\(^3\) it has been established that since 1 July 2001 benefits shall be paid on the application by both parents (one of the parent raising the child) specifying the recipient of the benefit.

According to the procedure that was in force before amending the said Law when the mother had to apply to receive a lump sum benefit upon the birth of a child, a family benefit and benefits to families raising three of more children, the family did not receive benefits for the children if mother was a foreign citizen, had no permit of permanent residence in Lithuania, though the whole family lived in Lithuania and the father of the children and the children themselves were citizens of the Republic of Lithuania. According to the amendment of the above-mentioned Law, since 1 July 2001 families living together with children in Lithuania whose father is a citizen of the Republic of Lithuania and the mother is a citizen of a foreign country without a permit of permanent residence in the Republic of Lithuania, become entitled to benefits established by the Law.

### Assistance in the Event of Death

Till 1 January 2001 funeral grants were paid in case of death of individuals insured by state social insurance from two different sources: funeral benefit in the amount of 3 times the minimum standard of living from the budget of the State Social Insurance Fund and a special funeral benefit in the amount of 3 times the minimum standard of living from the earmarked resources provided for when municipal budget calculated their financial indicators. To receive the funeral benefit the individual had to apply to two institutions.

Seeking to establish a single payment to individuals in case of death, after the funeral benefit paid from the resources of the State Social Insurance Fund, the funeral benefit was increased by the amount of from 3 to 6 times minimum standard of living as of January 2001 from the earmarked funds planned when municipal budgets calculate their financial indicators. This benefit shall be paid following the Law on Assistance in the Event of Death of the Republic of Lithuania\(^4\).

Now that the funeral benefit is no longer paid from the resources of the State Social Insurance Fund the amount of the funeral benefit is increased correspondingly, therefore the amount of assistance provided in case of the death of individuals insured by social insurance remained unchanged. However, the funeral benefit has been increased from the amount of 3 to 6 times minimum standard of living to the capable of work individuals within working age who were unemployed individuals who were not registered with the labour exchange. Thus, in case of death of every resident of Lithuania the funeral benefits in the amount of 6 times minimum standard of living is guaranteed to be paid ensuring necessary assistance in the event of death.

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\(^1\) Order of the Minister of Social Security and Labour of the Republic of Lithuania No. 57 of 18 May 2000 On the Partial Amendment of the Procedure for Granting and Paying State Benefits to Families Raising Children.


\(^3\) The Law on the Amendment of Articles 1, 2, 3, 4, 4-1 of the Law on State Benefits to Families Raising Children of the Republic of Lithuania No. IX-168 adopted on 25 January 2001

\(^4\) The Law on the Amendment of Article 1, 2 of the Law on Assistance in the Event of Death of the Republic of Lithuania No. VIII-1704 adopted on 23 May 2000
Upon the death of a pensioner (a disabled individual), who received the social insurance pension, alongside the funeral benefit in the amount of 6 times minimum standard of living established by the above-mentioned Law, assistance in the event of death established by Article 39 of the Law on State Social Insurance Pensions remains. Pursuant to that Article the pension shall be paid to the person who buried him/her for the month when the death occurred, if it had not yet been paid and it shall be paid at the same rate for the next two months.

**Recipients of Assistance in Cash Including Compensations for Expenses on Heating a Dwelling and Water, as well as Free of Charge Catering and Expenditure on this Assistance**

In 2000 the amount of 516.7 million Litas was paid in the form of assistance in the event of death to the families raising children and to low-income families (see Table. 6.2.1-1), including 11 per cent of funds from the state budget allocated to free of charge meals of schoolchildren of poor families, the remaining assistance was provided from municipal budgets.

Irrespective of the income that the family derives, a similar amount of funds is spent on benefits payable (to families raising children, children deprived of parental care and funeral benefits) as on assistance that is provided after the income of families has been checked (a social benefit, lump sum benefits, compensations on expenses on heating a dwelling and water, free of charge meals to schoolchildren),

- **to pay non means-tested benefits, 278.4 million Litas, that is, 55 per cent of all the funds allotted to the said benefit, has been allocated.**

- **228.2 million Litas, that is, 45 per cent of all the funds allocated to the said assistance has been spent on payment of means-tested benefits to poor inhabitants after their income has been evaluated. 60.5 million Litas of these funds is allocated from the state budget to free of charge catering of schoolchildren from low-families in schools of general education.**

Having compared the number of the recipients of state separate benefits in 2000 with their number in 1999, one can see that the number of benefits paid to families raising children is smaller. Expenses on payment of these benefits have decreased accordingly. This was determined by the birth rate that has been on the decrease during the past decade. Though the birth rate decreases, the number of families receiving benefits for raising three or more children remained stable (increased insignificantly). This shows that the number of children born in large families is relatively increasing.

In 2000, as compared with the data of 1999, the number of the recipients of benefits for the children deprived of parental care increased (child care benefits, settlement benefits and orphan student’s allowances) and expenditure on these benefits. This was determined by the policy of increasing assistance to children deprived of parental care that has been pursued recently. Having increased the settlement benefit by as much as 2.8 times - in the amount from 18 times minimum standard of living (2250 Litas) to the amount of 50 times minimum standard of living (6250 Litas) and having fixed the age limit of up to 25 years for applying to receive this benefit (till 1 January 2000 one could apply for it in the course of 12 months), as compared with 1999 the number of its recipients increased by 28 per cent and expenditure on these benefits increased by as much as 147 per cent in 2000.

In 2000 the number of the recipients of the social benefit totalled on average 115.2 thousand people per month (about 3.1 per cent of all the inhabitants of the Republic), 36.8 thousand inhabitants were paid lump sum benefits. As compared with 1999, the number of the recipients of benefits increased by as much as 13 per cent and the expenditure on this type of benefit increased by 20 per cent. The data provided reflect the deteriorating economic condition of families, which was determined to a great extent by the economic decline of recent years.

60 million Litas per year is allocated from the state budget to free of charge catering of school children of low-income families. In 2000 the number of schoolchildren who received free of charge meals totalled about 155 thousand (27 per cent of all schoolchildren). About 2 per cent of all pupils received free of charge breakfast. About 2 per cent of all the schoolchildren received free of charge catering at day rest camps organised at schools of general education during summer holidays.
## Data about assistance provided to families in Lithuania in 1999-2000*

<table>
<thead>
<tr>
<th>No.</th>
<th>Benefits and other forms of assistance</th>
<th>Number of recipients 1999</th>
<th>Number of recipients 2000</th>
<th>Change in 2000 as compared with 1999, in per cent</th>
<th>Expenses 1999</th>
<th>Expenses 2000</th>
<th>Change in 2000 as compared with 1999, in per cent</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Thou. people</td>
<td>Thou. people</td>
<td></td>
<td>Thou. Litas</td>
<td>Thou. Litas</td>
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<tr>
<td>I.</td>
<td>The total (1+2+3)</td>
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<td></td>
<td>480085,7</td>
<td>516680,2</td>
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<td>II.</td>
<td>The total (1+2)</td>
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<td></td>
<td>453034,9</td>
<td>489082,6</td>
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<td>1.</td>
<td>State benefits to families raising children (the total):</td>
<td></td>
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<td></td>
<td>253570,3</td>
<td>260843,2</td>
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<td></td>
<td></td>
<td>27004,9</td>
<td>25519,7</td>
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<td></td>
<td>Family benefit</td>
<td>36,0</td>
<td>34,1</td>
<td>-5.4</td>
<td>98375,8</td>
<td>95674,7</td>
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<td></td>
<td>Benefit to children of conscripts of national service</td>
<td>89,5</td>
<td>88,2</td>
<td>-1.5</td>
<td>223,59</td>
<td>154,94</td>
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<td>Benefit to families raising three and more children</td>
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<td>0,1</td>
<td>-34.4</td>
<td>22004,9</td>
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<td></td>
<td>44,3</td>
<td>45,0</td>
<td>1.6</td>
<td>81132,1</td>
<td>81929,5</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>with 3 children</td>
<td>32,4</td>
<td>32,9</td>
<td>1.4</td>
<td>54026,6</td>
<td>54300,9</td>
<td>0.4</td>
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<tr>
<td></td>
<td>with 4 and more children</td>
<td>11,8</td>
<td>12,1</td>
<td>2.5</td>
<td>27069,5</td>
<td>27628,8</td>
<td>2.1</td>
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<td>1.5</td>
<td>Child care benefit</td>
<td>7,3</td>
<td>8,1</td>
<td>11.0</td>
<td>38055,5</td>
<td>43240,8</td>
<td>13.6</td>
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<tr>
<td>1.6</td>
<td>Settlement benefit to orphans and children deprived of parental care</td>
<td>0,55</td>
<td>0,7</td>
<td>28.2</td>
<td>1245,29</td>
<td>3075,63</td>
<td>147.0</td>
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<td>1.7</td>
<td>Maternity benefit to studying mothers</td>
<td>0,35</td>
<td>0,3</td>
<td>-8.6</td>
<td>76,56</td>
<td>70,0</td>
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<td>1.8</td>
<td>Orphan student’s allowance</td>
<td>1,66</td>
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<td>12.4</td>
<td>7456,50</td>
<td>11178,0</td>
<td>49.9</td>
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<td>2.</td>
<td>Benefits and other forms of assistance to low-income families, including:</td>
<td></td>
<td></td>
<td></td>
<td>199464,6</td>
<td>228239,5</td>
<td>14.4</td>
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<tr>
<td>2.1</td>
<td>Social benefit</td>
<td>101,8</td>
<td>115,2</td>
<td>13.2</td>
<td>73719,9</td>
<td>88602,0</td>
<td>20.2</td>
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<td>2.2</td>
<td>Lump sum benefits</td>
<td>32,1</td>
<td>36,8</td>
<td>14.7</td>
<td>4562,7</td>
<td>3448,9</td>
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<td>2.3</td>
<td>Compensations for heating a dwelling and water</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>61182,0</td>
<td>75714,2</td>
<td>23.8</td>
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<tr>
<td></td>
<td>Including:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Compensations for acquiring solid and other fuel</td>
<td>52,4</td>
<td>64,7</td>
<td>23.5</td>
<td>6948,8</td>
<td>6370,1</td>
<td>-8.3</td>
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<td>2.4</td>
<td>Free of charge catering of schoolchildren**</td>
<td>142</td>
<td>155</td>
<td>9.4</td>
<td>60000</td>
<td>60474,4</td>
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<td>3.</td>
<td>Special funeral benefit</td>
<td>37,4</td>
<td>38,8</td>
<td>3.7</td>
<td>27050,8</td>
<td>27597,6</td>
<td>2.0</td>
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<td></td>
<td>Including:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 times minimum standard of living</td>
<td>5,2</td>
<td>5,2</td>
<td>0.1</td>
<td>203,12</td>
<td>1947,7</td>
<td>-4.1</td>
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<tr>
<td></td>
<td>6 times minimum standard of living</td>
<td>32,2</td>
<td>33,6</td>
<td>4.2</td>
<td>25022,6</td>
<td>25614,4</td>
<td>2.4</td>
</tr>
</tbody>
</table>

* Data provided by the Ministry of Social Security and Labour and the Department of Statistics

** The average number of schoolchildren who received free of charge catering during a corresponding year is indicated (thou. population)

Table 6.2.1-1
6.2.2. Improvement of System of Assistance in Cash to Families

Social assistance is an important measure to the families who lost their source of living and found themselves in poverty. Therefore it is necessary to continue to improve the current system of assistance and to create such system of social assistance, which would be an effective measure ensuring the minimum standard of living to the individuals who found themselves temporarily in poverty and encourage their efforts to look for the main source of sustenance from work income.

**Problems of Financing Benefits to Families**

Funds necessary to pay benefits established by the Law are calculated into the expenditure of municipal budgets in accordance with the Law on Approving the Indicators Determining and Balancing the Amount of Income of Municipal Budgets in 2000-2002 of the Republic of Lithuania¹. Municipal councils, in drawing up and approving the municipal budget, following the amendments of the laws must approve these funds in their budgets by separate groups of expenditure in accordance with their earmarked purpose.

In 2000 many local governments faced the problem of the lack of funds for payment of social benefits. Deficit municipal budgets determined the lack of funds to a great extent. Furthermore, the fact that local governments allocate less funds to social benefits than it is necessary or in planning funds do not take into consideration base amounts of social benefits established by the Government (the minimum standard of living, income supported by the state), on the basis of which benefits are calculated, had an effect too. Therefore there is a lack of funds for the payment of social benefits; they are not paid on time, local government’s appeal to the state budget to allocate additional funds for these purposes.

It is important to rationalise organisation of the system of social assistance. In looking for reserves of municipal funds control of income declared by the inhabitants, as well as other documents submitted to receive a social benefit should be made stricter; the procedure for granting social benefits should be applied in a more flexible way, the payment of a social benefit should be related to the obligation of families by seeking to reduce dependence of the recipients of the benefit on social assistance by introducing methods of social work with a specific family, that is, seeking to achieve that benefits were paid to those families only who need them most.

**Problem of Establishing Real Income of Claimants to a Social Benefit**

Though by the procedure for rendering assistance established by means of the income evaluation principle it is sought to provide assistance to the families who derive the lowest income, cases when families who actually are not entitled to such benefits can make use of that assistance cannot be avoided. The problem of evaluating property and illegal income arises. It is quite often that individuals, who are engaged in illegal business and who are also registered with a labour exchange, though they have employment, conceal their real income. In separate cases sole proprietorships, joint-stock companies provide data about the income earned by the employees specifying the minimum wage only though the real wage is much higher.

**Trends in Developing Assistance in Cash**

To resolve problems of the functioning social assistance in cash the improvement of this system is necessary. For this purpose the expediency and efficiency of the reform of social assistance in cash that has already been implemented must be evaluated. Therefore the analysis of the data of the household surveys, the data provided by the social assistance divisions of local governments about payment of benefits is regularly carried out. On the basis of the conclusion of the analysis, the system of social assistance in cash is being adjusted, it is sought to direct benefits to those who need them most. Social partnership with local governments being developed renders greater independence and responsibility to them. However, it is planned to improve organisa-

¹ The Law on Approving the Indicators Determining and Balancing the Amount of Income of Municipal Budgets in 2000-2002 of the Republic of Lithuania No.VIII-1504 adopted on 23 December 1999
tion of free of charge catering for schoolchildren of low-income families at schools of general education. In order to guarantee social assistance of an adequate level and seeking to constantly improve this system so that it should reach a higher level, close bilateral co-operation and agreement between the social policy designers and local governments, which have to implement the policy, is necessary. The quality of life of the people facing social problems depends on that.

In improving the economic vitality of families the creation of economic social environment by reducing unemployment, especially long-term unemployment, encouragement of professional activity, the increase in responsibility of families for their welfare is necessary.

Pursuant to the plan of the Measures of the Implementation of the 2000-2004 Action Programme of the Government\(^1\) in 2001 the draft Law on Social Assistance in Cash is being prepared, in 2002 it is planned to prepare the Programme of Support of Families Raising Children and the Conception of Reorganising Privileges.

The Law on Social Assistance in Cash shall seek:

- to create a uniform system of providing social assistance in cash based on the principle of evaluating income and property, seeking to support families (individuals) who are impoverished due to objective reasons and reduce the distribution of poverty;
- to guarantee the minimum means for food and maintenance of a dwelling to families (individuals) who have no sources of living due to objective reasons;
- to encourage families (individuals) who receive social assistance in cash to look for employment.

It is necessary to increase the efficiency of the system of state benefits to families raising children. Taking this fact into account the Programme of Support of Families Raising Children is being prepared. The programme shall be aimed at:

- creating the system of assistance to the family, which would guarantee independence and stability of the family, as a social institution, ensure the change of generations by concentrating main attention on young families;
- providing multisided assistance to families comprising all spheres of its life, by increasing their responsibility for the upbringing of their children. This would be a programme covering these most painful life spheres of families raising children: occupation of parents, tax reliefs, provision with a dwelling, the state support, safety and education of the child, family’s health and its planning. In preparing the above-mentioned programme it is planned to adhere to the following basic principles: strengthening the parents’ responsibility for education of children; encouragement of the family’s activity and independence; evaluation of the diversity and specific needs of families; the reduction of the rate of prevalence of socially weak and problematic families; assurance of the rights of the child in the family; assurance of complexity of support.

One of the constituent parts of the system of social assistance is reliefs and privileges established by the laws. The system of granting privileges in imperfect. Privileges abound in number and variance, many of them are inefficient, require expensive administration and execution control. Very often privileges granted to the social group are not co-ordinated among themselves. Due to this budgetary funds are used inefficiently, abuses are frequent. The goals of the Conception of Reorganisation of Privileges planned to be prepared are as follows:

- to reduce the number of privileges and their variety by increasing social benefits and income derived by social groups of inhabitants who make use of these privileges;
- to systematise the provision of necessary privileges;
- to orient assistance toward its users rather than its providers.

In 2001 the international PHARE Consensus project Social Assistance Reform and the Implementation of Social Acquis was commenced to be carried out. Foreign experts from Great Britain and Northern Ireland shall analyse social assistance in cash that is in

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6. SOCIAL ASSISTANCE

effect, shall compare it with the practice and experience of other European Union countries, organise seminars, carry out pilot programmes in local governments and shall prepare recommendations for the improvement of the system of social assistance.

It should be noted that orientation towards financial assistance mainly dominates in assistance provided to families, whereas services to the family are neglected. Therefore the provision of social assistance should be related to the obligations of the families receiving social assistance to participate in the works organised by municipal institutions, to encourage and train social workers of local governments to relate the procedure for providing assistance to the obligations of the families, drawing up of plans of integration into the society, etc.

* * *

Statistics of recent years shows that the number of socially weak and impoverished families, especially those raising children, is on the increase in Lithuania. Taking into consideration the economic condition and financial possibilities, the system of support of families currently in effect is orientated more toward supporting poor families: benefits are paid to families raising children irrespective of their property and income and assistance is provided to poor families after means testing.

In carrying out the policy of assistance in cash in 2000 new legal acts regulating social assistance to the inhabitants were adopted and legal acts that were in effect were improved and adjusted: legal assistance to poor individuals guaranteed by the state was established; the procedure for granting a social benefit to long-term employees was improved; the right for both father and mother to receive a benefit for their children was made equal (prior to that this right was granted to mother only); assistance to the individuals deprived of parental care was increased; the procedure for granting and payment of the funeral benefit was improved by establishing its payments from a single source.

Social assistance is an important measure for the families who lost their source of living and found themselves in poverty. Therefore it is necessary to improve the existing system, as well as to create such a system of social assistance which would be an efficient measure ensuring the minimum standard of living to the individuals who temporarily found themselves in shortages and to encourage their own efforts to seek for the main source of living from work income. For this purpose, first and foremost, it is planned: 1) to create a uniform system of social assistance in cash provided on the basis of the principle of property and income checking by rendering support to the families (individuals) who are impoverished due to objective reasons; 2) to reduce the prevalence of poverty; 3) to provide many-sided assistance to families raising children by increasing the responsibility of parents themselves for the upbringing of their children, covering all spheres of the family’s life: occupation of parents, tax reliefs, provision with a dwelling, the state support, safety and education of the child, the family’s health and its planning.

It is planned to further improve organisation of free of charge catering of schoolchildren of low-income families in schools of general education.

One of the constituent parts of the social assistance system is privileges and reliefs related to different social groups of the population due to diversity of which this system is inefficient. Therefore it is planned to reduce the number of privileges and increase social payments and income received by the social groups of the population who make use of them, to systematise the provision of necessary privileges.

6.3. SOCIAL SERVICES

The Programme of the Government of the Republic of Lithuania underlines that one of the most significant objectives of the social policy is to raise possibilities for every individual to manage his life on his own, to create his/her future freely and with responsibility and to help those who cannot provide themselves for the reasons that are beyond their control.

One of the basic consistently implemented principles of the social policy is decentralisation of the
system of social assistance based on the reduction of the influence of the central power, the increase in the responsibility and competence of municipal institutions, as well as that of the community itself and personal responsibility of everyone of us for ourselves and our actions.

The Programme of the Government of the Republic of Lithuania provides for further decentralisation of the provision of social services, transferring more functions to the province of local governments, making a wider use of non-governmental sector in developing communal social services, creating conditions for private initiative, giving priority to help and nursing at home rather than in in-patient departments.

The development of social services takes place in the direction of decentralisation preparing and implementing state and municipal programmes of social services. This process has been going on within the recent decade, however, insufficiently fast. The lack of economic resources in local governments constitutes an obstacle to the development of non-stationary social services, that is, such services in organising and providing of which the state sector did not play any role prior to the re-establishment of independence.

This Chapter shall deal with the development of social services, the provision of social services to old people and individuals belonging to risk groups. Information about social services to the waifs and strays and children from dysfunctional families is presented in Section 6.4, services to the disabled are dealt with in Section 6.5.

### 6.3.1. Review of the Development of Social Services

Prior to the re-establishment of independence in Lithuania social services were provided at residential social care institutions only. Almost every institution operating at that time was subordinate to the Ministry of Social Security and Labour. Services were provided only to old people, disabled children and adults, as well as to children deprived of parental care.

Since 1991, in implementing trends of activity of the Government of the Republic of Lithuania, which provided for decentralisation of care institutions and their further development, separate structural divisions were started to be established in local governments. These divisions were given responsibility for guardianship and care of the disabled, lonely old people residing on the territories of local governments.

Social services were legally established in 1994 after the *Conception of Social Assistance*¹, in which social assistance was divided into three constituted parts has been approved: assistance in cash, assistance in things, assistance in services. *The Law on Social Services*² and secondary legislation adopted later form the basis of a further development of social services. The period from 1991 to 1998 is regarded to be a quantitative leap in the development of social services in Lithuania: institutions of social services of different subordination, intended for different groups of customers were established (institutions of day care and temporary residence intended for children, old people, people with disabilities, individuals belonging to risk groups). Basic accents of that period are the number of the institutions, diversity of types of services, the scope and extent of a need for services, the number of customers being serviced, etc. Since 1996 in implementing the project financed by the World Bank the development of communal social services has been encouraged. A successfully implemented project was carried on and the *National Programme of the Development of the Infrastructure of Social Services* that was started to be implemented in 1998 was being carried on in the year 2000 (see Annex 5).

Since 1998 the second stage of the development of

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² The Law on Social Services of the Republic of Lithuania No. I-1579 adopted on 9 October 1996.
Social services has started in which the accents of the development of the system of social services are shifted from quantitative indicators to qualitative ones. Basic principles of organising social services begin to be revealed: decentralisation, the establishment of priorities of the development of services, fairness and exactness in choosing social services, openness to the community, accessibility, encouragement of changes in the individual, etc. Social economic efficiency, reduction of costs of services, the quality of satisfying the demands, priorities of applying advanced care forms become the most important concepts of the sphere of the development of social services.

The Catalogue of Social Services

With the development of social services going on so fast and after a large variety of social services have appeared, it became very important to define and systematise separate types of services by types of institutions. With that end in view the Catalogue of Social Services, 2000\(^1\) was prepared. The Catalogue defined the main objective of social services, specified cases and principles of providing social services, recipients and providers of social services, new forms and methods of organising social services, the procedure of receiving services. The classification of general and specialised services, new types of general services are presented in the Catalogue and types of institutions of social services are legalised. Other general services such as organisation of catering, 'meals-on-the-wheels', provision with the most necessary things (footwear, clothes), services of personal hygiene, transportation services, services of translating into the language of signs, provision with compensatory equipment, services of matching a dwelling and the environment are specified in the Catalogue. The above-mentioned document defines the purpose of residential and non-residential care institutions, types of institutions, main groups and types of services provided therein, basic occupational groups of the personnel of separate institutions, etc. Types of institutions of new mixed social services are distinguished in the presented classification of social services, it is accentuated that social services are provided in other spheres too - health care of an individual, education, places of imprisonment, etc.

The Catalogue of Social Services which classifies kinds of services and types of institutions of social services, is intended for local governments and non-governmental institutions in planning and organising social services in the community for different social groups of the population.

Social Services to Old People

Elderly people who constitute about one fifth of our society are main consumers of social services. Till the year 1998 residential care institutions for old people were speedily founded in local governments. Since 1991 the number of residential social services to old people has increased by more than 8 times, and the number of places almost doubled. The number of inmates of old people care institutions in the care institutions of different subordination changed. It should be noted that in 1991 almost all the inmates of old people care institutions lived in state care institutions, whereas in 2000 less than a half of the inmates of care institutions lived in state care institutions.

At present services of residential care to old people are provided in 54 municipalities. There are nearly 12 thousand residential care places per 10 thousand population in Lithuania (in 1990 - 6 places). About 5 per cent of people of retirement age live in residential care institutions. It is quite often that such people who after services of help at home or day care have been provided to them could live at home, are placed in the residential care institutions. This shows that local governments do not always seek for possibilities to provide alternative services to the residential care, the need for services is assessed improperly.

The need for long-term care in Lithuania further remains pressing. The need for residential services can be accounted for by the fact that with the ageing of the society and with life expectancy increasing, the number of old and lonely people increases. Old people wish to be placed in old people’s care homes due to their difficult economic situation, disability

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\(^1\) Order of the Minister of Social Security and Labour No. 70 of 10 July 2000 On Approving the Catalogue of Social Services, 2000
and loneliness. However, only those people should be directed to residential care institutions, for which services provided at home are ineffective and do not ensure the necessary degree of independence to them.

There are many local governments in which problems of old people care are solved by creating alternative institutions of social services: day centres for elderly people, community centres or centres of social services established on the basis of residential care institutions, which provide non-residential services.
According to the data presented by the Ministry of Social Security and Labour, in 2000 more than 20 community centres or day care institutions for old people operated in local governments.

**Social Services to Individuals Belonging to Risk Groups**

Thus far no centralised information has been accumulated about the institutions and organisations, which provide services to drug addicts and their family members and about the nature of services they provide. This does not allow different organisations and services working with drug addicts and their family members to have consultations, to inform them about possible medical, psychological and social services. Without centralised information available it is difficult to evaluate the real situation and plan the improvement and development of services provided to drug addicts and their family members.

In carrying out the National Programme of Control of Narcotic Drugs and the Prevention of Narcotic Addiction, in 2000 the Ministry of Social Security and Labour carried out a survey of the activity of Lithuanian institutions and organisations in providing health, psychological and social services to drug addicts and their family members. The survey results showed that as much as 47.9 per cent of organisations and agencies providing services to drug addicts and their family members have less than a five-year work record. This shows that attention to this problem, as well as concern about the services provided to these individuals, has been on the increase recently.

The majority of these organisations and agencies provide services to the individuals addicted to alcohol, people addicted to narcotic drugs and their family members.

Very different social services are provided to the individuals addicted to drugs and alcohol. The most common service is the provision of information and consultations on different issues of rehabilitation (it accounts for 74.2 per cent), 64.5 per cent of organisations provide the service of psychological consultation, and 49.5 per cent - organise training and education.

A comparatively small number of organisations and agencies provide the individuals addicted to drugs and alcohol and their family members with a place to sleep or a temporary shelter (19.1 per cent), a day shelter (7.4 per cent) and take care of their employment (16.2 per cent).

Services provided to the individuals addicted to alcohol and drugs, as well as their family members, by state and non-governmental institutions differ. Most state organisations try to cover as many as possible social services, whereas non-governmental organisations are inclined to specialise in providing only several kinds of social services.

Chart 6.3.1-1 shows that unemployment poses the largest problem to drug addicts. Unemployment does not only cause economic problems, worsens relations in the family but also diminishes self-esteem and self-confidence.

Nearly all organisations and agencies presented the proposal to take care of providing the individuals addicted to drugs and alcohol with employment since it is employment that could help resolve most social and psychological problems of the said individuals.

Having conducted the survey the following recommendations were submitted:

- Assistance in the event of drug addiction must be accessible to the inhabitants of all cities and districts that have problems related to the abuse of alcohol and other narcotic drugs. Therefore it is necessary to develop the network of institutions and organisations providing services to the drug addicts and their family members in Lithuania.

- To accumulate information about organisations and agencies providing health, social and psychological services to drug addicts and their family members, to develop co-operation between these organisations and agencies.

- Seeking to ensure the variety of health, psychological and social services, to encourage the creation of different organisations and agencies, to provide support to non-governmental organisations that provide different social services to drug addicts and their family members.

- To establish different rehabilitation agencies corresponding different needs of drug addicts. To create conditions for rehabilitation at the centres of long-term rehabilitation, out-patient departments and work places.
Chapter 6

Table 6.3.1-1
Data provided by the Ministry of Social Security and Labour

Problems Faced by Individuals who have Completed a Course of Treatment

<table>
<thead>
<tr>
<th>Nature of problems</th>
<th>Percentage of people who specified the problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment</td>
<td>86,2</td>
</tr>
<tr>
<td>Absence of a living place</td>
<td>62,8</td>
</tr>
<tr>
<td>Negative attitude of the public</td>
<td>67,0</td>
</tr>
<tr>
<td>Influence of old friends</td>
<td>68,1</td>
</tr>
<tr>
<td>Mental problems</td>
<td>59,6</td>
</tr>
<tr>
<td>Other</td>
<td>16,0</td>
</tr>
</tbody>
</table>

Data provided by the Ministry of Social Security and Labour

Chart 6.3.1-3

Data provided by the Ministry of Social Security and Labour
To establish rehabilitation centres for young people.

To establish day centres for the individual who abuse alcohol and other narcotics.

To establish specialised centres (or offices) which would provide many-sided social assistance and support to drug addicts and their family members in every town and district.

To regularly update qualification of the employees working in state and non-governmental organisations and agencies providing different services to drug addicts and their family members, to initiate organising seminars and conferences on the issues of drug addiction. This would provide the employees working in this sphere with the possibility to share experience, receive information about the prevention of narcotic drugs, treatment, rehabilitation, etc.

To prepare methodological measures for social workers, social psychologists and representatives of other professions working with or taking interest in the problems of drug addiction.

To introduce a course on drug addiction, its treatment, social and psychological assistance to drug addicts and their family members at higher institutions.

It should be noted that a larger part of the above listed recommendations are already being implemented in carrying out the measures of the National Programme of Control of Narcotic Drugs and the Prevention of Narcotic Addiction.

The activity of the Ministry of Social Security and Labour in implementing the prevention of narcotic addiction and rehabilitation of drug addicts is described in Section 6.6.3. The Implementation of Social Programmes for Social Risk Groups.

**Assistance at Home and Other General Services**

One of the most economical and advanced kinds of services ensuring a high quality of life is service of providing help at home. Documents regulating the provision of help at home were prepared and approved by the Order of the Minister of Social Security and Labour in 1999. Taking into account the provisions of the Law on Public Administration,

### Recipients of Help at Home in 2000

- **Old and elderly people** 59 per cent
- **Disabled individuals** 36 per cent
- **Disabled children** 1 per cent
- **Children from families with social problems** 3 per cent
- **Persons belonging to risk groups** 1 percent

Data provided by the Department of Statistics

Chart 6.3.1-4
By Order No. 16 of 24 February 2000 of the Minister of Social Security and Labour.

General Regulations of Help at Home Service\(^1\), which obligated local governments to establish services of providing help at home as separate institutions of social services rather than include them into the composition of the Social Assistance Division were amended.

The provision of help at home services is organised in all local governments though a separate service of providing help at home is not established in everyone of them.

The circle of recipients of help at home has been increasing of late. Till the end of 2000 services of providing help at home were mainly rendered to old people, elderly people and disabled lonely people only. In analysing the recipients of services in local governments in 2000 it was noticed that these services were commenced to be provided to the disabled children, children from the families who have social problems, individuals belonging to risk groups and their family members, etc. This is reflected in the Figure presented below (see Chart 6.3.1-4).

Five out of ten elderly people and 12 out of 1000 disabled people are provided services of help at home.

Services rendered to the individuals belonging to other social groups constitute a very small part.

In analysing the structure of general services (by the number of their recipients) the tendency has been observed that local governments devoted most attention to the services of providing the individuals with the most necessary things (clothes, footwear), free of charge meals and foodstuffs.

Services that are popular in our country and are in great demand in other countries, such as “meals-on-wheels”, translation into the sign language, provision with compensatory equipment constitute a small part in the structure of general services.

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\(^1\) By Order No. 16 of 24 February 2000 of the Minister of Social Security and Labour.
6.3.2. Improvement of Quality of Social Services

Seeking to ensure the quality of social services, the greatest attention is focused on training of social workers, upgrading of their qualification and implementation of the system of assessment of their knowledge.

Training and Upgrading of Qualification of Social Workers

Social workers play the key role in providing social services and activating the community. While working in a community the social worker rallies people and mobilises them for the solution of common problems. The quality of social work depends on the professional skills of a social worker, therefore recently an especially great attention has been focused on training of social workers and the assessment of their work.

In 2000 primary attestation of social workers was carried on. By means of attestation of social workers it was sought to encourage the individuals performing social work to go deeper into their theoretical and practical knowledge, to pass compulsory tests and broaden their conception, content and work organisation of social work. In implementing this programme in 2000 training courses were organised for social workers-practitioners who had no background of social work. During the course social workers were acquainted with organisation of activity of social services, principles of the provision of services, individual social work, work in a group, communal social work, communication and social psychology, specificity of using separate components of theories of personality in explaining its peculiarities, laws governing understanding between people, provision of consultations and assistance to families.

Necessary fundamental professional knowledge of social work was imparted to social workers-practitioners while working with the most diverse social groups of people - individuals belonging to risk groups, old people, children and families that have problems, the disabled individuals, people working in health care institutions and places of imprisonment.

16 educational institutions that won the tender for training programmes announced by the Ministry of

Data provided by the Ministry of Social Security and Labour

Chart 6.3.2-1
Chapter 6

Social Security and Labour organised the above-mentioned courses in different districts of Lithuania. In 2000 the number of individuals who completed the training course totalled 1084 social workers-practitioners. Training courses were financed in part by the funds of the State budget (296 thousand Litas was allocated to this purpose).

It was planned to complete attestation of social workers by 2001. However, taking into consideration the great need of social workers to take part in attestation and the fact that in 1999-2000 only two thirds of the people who wanted to attend the course completed it, attestation of social workers was planned to extend till the year 2003. Training courses are planned to be organised next year too. A large part of social workers who expressed a desire to get attestation, upon completion of the training course shall be awarded grades of qualifications, which will create the possibility to assess professional competence and skills, as well as practical activity of each social worker.

The implementation of this system of attestation of social workers is expected to help foresee the needs for professional development of social workers and create the strategy of training and education, as well as to form the body of social workers capable of solving social problems of an individual, a group of people and a community.

Professional development of social workers was carried out in preparing and implementing training programmes aimed at social workers of different spheres. These are specialised training programmes prepared and carried out at the Training Centre for Social Workers under the Ministry of Social Security and Labour intended for work with drug addicts and their family members, other individuals belonging to risk groups and the disabled. In 2000 the Training Centre for Social Workers prepared and implemented 25 training programmes for social work specialists in different fields, which were attended by 1397 people.

In implementing the National 1999-2003 Programme of Control of Narcotic Drugs and the Prevention of Drug Addiction, training programmes were prepared and implemented on the basis of which training courses were organised for specialists not only in the field of social security but also in other spheres—education, health care, the interior affairs, whose activity was closely related to integration of individuals belonging to risk groups. Training of specialists was organised in different districts of Lithuania: Utena, Telšiai, Klaipėda, Kaunas, Vilnius, Panevėžys, Šiauliai counties and the cities of Druskininkai and Visaginas.

Seeking to encourage specialists working in local communities to actively co-operate in the future and jointly solve problems of drug addiction, it was planned to organise training courses for specialists of different fields working with the individuals belonging to risk groups at the Training Centre for Social Workers in the year 2001 too.

Regulation of Activity of Social Workers

In 2000, after the List of Positions of Employees Doing Social Work¹ has been compiled and approved, and taking into account the fact that workload of social workers in local governments differ greatly, Standards of Work of Social Workers of the Social Assistance Division of the Local Government, the Help at Home Agency and the Agency for the Protection of the Rights of the Child ² were prepared and approved. The aim of preparing these standards was to define workloads of social workers. This would allow to improve organisation of social work and ensure timely and qualitative provision of services in local governments.

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The number of individuals receiving social services is increasing with every year. Institutions of social services of a new type are being established. However the lack of municipal funds to maintain the already existing institution poses a serious problem. The system of financing that is currently in effect neither relates costs to the amount of services being provided nor to their quality. Therefore it is necessary to improve the mechanism of financing social services and the mechanism of the recipients’

¹ Order of the Minister of Social Security and Labour No. 1 of 4 January 2000 On Approving the List of Positions of Employees Doing Social Work.
² Order of the Minister of Social Security and Labour No. 38 of 5 April 2000 On Approving Standards of Work of Social Workers of the Social Assistance Division of the Local Government, the Help at Home Agency and the Child’s Rights Protection Service.
6. SOCIAL ASSISTANCE

6.6. SOCIAL ASSISTANCE

At present recipients of social services are deprived of the possibility to choose services and there is no competition between the providers of social services. Therefore it is necessary to create conditions so as to involve non-governmental and private sectors in the provision of services. The most important thing would be to make uniform the minimum standards of services provided by the institutions of the same type. Local governments should plan funds for purchasing services provided by non-governmental or private sectors and to hand over as many as possible functions of providing social services to non-governmental organisations and other.

Of no less importance is to increase the role of social workers providing social services by creating the possibility for these workers to constantly update and improve their qualification.

Documents that are currently under preparation and improvement will help resolve problems related to organisation and provision of social services, improvement of their quality and their efficiency.

6.4. CHILD GUARDIANSHIP AND ADOPTION

6.4.1. Child Guardianship

One of the basic reasons due to which it is important to place a child under the state care and to give state support to his/her maintenance is negligence of children in the family, violence against them, etc.

In recent years in formulating the social security policy of children who are deprived of parental care, main attention was concentrated on encouraging care in the family, as an alternative to child care in state or municipal child care homes.

Most children who are deprived of parental care (54 per cent), were raised by one of the parents: a single mother - 46 per cent, a single father - 8 percent of children. The number of children who stayed to live with one of the parents increases with every year. 20 per cent of children, who are deprived of parental care, were raised in complete families.

Though the number of socially neglected families and children living in them in the year 2000 increased, in most large cities and districts the number of children deprived of parental care, as compared to the previous year, changed insignificantly.

In 2000 the number of families who submitted applications to take care of children decreased by as much as 23 per cent. The conclusion can be drawn that the amount of the benefit (4 times minimum standard of living, or 500 Litas, if alimony was not awarded from the parents, or/and he/she does not receive the orphan’s pension) is not the chief reason for the establishment of guardianship.

Among the children deprived of parental care there were 1300 boys and 1297 girls. Children who were deprived of parental care were distributed by age as follows: 0-7 years of age - 49 per cent, 8-14 years of age - 40 per cent, 15-17 years of age - 11 percent.

According to the data presented by the Service of the Protection of the Rights of Children under the Ministry of Social Security and Labour¹, in 2000, though the number of socially affected families and the number of

Children living within them increased, institutional guardianship was established for a smaller number of children. In 2000 institutional guardianship was established for 2597 orphans and children neglected and abused by their parents. This is 905 children less than in 1998 and 664 children less than in 1999.

We suppose that this percentage was influenced by the amended procedure for payment of the child care benefit and the local government’s ambition to economise its budgetary funds. Till the beginning of 2000 the child care benefit was paid from the funds planned in the State budget to local governments

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**Number of Children Deprived of Parental Care by Reasons of a Loss of Parental Care in 1994-2000**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The TOTAL</td>
<td>2567</td>
<td>2907</td>
<td>3391</td>
<td>3175</td>
<td>3502</td>
<td>3261</td>
<td>2597</td>
</tr>
<tr>
<td>Orphaned</td>
<td>358</td>
<td>330</td>
<td>397</td>
<td>317</td>
<td>293</td>
<td>273</td>
<td>237</td>
</tr>
<tr>
<td>Restriction of parental rights</td>
<td>300</td>
<td>403</td>
<td>392</td>
<td>362</td>
<td>354</td>
<td>397</td>
<td>388</td>
</tr>
<tr>
<td>Long-term illness of parents</td>
<td>58</td>
<td>113</td>
<td>98</td>
<td>142</td>
<td>168</td>
<td>236</td>
<td>185</td>
</tr>
<tr>
<td>Parents in the place of imprisonment</td>
<td>152</td>
<td>271</td>
<td>194</td>
<td>184</td>
<td>197</td>
<td>182</td>
<td>99</td>
</tr>
<tr>
<td>Place of residence of parents not traced</td>
<td>128</td>
<td>122</td>
<td>123</td>
<td>117</td>
<td>132</td>
<td>123</td>
<td>109</td>
</tr>
<tr>
<td>Dysfunctional families</td>
<td>1301</td>
<td>1183</td>
<td>1020</td>
<td>843</td>
<td>1046</td>
<td>951</td>
<td>755</td>
</tr>
<tr>
<td>Parents themselves renounced their children</td>
<td>98</td>
<td>262</td>
<td>279</td>
<td>236</td>
<td>177</td>
<td>182</td>
<td>104</td>
</tr>
<tr>
<td>One of the parents is missing, the other does not take care of the children</td>
<td>...</td>
<td>...</td>
<td>531</td>
<td>396</td>
<td>600</td>
<td>554</td>
<td>394</td>
</tr>
<tr>
<td>Due to poverty</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>462</td>
<td>361</td>
<td>201</td>
<td>125</td>
</tr>
<tr>
<td>Due to violence (of parents)</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>30</td>
<td>24</td>
<td>28</td>
<td>66</td>
</tr>
<tr>
<td>Parents left to live abroad and do not take care or maintain their children</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>33</td>
<td>33</td>
<td>...</td>
</tr>
<tr>
<td>Due to disability</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>25</td>
<td>9</td>
<td>23</td>
<td>22</td>
</tr>
<tr>
<td>Other reasons</td>
<td>126</td>
<td>155</td>
<td>253</td>
<td>16</td>
<td>17</td>
<td>78</td>
<td>80</td>
</tr>
<tr>
<td>Besides, child guardianship changed because:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guardians died</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>35</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Guardians were refused</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>47</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>Guardians refused to take care of children</td>
<td>46</td>
<td>68</td>
<td>104</td>
<td>45</td>
<td>45</td>
<td>75</td>
<td>124</td>
</tr>
</tbody>
</table>

Data provided by the Agency for the Protection of the Rights of the Child of the Republic of Lithuania under the Ministry of Social Security and Labour

Table 6.4.1-1
for the earmarked subsidy. Since the beginning of 2000 the child care benefit has been paid from the funds of municipal budgets.

As seen in Table 6.4.1-1 the chief reason of a loss of care further remains bad relationship in the family determining neglect of children. Abuse of parental power, violence, not taking care of children often become the reason for restricting parental rights.

If the child or orphan deprived of parental care was directed to family guardianship, in nearly 72 per cent of cases close relatives were appointed his/her guardian: grandparents - 38 per cent, elder brother, sisters - 11 per cent, uncles and aunts - 23 per cent. This is shown in Table 6.4.1-2.

6.4.2. Institutional Guardianship

The change in payment of the child care benefit (till 1998 - from municipal budgets, in 1999 - from the fisc as an earmarked grant to local governments, from 1 January - from the municipal budget again), the existence of child care institutions of different subordination (nursery homes, specialised boarding schools, child care homes of country subordination, municipal child care homes, parish child care homes) created preconditions to direct a large part of children deprived of parental care to institutional guardianship in child care and educational institutions of county subordination financed from the fisc and not to look for alternative possibilities to establish family or foster guardianship for the child. It should be noted that though the United Nations Convention on the Rights of the Child Rights stipulates that when a child is deprived of parental care, adoption rather than guardianship of the child should be a priority (because in 2/3 of cases guardianship by reasons is established for children without limiting their parents’ power) but due to a general attitude of the public to adoption, the prevailing form of guardianship further remains temporary or permanent guardianship. (Table 6.4.2-1).

Taking into account the fact that the system of child guardianship (its structure, sources of financing, choosing the child’s guardian, etc.) becomes an especially urgent problem, it is planned to review this system in essence in 2001 trying to regulate financial and legal aspects.
In 1998, after Lithuania ratified the 1993 Hague Convention On Protection of Children and Co-operation in Respect of Inter-country Adoption (hereinafter referred to as the Hague Convention; Official Gazette No. 101-2546, 1997), by Order No. 17 of the Minister of Social Security and Labour of 28 February 2000 02 28 On Establishing and Approving the Regulations of the Adoption Agency under the Ministry of Social Security and Labour the Adoption Agency under the Ministry of Social Security and Labour has been established (hereinafter referred to as the Adoption Agency under the Ministry of Social Security and Labour).
6. SOCIAL ASSISTANCE

The Adoption Agency started its activity on 1 August 2000 taking over the functions related to the adoption issues from the Agency for the Protection of the Rights of the Child under the Ministry of Social Security and Labour. Pursuant to its Regulations the Agency must organise inter-country adoption, co-ordinate the work in the sphere of adoption of the Agencies of the Protection of the Rights of the Child of municipalities (APRCH) and defend the rights and legal interests of adopted children. One of the chief goals of the Adoption Agency is to ensure that the provisions of legal acts of the Republic of Lithuania, regulating adoption, the Hague Convention and bilateral agreements, which the Agency for Adoption itself is obligated to conclude with the institutions of central bodies of foreign countries or their accredited institutions should be implemented.

According to the data provided by the Agency for Adoption, with the number of family guardianship increasing, the number of adoptive parents decreased: in 2000 the number of adopted children totalled 156, including 40 children adopted by foreign families (in 1998 - 362 and 135 children). In Lithuania a largest number of children was adopted by the families living in Klaipėda, Panevėžys, Vilnius, Druskininkai.

The basic goal of the Adoption Agency is to co-ordinate the work of the Agency of the Protection of the Rights of the Child in the sphere of adoption, encourage citizens of the Republic of Lithuania residing in Lithuania to adopt children because inter-country adoption is only an alternative to child guardianship or adoption of a child in the country of the child’s origin.

According to the data of the Adoption Agency, on 31 January 2001 the number of families or persons wishing to adopt children put on the list of the Lithuanian citizens who wanted to adopt children totalled 154. At present 77 families or persons out of that number take care of the children that they intend to adopt in the immediate future. Most families or persons who want to adopt children live in Kaunas, Klaipėda, Marijampolė, Šiauliai and Vilnius. This can be accounted for by the fact that a population of these cities is larger rather than by a greater activity of the inhabitants in those towns. On the contrary, as compared with the population in the above-mentioned cities and certain districts of small towns, one could maintain that the inhabitants of Druskininkai and Visaginas, Kretinë, Šakiai, Vilkaviškis, Biržai, Telšiai, Ukmergė districts are more active in adoption matters.


Data presented by the Adoption Agency under the Ministry of Social Security and Labour

Chart 6.4.3-1
Adoption is quite a complicated and sometimes contradictory social phenomenon, however, for a child who cannot be given back to his/her biological family or who has lost his/her biological parents irretrievably, this is the best social-legal measure to protect his/her interests.

Unfortunately, it should be stated that during the recent years the number of adoptions in Lithuania has been on the decrease. The data presented in Chart 6.4.3-1 (page 125).

As can be seen from this Chart, the number of children adopted in Lithuania has been on the decrease every year since 1996 and in 2000, as compared with 1998, it decreased almost by half. Moreover, this figure comprises also those cases when a spouse of the child’s mother or father adopted children.

In the opinion of the Adoption Agency, the decrease in the number of adoptions first of all was determined by a worsened social-economic situation of the family. Many families who had no children of their own and wanted to raise a child who was deprived of parental care, gave priority to strengthening of institutional guardianship rather than to adoption and this was due to the possibility to receive the support provided by the state to the child who was under guardianship.

The Adoption Agency conducted a survey of the employees of the Agencies for the Protection of the Rights of the Child of municipalities to find out why the Lithuanian citizens were not active in adopting children. In the opinion of the employees the chief reason was a low standard of living of families and economic problems. On the other hand, alongside the above-mentioned reasons other reasons were specified as well. They were as follows:

- fear to take responsibility for the child in the future;
- the state of health of the adoptive child;
- a negative attitude of the surrounding people to those who adopt children;
- the origin of the child.

All that indicated that the number of adoptions in Lithuania was determined not only by deteriorated social-economic living conditions of the family but also by a general attitude of the public to adoption and its consequences. The Lithuanians regard adoption with fear and suspicion, due to complicated living conditions, they have no confidence in their ability to raise a child.
abilities to raise and educate the child, they often do not understand the essence of adoption and assess the consequences of such a step inadequately. Furthermore, negative examples of adoption presented in the mass media also exert a negative impact on making the decision to adopt a child.

For the Lithuanians it is easiest to take a decision on adopting an infant or a child under 3 years of age. Usually it is desirable that children should be healthy, the social background of the child’s parents is also taken into consideration.

Seeking to increase the number of adoptions in Lithuania, not only a uniform state strategy in providing complex support to families raising children but also a uniform system of social-psychological services is necessary that would help families of the Lithuanian citizens wishing to adopt a child to take the decision about adoption easier.

According to official data, during the period from 1992 to 2000 foreign citizens adopted 848 children. Since different sources provide different data about the children adopted from 1992 to 1995, this figure can be inaccurate. The dynamics of adoption during the specified period is represented in Chart 6.4.3-2.

The mentioned Chart shows that the number of children adopted by foreign citizens in 1994 increased considerably, whereas the number of adopted children in 1995 decreased significantly. An especially marked decrease in the number of adoptions was observed in the year 2000. This was related to changes in the institutions responsible for adoption, as well as amendments of legal acts regulating international adoption that were made in 2000.

In 2000 the US citizens, who were most active in adopting children in Lithuania in previous years as well, adopted the largest number of children. The below-presented Table shows the distribution of the adopted children by the countries, as well as their ages.

<table>
<thead>
<tr>
<th>No.</th>
<th>State</th>
<th>The total of adopted children</th>
<th>From 1 January 2000 to 31 July 2000</th>
<th>From 1 August 2000 to 31 December 2000</th>
<th>Number of adoptive individuals</th>
<th>Age of adopted children</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Families</td>
<td>Un-married</td>
<td>6 months to 2 years</td>
<td>2-5</td>
</tr>
<tr>
<td>-----</td>
<td>---------------------</td>
<td>-------------------------------</td>
<td>------------------------------------</td>
<td>--------------------------------------</td>
<td>--------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>1</td>
<td>USA</td>
<td>40</td>
<td>16</td>
<td>24</td>
<td>28</td>
<td>21</td>
</tr>
<tr>
<td>2</td>
<td>France</td>
<td>23</td>
<td>2</td>
<td>21</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Italy</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Sweden</td>
<td>1</td>
<td>6</td>
<td>3</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Denmark</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Argentina</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Foreign citizens permanently residing in Lithuania</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Data provided by the Agency for Adoption under the Ministry of Social Security and Labour

Table 6.4.3-3
In 1992, after Lithuania has signed the United Nations Convention of the Rights of the Child, in 1993 the system of institutions in charge of the protection of the rights of the child was started to be reorganised. In 1994 by resolution of the Government of the Republic of Lithuania it was decided to establish the Agency for the Protection of the Rights of the Child under the Ministry of Social Security and Labour (hereinafter referred to as the National APRCH), authorising it to co-ordinate the implementation of the protection of the rights of the child and to formulate the policy taking into consideration the basic provisions of the United Nations Convention of Rights of the Child signed in 1992. At the same time a network of municipalities was formed. The role of these institutions increased in 1995 after the United Nations Convention of the Rights of the Child has been ratified and a set of laws and other legal acts directly protecting the rights of children was adopted.

Further improving the protection of the rights of the child and having ratified the 1993 Hague Convention on Protection of Children and Co-operation in Respect of Inter-country Adoption, the implementation of which required establishing an independent Central institution responsible for inter-country adoption. It was only after the Adoption Agency under the Ministry of Social Security and Labour was established on 1 August 2000, which took over the functions related to adoption from the National APRCH that the requirements of the Convention concerning the establishment of an independent institution were satisfied.

Also, taking into consideration the fact that the National APRCH, in accordance with its work regulations, was obligated to carry out two functions that were hardly harmonised with one another – control of the implementation of the protection of the rights of the child and their direct implementation of them, the necessity arose to review in essence the activity of these institutions and re-distribute their functions. Seeking to separate the functions of the supervision of the implementation of the protection of the rights of the child and their direct implementation, in 2000 the Law on the Ombudsmen on Children Rights of the Republic of Lithuania was adopted in 3 November 2000. Office of Children Rights Ombudsman authorised to carry out the function of supervision of the implementation of the protection of the rights of the child started functioning.

At the beginning of 2001 there were 240 job positions in the Agency for the Protection of the Rights of the Child and 234 specialists worked there. During four-year period 38 jobs were created. At the beginning of 2001 there were about 3831 children per employee of the Agency for the Protection of the Rights of the Child. Workload is constantly increasing, functions of the employees of the Agency for the Protection of the Rights of the Child extend. It should be achieved that one employee were in charge of no more than 2 thousand children and in the future – one thousand children. This would correspond to the requirements set by the Agency. Two employees worked at each Agency for the Protection of the Rights of the Child in 18 districts, three employees worked in each Agency in 17 districts at the beginning of 2001. The largest amount of children per employee was in:

| Vilnius district | -11395 |
| Plungė district  | -5413 |
| Kėdainiai district | -8827 |
| Panevėžys district | -5323 |
| Panevėžys city | -8125 |
| Rokiškis district | -5222 |
| Trakai district | -6587 |
| Jurbarkas district | -5167 |
| Kelmė district | -5508 |
| Šiauliai city | -5076 |
| Kaunas city | -5472 |
| Šalčininkai district | -5004 |

or district municipality, has not been implemented to the full. The following provisions of Part 1 of Resolution of the Government No. 911 of 30 July 1996 “The Agency shall be an independent subdivision of the city, district Board <…> “ has not been fulfilled by all local governments. 35 Agencies for the Protection of the Rights of the Child were independent subdivisions at the beginning of 2001. This was not only the problem related to the staff, this was also the problem of transport, communications and independence, in particular. During the interview a Head of the independently operating Agency for the Protection of the Rights of the Child expressed the opinion that no service would like to enter the composition of the some municipal subdivision. It should be noted that work was organised better and more efficient assistance to children was provided in those local governments in which the employees of the Agency for the Protection of the Rights of the Child co-operated closer with the Education and Social Care Divisions, inspectors in charge of the affairs of minors, public organisations, families of guardians and family-type care homes.

After the new Civil Code and its Book III. “Family Law” comes in to effect as of 1 July 2001, the role and responsibility of the Agencies for the Protection of the Rights of the Child co-operated closer with the Education and Social Care Divisions, inspectors in charge of the affairs of minors, public organisations, families of guardians and family-type care homes.


Conclusions

Of late years in formulating the policy of social security of the children deprived of parental care, chief attention was devoted to encouraging family guardianship as an alternative to institutional guardianship in care homes for children established by the state and local governments.

Though in 2000 the number of socially neglected families and children living within them increased, the number of children deprived of parental care in many large cities and districts, as compared with the previous year, remained in essence unchanged.

The change in payment of child care benefit (till 1998 it was paid from municipal budgets, in 1999 - from the fisc as an earmarked grant to local governments, since 1 January 2000 - from the municipal budget again), the existence of child care institutions of different subordination (infant homes of county subordination, specialised boarding schools, care homes for children, municipal care homes for children, parish care homes for children), created preconditions to direct a large part of children deprived of parental care to institutional guardianship, giving priority to the possibility to place such children with child care and educational institutions of county subordination, which are financed from the state budget, and not to look for alternative possibilities to establish family or foster guardianship for the child.

It should be noted that though the United Nations Convention of the Rights of the Child stipulates that when a child becomes deprived of parental care, his/her adoption rather than guardianship should become a priority, due to the fact that in 2/3 of cases guardianship is established for children without restricting parental power), as well as due to a general attitude of the public to adoption, the prevailing form of child guardianship still remains temporary or permanent guardianship.

Insufficient provision of the Agency for the Protection of the Rights of the Child of municipalities with material and human resources, though the workload and the responsibility that rests with these Agencies increases with every year, causes a large number of problems.

Taking into account the above said, a further activity of the Ministry of Social Security and Labour should be directed to the improvement of the system of child guardianship, as well as professional development of the employees of the Agencies for the Protection of the Rights of the Child of municipalities.
Chapter 6

6.5. SOCIAL ASSISTANCE TO THE DISABLED AND THEIR INTEGRATION INTO THE SOCIETY

6.5.1. Integration of the Disabled into the Society

The end of the century was marked by rational and timely decisions in establishing guidelines for social integration of the disabled individuals. Insufficient development of the model of social integration and an ever-growing number of the disabled individuals created the necessity for the reforms in the sphere of pensions related with disablement, privileges, employment and social assistance to the disabled. Therefore in 2000 priorities were given to the creation of conditions for carrying out the social policy that was fair and did not humiliate human dignity of the disabled individual, it was sought to eliminate differences in the sphere of social guarantees and to reduce discrimination of the disabled individuals.

6.5.2. Statistical Data: Information about the State of Disability

Serious health disorders of the population, increasing unemployment and the policy in the sphere of privileges pursued by the State had an impact on the state of disability and the number of the recipients of the State Social Insurance Disability pensions in the country. A general increase in the number of the disabled individuals was determined by the establishment of the fact of disability, which grants the right to receive the State Social Insurance and other kinds of pensions, privileges and social services. In the year 2000 the number individuals with total disability increased markedly within the structure of the establishment of disability by groups. This uneven change can be accounted for by the fact that in 1999 the status of total disability was started to be established beginning with September (see Table 6.5.2-1).

25 territorial and 5 national commissions, methodological centre for disability and the centre for functional diagnostics operated within the composition of the State Medicinal Social Expert Examination Commission (SMSEEC) establishing the percentage of disability. Territorial commissions organised 5142 meetings during which 124140 patients and disabled individuals were examined. The results of the expert examination allowed one to state that in 2000 the number of separate groups of disability was further on the increase (see Table 6.5.2-2).

The number of individuals of retirement age recognised as disabled decreased markedly in the structure of primary disability (the consequence of the reduced system of privileges), however, more individuals within working age were recognised as disabled. This fact showed a poor situation of individuals within working age in the labour marker.

State of Disability in Lithuania in 1999-2000

<table>
<thead>
<tr>
<th>Characterisation of the indicator</th>
<th>1999</th>
<th>2000</th>
<th>Change in per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of disabled individuals</td>
<td>194978</td>
<td>205890</td>
<td>+5,6</td>
</tr>
<tr>
<td>Recipients of Social Insurance Disability pensions</td>
<td>167707</td>
<td>177327</td>
<td>+5,7</td>
</tr>
<tr>
<td>Children under 16</td>
<td>13469</td>
<td>13857</td>
<td>+2,9</td>
</tr>
<tr>
<td>Individuals disabled since childhood (16 years of age and older)</td>
<td>13802</td>
<td>14706</td>
<td>+6,5</td>
</tr>
<tr>
<td>Individuals with total disability</td>
<td>4665</td>
<td>7739</td>
<td>+65,9</td>
</tr>
<tr>
<td>Children under</td>
<td>929</td>
<td>942</td>
<td>+1,4</td>
</tr>
</tbody>
</table>

Table 6.5.2-1
A large part of these individuals had lost a job before the establishment of disability, or they did not work at all. In the year 2000 the number of individuals of different age who were recognised as disabled for the first time, decreased. According to the type of disability, the number of individuals with servicing, visual, motion, hearing disabilities decreased significantly, however, the number of mentally handicapped individuals increased (see Table 6.5.2-3).
In 2000 the number of individuals recognised as disabled for the first time per 10000 population within working age fluctuated between 55 (in the town of Neringa) and 132 (the town if Birštonas). Comparing the large cities in the country, the number of individuals recognised as disabled for the first time in the city of Kaunas amounted to 87, in the city of Vilnius - 67 persons. In districts this figure fluctuated between 60 (in Mažeikių district) and 151 (in Kaišiadorys district).

### 6.5.3. Conception of Establishment of Disability and the Reform of Social Security Measures for the Disabled Individuals

Seeking to apply measures of health and occupational rehabilitation more efficiently and to improve the provision of social assistance the *Conception of Establishment of Disability and the Reform of Social Security Measures for the Disabled Individuals* was created. This conception was aimed at changing the procedure for the establishment of disability creating preconditions to provide the disabled individuals with the social security measures in a fairer and more efficient way. A fairer way meant that those measures should be provided to those disabled individuals who were entitled to them. A more efficient way meant that application of these measures should bring us nearer to our goal – to create conditions for the disabled individuals to lead a normal way of life.

Thus far the establishment of disability and other social security measures (granting of pensions, privileges) have been applied on the basis of the health factor. The percentage of the individual’s disability is decided by his/her physical condition rather than on the basis of the extent to which he/she is unable to participate in the public life, the percentage of work disablement, the results of rehabilitation.

According to the newly established procedure, it is planned to establish the degree of work disablement of the disabled individuals rather than disability and to relate payment of a pension to it. The degree of work disablement shall be established only for the individuals within working age. It is not planned to do that for the unemployed or the individuals receiving an old-age pension. To establish the degree of work disablement documents submitted by physicians who administer treatment to individuals and specialists in occupational rehabilitation shall be required to be submitted. The disabled individual shall not directly take part in this procedure. The reorganised institutions of the establishment of disability shall establish the degree of work disablement taking into account the individual’s profession, work experience and the percentage of the capacity of work that was retained after the measures of health, occupational rehabilitation and specific assistance have been applied. The amount of replacement income in paying a pension shall depend on the degree of work disablement. In carrying out the reform it is planned to separate the establishment of the degree of work disablement from the degree of the establishment of specific needs and that of satisfying them. It is planned to replace most of the existing privileges with different social security measures to satisfy the specific need, which would help ensure social security of the disabled individuals more effectively and the possibilities of their full integration into the society.

Seeking to integrate the disabled individuals into the labour market rather than into the society, it is planned to develop different forms of employment: providing the disabled with a job, work therapy, general employment. It is planned to create the mechanism of supporting and preserving work places of the disabled individuals, taking into account their specific position to create equal opportunities for them to work together with other individuals in common work places.

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In improving the procedure for the establishment of disability, in the year 2000 by joint Order of the Minister of Health and the Minister of Social Security and Labour the Procedure for the Establishment of Long-term and Permanent Work Disablement (Disability)\(^1\) has been approved. The new procedure regulates the conditions of the establishment of disability of Groups I, II and III, compensations for expenses on a specific motor vehicle and (or) transport, causes of disability and a list of documents that must be submitted for the establishment of disability.

### 6.5.4. Procedure for Establishment of Long-term and Permanent Work Disablement (Disability)

The Seimas of the Republic of Lithuania adopted the Law on Transport Privileges\(^2\) whereby it stipulated the provision about reimbursement of travelling expenses to the individuals with impaired motion function from the funds of the State budget. Prior to the adoption of this law reimbursement of travelling expenses to the individuals with the impaired motion function was paid from two sources: the resources of the State Social Insurance and the State budget. Municipal Divisions of Social Assistance of cities (districts) reimbursed travelling expenses to the individuals who were not ensured by the State Social Insurance, and the National Centre for Compensatory Equipment of the Disabled reimbursed the expenses of purchasing motor vehicles and the expenses of their technical adjustment to the needs of the disabled individual. It should be noted that the procedure in effect was not convenient to the recipients of compensations. In carrying out the Resolution of the Government On the Implementation of the Law on Transport Privileges of the Republic of Lithuania, the Procedure for Reimbursement of Travelling Expenses from State Budget

#### Compensations to Disabled Individuals in Lithuania in 1999-2000

<table>
<thead>
<tr>
<th>Characterisation of the indicator</th>
<th>1999</th>
<th>2000</th>
<th>Change in per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>The disabled who received compensations for travelling expenses</td>
<td>37669</td>
<td>41492</td>
<td>+10.1</td>
</tr>
<tr>
<td>The disabled who received compensation for expenses of purchasing special motor vehicles</td>
<td>511</td>
<td>368</td>
<td>-28.0</td>
</tr>
</tbody>
</table>

Table 6.5.5-1

---

\(^1\) Order of the Minister of Health and the Minister of Social Security and Labour No. 226/49 of 28 April 2000 On Approving the Procedure for the Establishment of Long-term and Permanent Work Disablement (Disability)

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Expenses and Purchasing Special Motor Vehicles, as well as expenses of their Technical Adjustment to the needs of Individuals with Impaired Motion Function was prepared. This Procedure was aimed at making uniform the place of payment compensations for travelling expenses and expenses of purchasing special motor vehicles and their technical adjustment to the needs of the disabled individuals with the impaired motion function. The new Procedure established that expenses of purchasing motor vehicles and their technical adjustment to the needs of the disabled individuals shall be reimbursed once in 6 years in the amount of up to 32 times minimum standard of living (earlier it was established that the said reimbursement was paid once in 8 years). In the year 2000 the number of the disabled for whom travelling expenses were reimbursed increased, however, the number of the disabled individuals for whom expenses of purchasing special motor vehicle were compensated decreased (see Table 6.5.5-1).

6.5.6. Measures of Technical Assistance to the Disabled

The system of measures of technical assistance comprised a usual conception of compensatory equipment, orthopaedic appliances and prosthetic measures for the disabled individuals. In the year 2000 separate procedures for awarding of and compensation for the measures of technical assistance to the individuals with physical, visual, hearing impairment, as well as for orthopaedic appliances continued to be in effect. Different technical assistance measures were manufactured and used in nearly all spheres of life of the disabled individuals: health care, vocational training and education, everyday activity, etc. New products of compensatory technique have been introduced: toilette chairs, the walker, outside wheel chairs of light construction have been improved. 2.8 million Litas that was allocated from the State budget to the National Centre for Compensatory Technique of the Disabled allowed satisfying 31 per cent of the need for this technique. However, the unsuitable mechanism and methodology of the calculation of base prices, the imperfect procedure for awarding this equipment determined inefficient work of the system of technical assistance measures to the disabled individuals in assessing and meeting the customers’ demands. No feedback between meeting the demand and organising the provision existed, co-operation between the systems of health care and social security was not developed.

In co-operation with the enterprises of orthopaedic appliances the Ministry of Social Security and Labour carried out the Programme of the Provision of the Population with Orthopaedic Appliances. This Programme was aimed at restoring impaired functions of motion and self-servicing of the disabled by means of orthopaedic appliances, ensuring his/her independence and the possibilities of his/her integration into the society. In 2000 the amount of 13224 thousand Litas was allocated to the implementation of the Programme of the Provision of the Population with Orthopaedic Appliances.

It should be emphasised that when solving problems related to the provision of the disabled individuals with the measures of technical assistance it is planned to award measures of technical assistance in accordance with the general procedure taking into account the nature of disability. However, the funds are to be planned taking into consideration the purpose of technical assistance measures: for equipment to compensate for self-servicing skills and restore mobility, and for technique intended to satisfy the needs of occupational and general employment. It is also important to ensure that these measures should reach the individual at the time of rehabilitation.

6. SOCIAL ASSISTANCE

6.5.7. Occupational Employment of the Disabled

In implementing the policy of social integration of the disabled individuals the priority was given to the increase of employment of the disabled and their vocational training. In implementing these objectives the Lithuanian Labour Exchange was in charge of employment of the disabled individuals, and the Lithuanian Labour Market Training Service was responsible for their vocational training.

4375 disabled individuals were registered with territorial labour exchanges in 2000: the number of the disabled individuals belonging to Group I amounted to 178 individuals, to Group II – 432 individuals, to Group III – 3765 disabled individuals. 30 per cent of the disabled individuals registered with the labour exchange had an active employment attitude (took an active part in the employment process), whereas the percentage of the disabled individuals who has a passive employment attitude accounted for 60 per cent (sought to receive the unemployment benefit).

The basic form of work organisation of the disabled individuals was work at work places of a general nature where new jobs were created after the working process had been organised accordingly and the working environment for technical assistance measures was adjusted. 37.7 per cent of healthy individuals and 35 per cent of the disabled individuals registered with territorial labour exchanges were employed.

6238 disabled individuals participated in the labour market training programme in 2000. They attended clubs, training and qualification courses, took part in public works and works supported by the state, acquired patents to engage in different kinds of activities. Most of the participants in the programme were employed in new jobs whose founders were paid compensation in the amount of up to 24 times minimum standard of living by the state. Every third job financed by the state was given to the disabled individual.

In 2000 training of the disabled to acquire a speciality of a business administrator, a jeweller, a manicurist, a chiropodist was commenced to be organised because traditional specialities of a twig weaver, a dressmaker or a carpenter did not meet the needs of either the labour market or the disabled themselves. Most local governments took decisions about awarding privileges to the employers who established new jobs for the disabled, however, due to an especially bad condition of municipal budgets these decisions were not been implemented and the approved privileges were not applied effectively.

6.5.8. Activity of the Lithuanian Council of the Affairs of the Disabled in 2000 years

The Lithuanian Council of the Affairs of the Disabled under the Government of the Republic of Lithuania (hereinafter referred to as the Council) carried on programmes of health and occupational rehabilitation and social integration in accordance with 7 priority trends of the programmes of health and occupational rehabilitation and social integration of the disabled. They are as follows: 1) education of the disabled individuals; 2) occupational employment; 3) adjustment of the environment; 4) formation of independent way of life of the disabled individuals; 5) accessibility of information and communications; 6) health rehabilitation and 7) formation of the policy of social integration of the disabled individuals. 28 national public organisations of the disabled, 10 health care and 3 research institutions filed applications to finance these programme in accordance with the above-mentioned trends in 2000 (in 1999 this programme was carried out by 23 national public organisations of the disabled, 9 health care institutions and the Council). In 2000 the Council received 28071,05 thousand Litas from the State budget and the Privatisation Fund, which by the approved estimates were used for carrying out programmes of rehabilitation of the disabled individuals (in 1999 the amount of 27238,00 thousand Litas was allocated from the State budget). In its meetings held in other towns the Council presented and considered the prepared Conception of Integration of Children with Special Needs into the Educational...
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System, addressed problems of educating the deaf and dumb in the country, approved the distribution of computer technique. In 2000 the Council took part in different international events, congresses held by non-governmental organisations of the disabled, in annual-election conferences, meetings in districts with the representatives of non-governmental organisations of the disabled of Vilnius, Utena, Panevėžys, Kaunas, Šiauliai and Alytus, with members of local governments and departmental working groups.

Conclusions

In summing up the results obtained in the year 2000, it should be noted that the indicators, which were on increase during the past decade, reached the critical limit. The number of recipients of the State Social Insurance pension and individuals recognised as disabled for the first time increased significantly. This phenomenon was influenced by the policy of social privileges that was being pursued as well as by increasing unemployment. The procedure for the establishment of disability that was not reformed impedes the development of integration of individuals with disabilities into the society, improvement of their social security, more efficient use of measures of social security.

Shortcomings in the system of the establishment of disability presupposed the adoption of important decisions. Seeking to change the system the Conception of the Reform of the Establishment of Disability and Social Security Measures for the Disabled was prepared and approved, which provided for a gradual abolishment of the existing groups of disability, as well as the change of the social policy pursued with respect to disabled individuals. The Conception provided for separating the assessment of the degree of work disability from that of social needs.

The procedures approved in 2000 allowed to regulate the establishment of Groups I, II, and III of disability, conditions of reimbursement expenses on special motor vehicles and travelling expenses, as well as loss of occupational capacity for work, the terms for the establishment of disability, causes of disability and a list of documents necessary to submit for the establishment of causes of disability.

About 10000 disabled individuals were provided with compensatory equipment, which allowed satisfying 31 per cent of needs for this equipment. New products of technical assistance to the disabled have been introduced.

4375 disabled individuals were registered with territorial labour exchanges in 2000. 70 per cent of the registered individuals were engaged in the labour market programmes. The total number of the individuals employed amounted to 1495, including 250 disabled individuals who were employed in new jobs, whose founders were reimbursed by the state. In 2000 training of the disabled to acquire requisite skills meeting the market demands or to receive a speciality was commenced.

In 2000 the Lithuanian Council of the Affairs of the Disabled under the Government of the Republic of Lithuania carried on the programme of health and occupational rehabilitation and social integration in accordance with 7 priority trends of the programme of health, occupational rehabilitation and social integration of the disabled (education of the disabled; occupational employment; adaptation of the environment; formation of independence of the disabled; accessibility of information and communications; health rehabilitation of the disabled and the policy of social integration of the disabled). According to these trends applications for financing the programme were filed by 28 national public organisations of the disabled, 10 health care and 3 research institutions (in 1999 this programme was carried out by 23 national public organisation of the disabled, 9 health care institutions and the Council).

In 2001, in ensuring the rights of disabled individuals, the vision of the social integration system reform was aimed at a consistent activity in ensuring independence of the disabled, their social and occupational integration, full participation in public life. To implement the decisions adopted many resources will be needed, however, the changes planned allow anticipating positive results in the sphere of integration of disabled individuals into the society.
6.6. SOCIAL ASSISTANCE TO VICTIMS AND SOCIAL RISK GROUPS

In the year 2000, in carrying out the Action Programme of the Government, social assistance to victims and social risk groups was continued to be provided. Social assistance was supplied in two directions: in preparing and improving legal acts and implementing social programmes for victims and social risk groups.

6.6.1. Improvement of Legal Acts to Separate Groups of Victims

In 2000 and the first half of 2001 the Ministry of Social Security and Labour improved the legal system seeking to regulate social assistance to separate groups of victims (they are defenders of the Independence of Lithuania who fell victim on 11-13 of January 1991 during the aggression committed and following these events, as well as their family members who are entitled to the state support, and another group of victims – political prisoners). The former system of support provided to all other groups of victims remained unchanged.

In accordance with the certificates issued by the General Prosecutor’s Office under the Supreme Court of the Republic of Lithuania, the number of persons who fell victim during the aggression committed on 11-13 January 1991 and following these events is as follows: 25 killed, 66 their family members, 31 person severely injured, 291 seriously injured and 500 individuals received slight injuries. Out of the total number of injured persons disability related to aggression committed on 11-13 January 1991 and following these events was established as follows: Group I – 2 persons, Group II – 33 persons and Group III – 76 persons. It should be noted that with the passing of time the number of injured individuals changed – some people were recognised injured, the disability Group was re-graded, some of the injured persons died.

Seeking to regulate the criteria and the procedure for recognising the legal status of victims of the aggression committed on 11-13 January 1991 and following these events, as well as that of their family members entitled to the state support, and in expressing the assistance provided by the state and attention paid to the above-mentioned persons, the Procedure for Recognising the Adequate Legal Status of Defenders of Independence, the Regulation of the Form of Certificates, their Issuance and Accounting was prepared and approved. Manufacture of certificates was organised and local governments were provided with them. The adequate legal status was recognised for nearly as many as 1000 individuals – defenders of Independence and other victims (family members of the defenders of Independence) and certificates confirming the legal status were issued. No additional funds from the State budget were planned to implement the Law because additional privileges were not regulated.

Seeking to renew payment of compensations to political prisoners for the time spent in places of imprisonment, since the legal act on the basis of which these compensations were paid, adopted as far back as the Soviet times, became null and void as of 1 January 2000, in the year 2000 the draft of the Resolution of the Government of the Republic of Lithuania On Compensations to Persons who were in Places of Imprisonment, Ghettos or were Deported to Perform Forced Labour during the Years of Occupation was prepared and submitted to the Government. Consideration of the draft was postponed after the Committee of Social Affairs of the Government of the Republic of Lithuania proposed that the Ministry of Social Security and Labour should prepare and submit to

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1 Order No. 36 of the Minister of Social Security and Labour of 3 March 2000 On Approving the Regulations of Recognising the Legal Status of Defender of Independence who Fell Victim on 11-13 January 1991 and Following the Aggression Committed by the USSR and Recognising the Legal Status of the Victim of 11-13 January 1991 and Following the Aggression Committed by the USSR. Issuance of Certificates and their Accounting.
In further implementing the Law on State Assistance to Participants of Armed Resistance of the Republic of Lithuania and the Law on State Assistance to Families of Persons Killed in the Struggle against 1940-1990 Occupations of the Republic of Lithuania, 23,806.0 thousand Litas of benefits were paid. Assistance was rendered to 1434 families of the killed persons, injured soldiers-volunteers and dead soldiers-volunteers. It should be noted that during the first half of 2000 the Ministry of Social Security and Labour liquidated the debt for payment of one-off benefits according to the applications of local governments in 1999, besides, by the end of the year 2000 it had completely settled accounts with the local governments by transferring all funds according to the applications submitted in 2000.

6.6.2. Implementation of Social Programmes for Political Prisoners, Deportees and Families of their Children

The Ministry of Social Security and Labour implements the strategy of the policy of the Government in seeking to help families of the children of rehabilitated political prisoners and deportees return to their Motherland. In 1990, having re-established the Independence of Lithuania, the Government of the Republic of Lithuania started to formulate the social policy of the State on the issue of return of deportees as one of its priority trends.

According to the laws of the Republic of Lithuania, the rehabilitated political prisoners and deportees who are returning can get back their lost ownership (land, other existing property), settle in Lithuania at their own expense (in case they possess it) or receive the state assistance if their economic condition is difficult and they have no possibility to provide themselves with a dwelling space at their own expense. The Government of the Republic of Lithuania by Resolution No. 19 of 11 January 1992 On Guidelines for the Activity of the Government of the Republic of Lithuania in the Sphere of Return of Political Prisoners and Deportees and their Families to Lithuania and Provision with Flats and Employment approved the Programme of Return of Political Prisoners and Deportees and their Families to Lithuania and their Provision with Flats and Employment. The Programme declared the obligation of the Lithuanian State to help the rehabilitated political prisoners, deportees and their children’s families, clearly defined basic measures creating the real possibility to return to Lithuania, to integrate into life of the country. It was established that the right to make use of the state assistance in implementing this programme is granted to the individuals who are returning to Lithuania for permanent residence: political prisoners and deportees, persons who fled Lithuania because of repression, provided that they submit archive certificates about rehabilitation or insertion into lists of deportees issued by competent institutions of the Lithuanian State; children of these individuals, irrespective of the date of their birth, the place of birth and the place of residence outside the boundaries of the territory of Lithuania provided that they submit the said certificates issued in the name of their parents, as well as documents establishing their kinship (and in separate cases the grandchildren as well - with disabilities, and orphans).

The Ministry of Social Security and Labour is responsible for the implementation of this complex programme. Moreover, the Standing Commission approved by the Minister of Social Security and Labour to implement the measures provided for in the Outline of Activity of the Government of the Republic of Lithuania approved by Resolution No. 19 of the Government of the Republic of Lithuania of 11 January 1992 helps to implement the above mentioned Programme. The Commission consists of the representatives of governmental institutions and public organisations from the Ministry of Social Security and Labour, the Ministry of the Interior, the

### Application of Funds to Purchase or Build Flats to Deportee Families in 1992-2000

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of registered families who wish to return to Lithuania</th>
<th>Amount of funds allocated*</th>
<th>Number of flats given</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>250</td>
<td>34,15</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>750</td>
<td>310</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>850</td>
<td>3,1</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>833</td>
<td>3,1</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>717</td>
<td>8,6</td>
<td>146</td>
<td>Centre for Temporary Accommodation was built</td>
</tr>
<tr>
<td>1997</td>
<td>656</td>
<td>8,122</td>
<td>124</td>
<td>The state budget of the Republic of Lithuania</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4</td>
<td>79</td>
<td>CESDF loan</td>
</tr>
<tr>
<td>1998</td>
<td>654</td>
<td>11,33</td>
<td>121</td>
<td>The state budget of the Republic of Lithuania</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>148</td>
<td>CESDF loan</td>
</tr>
<tr>
<td>1999</td>
<td>710</td>
<td>2,63</td>
<td>88</td>
<td>Resources from the Privatisation Fund</td>
</tr>
<tr>
<td>2000</td>
<td>836</td>
<td>0,80</td>
<td>25</td>
<td>Resources from the Privatisation Fund</td>
</tr>
<tr>
<td><strong>The total</strong></td>
<td></td>
<td><strong>54,58</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Data provided by the Department of Supervision and Audit of Social Institutions under the Ministry of Social Security and Labour
  * In 1992 - million roubles
  * In 1993 – million coupons
  * In 1994-2000 - million Litas

Department of Regional Problems and Ethnic Minorities, Ministries of Finance, Economy and Environment, as well as the Fund of Returning Deportees and the Association of Municipalities.

In implementing the Programme of Return of Deportees, the following issues are considered and settled: on annually prepared resolutions of the Government on the assignations from the State budget necessary to purchase flats for the deportees, projects of distributing them to local governments, compensation for expenses on moving, awarding of one-off settlement benefits (to capable of working individuals), to individuals who are setting up their own business, financing the establishment of new jobs on the recommendations put forward by the territorial labour exchanges, financing of the courses in the Lithuanian language, provision of the returning deportees with a living space at the Centre for Temporary Accommodation of Returning Deportees; partial compensation for the expenses on heating to the deportees accommodated at that Centre, etc.

Financing of the Programme was considerably cut in 2000. As can bee seen in the Table presented below, only 25 families were provided with a dwelling, which accounted for 28.4 per cent of the total number of families provided with a dwelling in 1999.

#### 6.6.3. Implementation of Social Programmes for Social Risk Groups

**Measures of the Prevention of Distribution of Drug Addiction**

Of late years, with drug addiction spreading so rapidly, more and more state institutions and non-governmental organisations engage in the solution of this problem by performing preventive work, providing different services to drug addicts and their family members.
Complex assistance - health, psychological and social - is necessary to the individuals who are dependent on alcohol and other drugs. It is provided by different treatment institutions, Centres for Dependence Diseases, Mental Health Centres. Non-governmental organisations, societies and funds more and more engage themselves in this activity. In the opinion of the Heads of Vilnius Mental Health Centre, with the number of drug addicts increasing so rapidly, services provided by the said institutions are insufficient, there is a lack of specialists who are trained to provide many-sided assistance to drug addicts and their family members.

On 6 September 1999 the Government of the Republic of Lithuania approved Resolution No. 970 On Approving the National 1999-2003 Programme of the Control of Narcotic Drugs and Prevention of Drug Addiction. The approved Programme provided for measures formulating the policy of the control of narcotic drugs and prevention drug addiction. The Ministry of Social Security and Labour was obligated to supervise the process of integrating drug addicts into the process of the development of the society, as well as measures which were commenced to be carried out in 2000.

In the year 2000 the Ministry of Social Security and Labour commenced to carry out the National 1999-2003 Programme of the Control of Narcotic Drugs and Prevention of Drug Addiction (the State Commission on the Control of Narcotic Drugs is responsible for co-ordinating and carrying out of the Programme). In 2000 the Ministry carried out 7 measures of the Programme to the implementation of which 1165 thousand Litas from the State budget was allocated. The greatest amount of funds was devoted to supporting the projects of organisations working in the sphere of prevention of drug addiction and rehabilitation. These measures were aimed at supporting the activity of the Centres that operated in the largest cities and provided pedagogical, psychological, social and legal consultations in rendering necessary assistance to the children of risk groups and their parents (400 thousand Litas was allocated), projects for rehabilitation of drug addicts prepared by public organisations (170 thousand Litas was) and the youth organisation projects for the prevention of drug addiction (350 thousand Litas was). By means of open tenders the Ministry of Social Security and Labour selected and supported the implementation of 84 projects submitted by different non-governmental and state organisations engaged in the prevention of drug addiction and rehabilitation of drug addicts.

In supporting the projects, in 2000 the Centre for Social and Labour Rehabilitation of Convalescing Drug Addicts was established in Zarasai district, first in Lithuania, where convalescing drug addicts undergo not only psychological therapy but are also engaged in working activities in accordance with the model applied in Swedish communities of drug addicts. At present 7 convalescing drug addicts live in the Centre. Another community of social rehabilitation is founded in Kaunas district. 4 drug addicts convalesce there.

In summing up the opinion of the organisations that carried out the projects, about the efficiency of their implementation, it should be noted that the funds allocated to implement the projects would have been better and more evenly distributed and the preparation to carry out the projects would have been better if their implementation had been started at the beginning of the year rather than at the end of the third quarter (the delay can be accounted for by the fact that the funds for carrying out the measures of the National 1999-2003 Programme of the Control of Narcotic Drugs and Prevention of Drug Addiction projects to the Ministry of Social Security and Labour were allocated only in the third quarter). This fact was indicated by most organisations that submitted projects. Also, in the opinion of many organisations, a larger part of projects commenced in the year 2000 are to be continued in 2001 as well, otherwise their efficiency would decrease because convalescing drug addicts, individuals belonging to risk groups and other participants, having experienced the benefit received in the course of carrying out the project, would be interested in continuing the work that has been started.

All the submitted proposals were taken into consideration in carrying out the measures provided for in the Programme in 2001.

Qualification of the employees plays the key role in a successful prevention of drug addiction and rehabilitation of drug addicts. Therefore in 2000 great
attention was devoted to training and re-qualification of the employees working with representatives of risk groups and their family members. The Centre for Training Social Workers under the Ministry of Social Security and Labour provided training according to training programmes of different duration in co-operation with other educational institutions, in 2000 the Centre for Training Social Workers, having allocated 200 thousand Litas, organised workshops in other institutions and training centres of Lithuania. Regional distribution of training places created the possibility to train workers from all districts of Lithuania. A total of 433 employees working with individuals belonging to risk groups and their family members were trained.

In carrying out the Programme, in 2000 it was planned to prepare *the Conception of Integration of Drug Addicts into the Society* and to submit it to the Government of the Republic of Lithuania to consider. In 2000 the *draft of the Conception of Integration of Drug Addicts into the Society* was prepared.

At present no system or co-ordination of projects for rehabilitation or integration of drug addicts into the work that is useful to the society exists, no mechanism of co-operation of different institutions and departments is created, there is a lack of different state, municipal institutions and non-governmental organisations providing necessary assistance to the individuals who are dependent on alcohol, narcotic drugs or psychotropic substances and their family members, the procedure for rendering services is not regulated, etc. There is a lack of general co-ordination of the system of assistance, which would allow to ensure a general direction in the activity of operating services and to meet the need for assistance of drug addicts.

The Conception presented the assessment of the current system of integration of drug addicts into the society. To solve the problems raised principles and goals of integrating drug addicts into the society were planned and defined in the Conception, chief trends of integrating drug addicts into the society were planned in the sphere of education, health care and social assistance, family and other spheres.

Institutions responsible for carrying out the tasks within their competence, could follow the provisions of the Conception in preparing corresponding programmes of activity and other legal acts.

Seeking to generalise the activity of Lithuanian organisations in providing health, psychological and social services to drug addicts and their family members, the Ministry of Social Security and Labour conducted a study of the activity of different public and other institutions in the sphere of the above-mentioned activities and issued a publication (200 copies), which was given to the local governments of cities and districts, the Centre for Training Social Workers, the Ministry of Health, National Mental Health Centres and other interested organisations. The conclusions and recommendations of the study presented shall help plan the development of different health, psychological and social services to drug addicts taking into account the real situation and the opinion of specialists in this sphere.

Special attention during the study was concentrated on social services rendered to drug addicts and the need for these services. Descriptions of social services provided to drug addicts are given in Chapter 6.3 Social Services.

In carrying out measures of the Programme in 2000 the *draft of the Programme of Prevention of Alcohol and Narcotic Drugs in Places of Work* was prepared. The information-methodological leaflet “Prevention of Narcotic Drugs and Alcohol in Places of Work” was published for employers and employees.

Prevention of drug addiction in places of work is a novelty in Lithuania.

On the basis of the tripartite co-operation (the Government, the employer and employee organisations) prevention programmes in places of work should be created and the network of prevention programmes of reducing the need for alcohol and drug consumption in places of work should be developed, voluntary participation of enterprises and organisations in prevention programmes and their creation should be encouraged. Also, it is expedient to organise training and education of employees of the enterprises and organisations, which participate in prevention programmes.

It should be noted that in approving the *Plan of Measures of the National 2001-2003 Programme of the Control of Narcotic Drugs and Prevention of Drug*
Addiction, no financing was allocated to further carry out that measure. However, taking into consideration the fact that the largest part of the work has already been done and that this problem is really urgent in Lithuania, it is planned to implement the prepared programme from the existing resources without applying for additional funds.

**Fight against People Trafficking**

After a market economy has established itself in Lithuania, with unemployment increasing and structures of the organised crime operating, a new negative phenomenon came into being – people trafficking. Most often young, socially unprotected girls and women get into the trap of traffickers. They go to the Western countries where they engage in forced prostitution. Some of them manage to escape by themselves, others are deported to Lithuania. Here they encounter psychological and social problems.

In the 2000-2004 Programme of the Government of the Republic of Lithuania it is planned to prepare and submit to the Government of the Republic of Lithuania for consideration the Programme of the Control and Prevention of People Trafficking (the Ministry of the Interior is the main author of the Programme). In the year 2000 the Ministry of Social Security and Labour took part in the preparation of this Programme and planned measures for carrying out of which it is responsible. It is planned to allocate 1,045 million Litas from the State budget to carry out these measures. One of the measures is to support the implementation of projects of governmental and non-governmental organisations aimed at providing social assistance to victims of forced prostitution and their integration into the society by allocating 1,015 million Litas for this purpose.

**Integration of Ethnic Minority of Roms**

In 2000 attention was directed to a social risk and ethnic minority group consisting of people of the Rom nationality (hereinafter referred to as the Roms). Thus far it has been impossible to achieve that Roms, due to their linguistic, cultural and ethnic peculiarities, should fully integrate into the Lithuanian society. It is especially urgent to solve social problems of this ethnic minority group. The problems are as follows: absence of a dwelling place, unemployment, poor education and poverty. Due to insufficient work record only a part of the people of this nationality receives an old-age pension, another part is paid small social pensions (in the amount of about 80-90 Litas), women raising children under 3 years of age receive a family benefit (93,75 Litas), others receive disability benefits, however, these funds are insufficient to satisfy the most essential needs of these people.

One of the most acute problems among the Roms, those, who live in Vilnius, in particular, is drug trafficking and drug addiction. Officials of the Criminal Offence Investigation arrested more than 60 persons on the territory of Kirtimai encampment alone from whom narcotic and psychotrophic substances were confiscated. For crimes related to illegal drug trafficking 110 criminal actions were initiated in Kirtimai encampment, protocols of offences of administrative law were drawn up to 120 persons. This problem, which is acquiring both the criminal and social aspect, is acute not only to the Roms for whom drug trafficking is becoming one of the most profitable businesses. Having no legal employment they become drug trafficking agents. Without solving problems of employment and education of the Roms in the encampment, it is impossible to liquidate drug manufacturing and distribution.

The Government of the Republic of Lithuania by Resolution No. 759 of 1 July 2000 On the 2000-2004 Programme of Integration of the Roms into the Lithuanian Society approved measures for implementing the said programme. The Ministry of Social Security and Labour took part in the preparation of this Programme and planned measures for carrying out of which it is responsible. In 2001-2004 it is planned to organise free of charge meals for the Rom children who attend pre-school classes and it is planned to prepare the Programme of Labour Training and Employment of the Roms Living in the City of Vilnius.

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In 2001 the Law on Recognising the Legal Status of Defenders of Independence of the Republic of Lithuania and Others Who Fell Victim on 11-13 January 1991 and the Aggression Committed by the USSR Following these Events was prepared and adopted by the Seimas of the Republic of Lithuania, as well as its implementation, which put an end to moral discontent of the defenders of Independence and other
victims of 11-13 January and the aggression committed by the USSR following these events about absence of the status that had lasted for several years.

Also, the draft of the Resolution of the Government of the Republic of Lithuania On Compensation to the People Who were in Places of Imprisonment, Ghetto and Deported to Camps of Forced Labour during the Years of Occupation was prepared and submitted to the Government of the Republic of Lithuania.

Due to limited financial possibilities the implementation of the Programme of Return of Illegally Repressed Citizens of Lithuania and their Children to their Motherland nearly came to a stop. 836 families wanted to return to Lithuania in 2000 and assistance was provided to 25 families only (see the below presented Table). It would be expedient to implement this Programme in a more determined and resolute way.

In implementing measures of the National Programme of the Control of Narcotic Drugs and Prevention of Drug Addiction 1165 thousand Litas was allocated to the Ministry of Social Security and Labour. A larger part of this amount was devoted to support 84 projects aimed at preparing projects for the prevention of drug addiction and rehabilitation of drug addicts. The support provided by the Government encouraged different organisations to engage in more intense activity of fighting against “the white plague”. The Programme helped establish new centres for rehabilitation of drug addicts, which commenced to apply experience acquired by foreign countries when a drug addict resolutely decided by himself/herself to participate in a one-two-year rehabilitation treatment having isolated himself/herself from the former environment, to start learning and engage in work activities. (public enterprise “Vilties žingsniai” (Steps of Hope), public enterprise “Sugrižimas” (The Return) and others. In 2001 the implementation of the Programme was pursued having assessed success and efficiency of the measures carried out in 2000.

Another social risk group of persons that needs assistance is individuals who were released from the places of imprisonment. Social adaptation of individuals who were released from places of imprisonment is really acute because, according to statistics, having received no necessary social assistance, these individuals commit crimes again. Due to a lack of funds the 1999-2003 Programme of Social Adaptation of Convicted Individuals who were Released from Places of Imprisonment, Institutions of Corrective Labour, Social and Psychological Rehabilitation was not carried out in 2000. The Programme was aimed at helping individuals who were released from places of imprisonment to adapt to the changed society better, to provide them with more possibilities to study and update their qualifications at places of imprisonment and at large, also to create better living conditions for lonely and sick former prisoners. In 2001 this Programme is being carried out and it is hoped that the measures being carried out will give good results.

\[1\] Resolution of the Government of the Republic of Lithuania No. 1179 of 25 October 1999 On Approving the Programme of Social Adaptation of Convicted Individuals who were Released from Places of Imprisonment, Institutions of Corrective Labour, Social and Psychological Rehabilitation
Chapter 7

7. INTEGRATION INTO THE EUROPEAN UNION AND INTERNATIONAL CO-OPERATION

7.1. INTEGRATION INTO THE EUROPEAN UNION

In preparing for accession to the European Union (EU), Lithuania must fulfil certain requirements of the European Union and must be ready to accept the obligations of the European Union membership (Acquis Communautaire) before the date of accession to the EU. A functioning market economy and preparation for the single market is considered to be an essential condition of membership.

The Ministry of Social Security and Labour is responsible for the issues of social policy and employment as well as free movement of persons and the so-called negotiation chapters, on which the position papers of the Republic of Lithuania were prepared and approved by the Government in 2000.

7.1.1. Negotiations of the European Union and Lithuania

Negotiations on the membership in the European Union are held in the Accession Conference, which involves 15 Member States of the EU, the candidate country and the European Commission.

The opening of a negotiation chapter is the beginning of negotiations on a particular issue. The EU makes the decision about the opening of a chapter when the candidate’s progress in transposing and implementing the Acquis in a certain area is sufficient for the ending of negotiations in the near future.

The closing of a negotiation chapter is a preliminary agreement that all the issues raised in the negotiations are co-ordinated satisfactorily and the further negotiations are not necessary. As the negotiation chapter is closed, the implementation of the commitments is further monitored. The chapter can be re-opened if they are not implemented.

A position paper is a document presented to the EU Member States during the negotiations for accession. It sets forth the position of the Republic of Lithuania on the capability to fulfil the requirements of each separate negotiation chapter of the EU law, as Lithuania becomes a true member of the EU.

The Ministry of Social Security and Labour is di-

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1 Acquis communautaire includes the primary (the Founding agreements of the Community) and the secondary Community law (legislation of the Community institutions: regulations, directives and decisions) as well as rules, resolutions, positions, opinions, legal practice and the general legal principles, the technique of the Community law creation and the entire practice irrespectively of whether it is imbedded in legislative acts or not.
rectly responsible for two negotiation chapters, i.e. “Free Movement of Persons” and “Social Policy and Employment”.

**Negotiation chapter “Social Policy and Employment”**

The Government of the Republic of Lithuania approved the position paper “Social Policy and Employment”1 of the Republic of Lithuania on 17 August 2000. Lithuania obliged to be prepared for the transposition of the commitments of the European Union membership in the area of social policy and employment and did not request transitional periods or exceptions in this negotiation chapter.

In November 2000, the European Commission officially presented its position regarding the 7 negotiation chapters including the 13th negotiation chapter “Social Policy and Employment”, which covers labour law, social dialogue, equal opportunities, combating racism, employment, the European Social Fund, social security, elderly people, disabled persons, the Dublin fund, public health and occupational safety and health at work. It was agreed that negotiations would continue based on the additional information that would be supplied by Lithuania.

The beginning of negotiations for the 13th negotiation chapter “Social Policy and Employment” was approved in the third meeting of the ministers of foreign affairs of the EU and Lithuania in Brussels on 20 November 2000.

In the position presented by the experts of the European Commission on 15 November 2000 regarding the negotiation chapter “Social policy and Employment”, additional questions were posed concerning labour law, equal opportunities, employment, social dialogue as well as health and safety at work. The experts expressed their doubts about Lithuania’s capabilities to implement commitments made in the area of safety at work. Lithuania prepared and provided to the experts of the European Commission detailed additional information concerning the questions raised in the position paper.

All the issues raised by the experts were discussed and clarified during the technical consultations that took place in Brussels on 14 February 2000. In the meeting of the chief negotiators in March 2001, a decision was made on the preliminary closing of negotiations in the area of social policy and employment (closing of a chapter). Thereby, the evident progress of Lithuania in aligning its system in the aforementioned areas to the political views and legal requirements of the EU was recognised.

**Negotiation chapter “Free Movement of Persons”**

The Government of the Republic of Lithuania approved the position paper “Free Movement of Persons”2 of the Republic of Lithuania in 22 December 2000. Lithuania obliged to be prepared for the transposition of the commitments of the European Union membership in the area of free movement of persons and did not request transitional periods or exceptions in this negotiation chapter.

The position paper includes mutual recognition of professional qualifications, voting rights, the right of residence and visas, free movement of workers and the co-ordination of the social security systems.

In January 2001, the European Commission experts posed additional questions for the position paper “Free Movement of Persons”. The experts were mostly interested in the problems of the recognition of the professional qualifications and the issues of the difference between the academic and professional recognition, the role of professional associations, simpler procedures for the provision of services, the application of Gravier ruling, which provides that the registration and tuition fees for students of other Member States in the educational institutions may not be bigger than those for the citizens of those countries, free movement of workers and co-ordination of the social security systems.

Lithuania prepared and presented detailed additional information on the issues raised by the experts of the European Commission, and all these issues were discussed and clarified during the technical consultations that took place in Brussels on 1 February 2001.

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The principal agreement of the Member States of the European Union on the common position regarding the issue of free movement of persons was reached on 31 May 2001. The agreement entitles Member States to restrict the movement of labour force from the candidate countries in the period of seven years (the principle 2+3+2), providing an opportunity to reconsider the transitional period after the first two years and an opportunity to extend the transitional period for up to seven years in the event of serious violations of the labour market. The decision of a candidate country about the implementation of Acquis from the date of accession to the EU can be formalised in bilateral agreements. The said provisions apply to Central and Eastern European countries. This was the first transitional period request from the EU side.

7.1.2. The Meeting of the Bilateral Sub-Committee “Regional Development, Employment and Social Policy”

In carrying out the European Agreement, which establishes the association between the European Community and its Member States on the one side, and Lithuania on the other, meetings of subcommittees take place every year, during which the course of the implementation of the European Agreement is discussed. The Ministry of Social Security and Labour participates in the meetings of subcommittee “Regional Development, Employment and Social Policy”. The third meeting of the sub-committee “Regional Development, Employment and Social Policy” took place in Vilnius in October 16, 2000. Lithuanian delegation presented the progress made in the area of labour law, equal opportunities, occupational health and safety at work, social assistance, the co-ordination of the social security systems, anti-discrimination, social dialogue and employment. The delegation of the European Commission positively appraised the adoption of the Law of the Guarantee Fund because this law is related to another particularly important Law of the Enterprise Bankruptcy.

When discussing the minimal requirements for workplace, the representative of the European Commission doubted whether Lithuania’s commitment to apply the workplace safety standards established by the EU in 2001. The representatives of Lithuania had to substantiate that the commitments are real because the present standards of Lithuania are already sufficiently high. The representative of the European Commission introduced the document “Social Policy Agenda” adopted in June 28, 2000. It is not a new initiative in terms of the social policy instruments, the document encourages to make a better use of the existing instruments: to promote the social dialogue and prepare to use the European Social Fund. It was also reported that the Council of Ministers of the EU decided to establish the Committee of Social Security formed by the representatives of the Member States. The Committee will start functioning in 2001. As for the present time, a temporary preparation group was formed that has two basic goals: poverty reduction and improvement of the pensions system.

7.1.3. Lithuania’s EU Accession Programme

The Lithuania’s EU Accession programme aims to determine the costs of integration, i.e. financial, human, material, intellectual and other resources that are necessary in order to harmonise the national law with the EU requirements and ensure their implementation. The programme includes the entire Acquis of the EU as well as various policies, administrative capabilities of the implementation of the legislation and the priorities of Lithuania’s integration into the European Union.

The Lithuania’s EU Accession Programme consists of the descriptive part and two appendices: Law Approximation Action Plan and Acquis Implementation Action Plan that are distributed according to the respective Acquis sectors. In 2000, the implementation of the Plans for 2000 was continued and the measures provided in the plans for 1999 were finished up.
7. INTEGRATION INTO THE EUROPEAN UNION AND INTERNATIONAL CO-OPERATION

7.1.4. Institutional Building Plan

Improving of the institutional and administrative capacities has become the priority area in the actions plans of accession to the EU, which also reflects in the long-term strategy of the Ministry of Social Security and Labour. The objective of the preparation of the development plans for institutions that implement Acquis is to ensure that Lithuania is prepared to implement Acquis on time and rationally by 1 January 2004.

In June - August 2000, the methodology of the development plan of the Ministry of Social Security and Labour and the institutions subordinate to it as well the initial development plans of the institutions in the area of the free movement of workers and social policy and employment were prepared with the help of the PHARE programme experts.

In October 25, 2000, the Government of the Republic of Lithuania approved The Methods of the Preparation of the Building Plans1 of the institutions implementing Acquis prepared by the European Committee under the Government of the Republic of Lithuania. Based on these methods, an extensive study of the first stage of the Institutions’ building was carried out in December 2000, i.e. the functions that need to be performed following the EU legislation were identified and plans were made for the establishment, reformation or extension of the institutions that fall into the area of competence of the Ministry of Social Security and Labour and are necessary for the full implementation of the said functions.

The results of this research revealed that there is a need for the institutional building in the areas of labour law, occupational health and safety at work, administration of the European Social Fund, recognition of professional qualifications, free movement of workers and co-ordination of the social security systems.

The second stage of the Institutions’ building was carried out in early 2001 and the actions, needs and sources of funding for the establishment or development of institutions were planned in detail.

7.1.5. Report on Progress of Lithuania

Observing the Copenhagen criteria and the administrative capacities, Lithuania presents the most recent information (the Annual Report) on the progress of Lithuania during the previous year to the European Commission. Since 1998, on the basis of this Annual Report, the European Commission prepares Progress Reports - annual documents, in which the assessment of the reforms implemented by the candidate countries and their preparation for accession are presented.

In June 2000, the European Committee under the Government of the Republic of Lithuania together with other state institutions prepared the third Annual Report on Lithuania’s Progress Towards Accession to the European Union for the period covering July 1999 - June 2000. It analyses relations between Lithuania and the European Union following the Copenhagen criteria and the short-term priorities of the Accession Partnership; presents and assesses the progress of Lithuania as of 1 July 2001; reviews the Lithuania’s EU Accession Programme; presents statistical data.

The Ministry of Social Security and Labour provided the European Committee under the Government of the Republic of Lithuania with the materials about Lithuania’s social development, labour market policy and social security reform, social insurance and pension maintenance, occupational health and safety at work, labour law, equal opportunities for men and women and free movement of workers.

The Regular Report from the Commission on Lithuania’s Progress Towards Accession (Progress Report) published in November 8, 2000, is already the forth annual assessment of Lithuania’s legal,

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The European Commission appraised the evident progress of Lithuania in reforming the legal system, implementing economic reforms and harmonising with the EU law. A substantial progress was noticed in the area of free movement of persons, however, measures should be taken to ensure that the national laws do not contradict EU regulations that establish the requirements of citizenship, residence and language.

The progress in the area of equal opportunities for men and women in the field of social policy and employment was mentioned, however, the area of labour law should be further improved and the social dialogue should be developed. The European Commission emphasized the importance of strengthening the administrative capacities that are necessary in order to reduce the gap between the adoption and implementation of laws.

7.1.6. Impact Assessment of the Integration into the European Union

Impact assessment of the integration into the EU is inseparably related to the opening of Lithuania’s negotiations on the membership in the EU and the need to substantiate the desired transitional periods and exceptions in these negotiations.

Impact assessment is particularly important in the field of public administration. The legal acts regulating the behaviour and activities of the business enterprises, state and local government institutions, non-governmental organisations and citizens are drafted here.

In harmonising Lithuania’s legal acts with the EU law, the study of the consequences of the implementation of new legislation that aims to collect and systematise information about the likely impact of a new legal act, determine the costs and benefits of for the entire economy or society or their separate groups expected upon implementation of the new legal act. The necessity to assess the impact of the legal acts in preparation is established by item 51.9 of the Work Regulations of the Government of the Republic of Lithuania1. The analysis of the impact of implementation is carried out in four stages (initial, partial, general impact on business, complex analysis of the impact). The analysis is carried out following the recommendations2 of the European Committee under the Government of the Republic of Lithuania.

In the first stage, the impact of the implementation of individual EU legal acts on the business, society and state institutions is assessed qualitatively. The objective of the initial stage is to generalise the information presented in the questionnaires in such a way that a preliminary, for the time being without the quantitative dimension, conclusion could be made about the possible impact of the implementation of Acquis requirements to the Lithuanian economy and society.

In the second stage, a detailed analysis of the most important impact of the reform areas established in the first stage is carried out.

The questionnaires of negotiation chapters “Social Policy and Employment” and “Free Movement of Persons” were filled in March 2000. The initial impact assessment of the Lithuania’s integration into the EU was prepared on the basis of the data of the questionnaires.

Analysis of the Impact Assessment of the Health and Safety at Work Directives

The initial assessment of the impact of the directives according to the Article 16 (1) of the main safety and health at work directive was carried out during the first half of the year. The research determined the positive social consequences of the implementation of the directives - the improvement of health and safety conditions for workers in enterprises (this should result in the decrease of occupational deceases and accidents in the workplace). It was also determined that the greatest cost of their implementation will fall on the enterprises. Administrative costs (harmonisation of law and development of institutions) constitute only an insignificant part of the

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implementation costs in comparison to the implementation costs in enterprises.

A partial assessment of the impact of the directives was started in the second half of the year 2000. The analysis of the impact of the implementation of the requirements of the directives is carried out following the methods prepared by the European Committee. At the present partial impact assessments has been carried out for the following directives:

- On the protection of workers from risks related to exposure to noise at work,
- On the minimum safety and health requirements at the workplace,
- On the minimum safety and health requirements for the use of work equipment by workers at work,
- On the minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling,
- On the minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extracting industries,
- On the minimum safety and health requirements for work on board fishing vessels,
- On the protection of the health and safety of workers from the risks related to chemical agents at work.


The descriptions of the analyses of the impact of health and safety at work are presented in the Annex 4.

7.1.7. Conferences and Meetings

Conference “European Employment and Social Policy and Development”

In May 2000, the European Commission and The Ministry of Labour and Social Policy of the Czech Republic organised the conference “European Employment and Social Policy in the Context of the European Union Membership”. Vice-Minister Rimantas Kairelis headed the Lithuanian delegation that was formed on the tripartite principle. He gave a report on the development of the system of social security and the reform of social insurance in Lithuania. The conference examined the following issues: EU standards in the area of work conditions, the modernization of the European model of economic and social cohesion, the social dialogue in the EU law, the strategy of the preparation for the EU membership, PHARE programme and other financial instruments in the employment and social policy areas.

Meeting of the Ministers of Equal Opportunities in Sweden

An informal meeting of the ministers for gender equality and social security “Gender Equality and Social Security - an Engine for Economic Growth” took place in Norkoping (Sweden) in January 22-23, 2001, and opened the Swedish presidency in the European Union. The candidate countries of the European Union were also invited to the meeting.

The Minister of Social Security and Labour took part in the meeting and gave a report on the possibilities to reconcile work and family life. This direction is continues to be one of the three main areas of the family, employment and equal opportunities policy of the Government.

During the informal discussions with Anna Diamantopoulou, the Commissioner of Employment and Social Affairs of the European Commission, the most important goals in the area of social policy and employment of Lithuania were discussed.
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7.2. PARTICIPATION IN INTERNATIONAL ORGANISATIONS

7.2.1. United Nations

The process of the human rights protection has become one of the most important components of the political, legal and social life of the most states in the second half of the 20th century. Arguably, the condition of the safeguarding of human rights and freedoms in a particular country is one of the main criteria that allow to judge about the level of democracy in that state.

Protection of human rights on the global scale is essentially implemented through the United Nations Organisation (UN), through the institutions functioning in its system and through the international documents adopted. Article 55 of the UN Charter claims that the United Nations promotes “universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion”. Since the Republic of Lithuania re-established its membership in the United Nations Organisation after regaining its independence and, consequently, accepted the views declared by this organisation, it is presently joined to the international documents in the area of human rights protection functioning in the UN system.

The Ministry of Social Security and Labour is responsible for the implementation of the following documents of the United Nations:

- UN International Covenant on Economic, Social and Cultural Rights (came into force in 1966, joined by Lithuania in 1991)
- UN Convention on the Rights of a Child (came into force in 1990, ratified by Lithuania in 1995)
- UN Convention relating to the Status of Refugees (came into force in 1954, ratified by Lithuania in 1994).

UN International Covenant on Economic, Social and Cultural Rights

UN International Covenant on Economic, Social and Cultural Rights, an agreement by which the ideas and principles embedded in the Universal Declaration of Human Rights were transformed into concrete legal norms obligatory to the member states, was completed and adopted in the United Nations system in December 16, 1966. The Republic of Lithuania joined this document by resolution of 12 March 1991 of the Supreme Council.

UN International Covenant on Economic, Social and Cultural Rights is one of the most important instruments of human rights protection existing at the present moment. Member states of the Covenant must take all active measures in order to achieve the result provided in the covenant, i.e. to guarantee the economic, social and cultural rights provided in it. Most states would not be able to guarantee these rights immediately after the ratification of the covenant and, therefore, they oblige themselves to take measures in order to guarantee them in the future.

The Ministry of Social Security and Labour has initiated the establishment of an interdepartmental work group the purpose of which is to prepare a report to the UN Secretary General on the implementation of the provisions of UN International Covenant on Economic, Social and Cultural Rights in the Republic of Lithuania. A group has been formed by the Prime Minister’s order, which includes representatives of various ministries of the country and other institutions. The Ministry of Social Security and Labour was appointed to co-ordinate the preparation of the report. The report for the aforementioned Covenant must be drafted and presented to the Government by the end of 2001.

UN Convention on the Rights of a Child

It is an international document declaring to the children the same rights and freedoms that are provided in the UN Declaration of Human Rights (the right to family, education, health and social insurance, the right to be protected from violence, coercion and exploitation, the right express his/her opinion and to be heard etc.). In 2000, the Ministry of Social Security and Labour has finished preparing the Initial Report on the Implementation of UN Convention on the Rights of a Child that was presented during the
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26th session of the UN Committee of the Rights of a Child in January 2001 in Geneva.

UN Convention on the Elimination of All Forms of Discrimination Against Women

This convention and the documents appending it regulate women’s rights, the possibility to participate in the political life, economic activities of the country and other areas of the society and family life. The Republic of Lithuania presented the report on the implementation of the provisions of this convention in 2000. The report was successfully presented during the 23rd session of the Committee of the Elimination of All Forms of Discrimination Against Women in June 2000 in the UN headquarters in New York. The Ministry of Social Security and Labour initiated the signing the Supplementary Protocol of the Convention on the Elimination of Discrimination of Women. The President of the Republic of Lithuania Valdas Adamkus signed this Protocol during his visit to the United Nations in September 2000.

The main aim of the UN Convention relating to the Status of Refugees1 (and the documents appending it) is protecting and safeguarding the implementation of the rights of persons who seek asylum in a foreign country.

During 2000, the representatives of the Ministry of Social Security and Labour have participated in the activities of various UN Commissions and represented Lithuania in the sessions of the UN General Assembly. Lithuania is a member of even two UN commissions - Commission of the Status of Women (from 1999 to 2002) and Commission of Inhabitants and Development (from 2001 to 2004), and the Ministry of Social Security and Labour has to ensure the representation in them.

In June 2000, an extraordinary session of the United Nations General Assembly took place in Geneva, in which the Minister of Social Security and Labour Irena Degutienė presented National Poverty Reduction Strategy prepared after making a comprehensive sociological research in Lithuania and based on the study carried out by project “Poverty Reduction Strategy”.

The governmental delegation of Lithuania headed by the Vice-Minister of Social Security and Labour headed by the Vice-Minister Rimantas Kairelis took part in an Extraordinary Session of the United Nations General Assembly took place in the United Nations headquarter in New York in June 2000. During the session the Vice-Minister made a report on how the conclusions and resolutions adopted by the 4th Global Conference of the Women that took place in 1995 are implemented in Lithuania.

In 2001, an extraordinary session of the UN General Assembly on the issues of children regarding the implementation of the resolutions and action plans adopted during the UN World Leaders’ Summit in 1990.

7.2.2. Council of Europe

After the Second World War the countries of Western Europe decided to establish a new institution that would reflect the greater unity of these countries in “seeking to protect and realise those ideals and principles that are their common inheritance and that promote their economic and democratic progress”. The Council of Europe (CE) became such institution. Article 3 of the Statute mentions the idea of the legal state, which would create the conditions to guarantee the basic human rights and freedoms to persons in the internal law of the states. Currently the Council of Europe has 43 members and three more states have applied to become members of this organisation. The following statements declared in the Statute could briefly describe the activities of the Council of Europe:

- To protect human rights and democracy;
- To promote the cultural development of the European countries and cherish the existing cultural inheritance;
- To solve problems encountered by the European

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[1] Please read other chapters of this Social Report for more on the issues the rights of child, refugees and abolition of discrimination of women.
The issues examined by the Council of Europe Committees of Employment and Labour and Equal Opportunities for Men and Women are discussed in more detail in other chapters of this Social Report.

The Republic of Lithuania joined the European Council in 1993. Already in 1997, The Ministry of Social Security and Labour signed two important documents in the Council of Europe: The Interim Agreements of Europe and The European Social Charter (revised). The Interim Agreements of Europe is significant in that the rights of the citizens of the countries in agreement are treated equally and the discrimination on the basis of citizenship is thereby removed. The Interim Agreements of Europe was ratified in 1999.

2000 saw intensive preparations for the ratification of the European Social Charter (revised): several seminars were organised, discussions with the representatives of the employers and professional unions took place in the Tripartite Council. The European Social Charter (revised) was ratified in May 2001. In preparing for the ratification, a possibility to join the other documents of the Council of Europe was examined. A study of the possibility to sign The European Convention on Social and Medical Assistance must be carried out. The preliminary report on the correspondence of the laws and practices of Lithuania to the requirements of the European Code of Social Security is planned for 2001.


The goals of this committee include the promotion of the ratification of the documents of the Council of Europe co-ordinating social security (European Convention on Social Security, European Interim Agreements, European Convention on Social and Medical Assistance etc.), preparation of explanatory reports or accounting questionnaires, discussing the issues of preparation or implementation of bilateral agreements, exchange of information on bilateral agreements, provision of information materials on the development of co-ordination of national social security systems etc. During the year answers were prepared to the following questionnaires drawn by this Committee:

- On the bilateral agreements on double taxation existing in Lithuania;
- On the provisions of bilateral and multilateral agreements on the co-ordination of social security system existing in Lithuania;
- On the legal provisions concerning medical treatment abroad and treatment of border workers etc.;
- On the social security system in Lithuania.

The most difficult “homework” assigned by the Council of Europe was to present answers to strictly regulated questions of the new questionnaire of the Council of Europe prepared for the comparative social security tables (MISCEO). 330 questions were answered in English about the organisation and financing of the main social security schemes, protected persons, types of benefits etc. The Council of Europe appraised Lithuania’s answers as the best prepared contribution of the countries. When the Council of Europe systematises the answers of the countries, it will be easy to find comprehensive information on the social security systems abroad. Only the EU Member States made this comparison before 2000 (MISSOC tables).

The Committee of Expert on Standard-Setting Instruments in the Social Security Field

One meeting of this committee took place in 2000. This committee aims to promote the instruments establishing social security standards, primarily, the

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1 The issues examined by the Council of Europe Committees of Employment and Labour and Equal Opportunities for Men and Women are discussed in more detail in other chapters of this Social Report.
ratification of the European Code of Social Security, to help the candidate countries assess the legal, financial and administrative consequences of the ratification of this document, to analyse the conclusions of the consultants and present proposals regarding the reports provided by the countries, the European Code of Social Security, the European Social Charter and the synchronisation of the provision of other relevant reports on international documents, which is particularly important for small countries. The European Code of Social Security formulates certain requirements in accordance to nine social security branches on the definitions of cases of risks, the number of protected persons, the type of benefits, the length and the size of the period of work record or life etc. Lithuania has not yet signed or ratified the European Code of Social Security.

The members of the committee discussed the proposals of the Council of Europe regarding the practical actions in preparing to sign the European Code of Social Security. The Council of Europe initiates the analysis of the situation in the CE countries regarding the fulfilment of the requirements of the Code in the next few years (2001-2002) notwithstanding whether the country has ratified this document or not. In May 2001 in Lithuania, a seminar was organised for the Baltic countries on the preparation of the initial report in accordance to requirements of the Code. Lithuania must present the initial report to the Council of Europe at the end of 2001.

**The CE Governmental Committee of the European Social Charter/Social Charter**

This committee examines the provisions of the Social Charter and observance of the provisions of the Charter by the countries that have joined it. Our country has signed European Social Charter (revised), which proclaims the most important economic, social and cultural human rights, in 1997 and ratified it in 2001. An intensive preparation for the ratification of the Social Charter (revised) took place in 2000.

Regarding the higher level of development of the European countries and seeking to guarantee more extensive and more specific social human rights and the effectiveness of their protection, the Council of Europe has initiated the signing of the European Social Charter in 1961 in Turin. The Charter gave a substantial contribution to the development of the economic and social relations of the European countries. In its own turn, the economic and social progress has a significant influence on the improvement of the chart. Therefore, its supplementary protocol was signed in 1988 in Strasbourg by which the chart was supplemented with new rights. The protocol of the Charter revisions regulating the activities of the structures of the Council of Europe was signed in 1991 in Turin. A particularly significant step was taken 1995 when the European Social Charter (revised) was signed joined by Lithuania after two years (in 1997).

Presently, two independent Charters exist in Europe – the European Social Charter (1961) and European Social Charter (revised) (1995). The revised Charter heeds the fact that fundamental economic and social changes took place in Europe since 1961. It contains part of the provisions of the Charter of 1961. Other provisions transposed from the previous Charter are revised and pose higher requirements. Seeking to enable more countries with differing levels of social and economic development to become members of the Charter, possibilities are created to take only part of the obligations provided in it. It is sufficient to choose and take at least two thirds of them. Seeking to reconcile the interests of the social partners, the Charter is based on the social dialogue. The state authority and organisations of employers and employees can become active participants of this dialogue.

It is often debated what are the specific and real benefits for the inhabitants of Lithuania or their separate groups of joining the Social Charter (revised). Obviously, it does not create material or social welfare by itself. However, such step becomes the guarantee and the incentive in developing and safeguarding the social human rights. The changes in the political power, notwithstanding its economic and social orientations and views, will no longer have a significant impact on the development of economic and social relations once our state takes the obligations provided in the chart. The commitments made by the previous authority will remain obligatory and, therefore, it will not be possible to taper off the rights guaranteed to the inhabitants or their separate groups by the commitments made. Moreover, the Charter forbids discrimination on the basis of citizenship;
therefore, the citizens of Lithuania living in the territory of any member country of the Charter will have the same rights that are given to the citizens of that country under the obligations of the Charter.

The Charter provides for its demanding and effective implementation control to achieve a comprehensive fulfilment of the commitments made. Every two years each member state of the Charter must present a report to the Secretary General of the Council of Europe on how the commitments made are being fulfilled. The preparation of this report is yet another international obligation that Lithuania must fulfil already in 2003 after ratifying the Charter.

### 7.2.3. International Labour Organisation

**International Labour Organisation** is a specialised United Nations agency that promotes social justice and universally recognised human rights. It was established in 1919 by Versailles Treaty and in 1946 it became a specialised UN agency. Currently, 175 states are members of the ILO. Lithuania became a member of the ILO in 1921 and renewed it membership in 1991.

The Ministry of Social Security and Labour is obliged to represent the Government of the Republic of Lithuania in relations with the International Labour Organisation by the order of 3 November 1994 of the Government of the Republic of Lithuania.1

The Ministry is carrying out its duties assigned to it by trying to take active participation in the activities of the International Labour Organisation, fulfilling all commitments related to the membership in the Organisation, which includes implementation of international labour standards, preparation of reports, preparation for proper participation in the annual conferences and the work of the sessions of the Governing Body, preparation and implementation of joint projects, accumulation and dissemination of the International Labour Organisation’s information, three-lateral consultations on the application of international labour standards, issues of expediency of ratification or denunciation of ILO conventions.

The Ministry takes part in preparing and implementing the programmes of technical co-operation with the ILO.

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4) reports of the Chairman of the Governing Body and the General Director of the ILO and discussions;  
5) the ILO budget and other issues.

The respective committees examined issues that fall under their competence and the reports of their work were later presented and discussed during the plenary meetings. Convention 183 and Recommendation 191 regarding the protection of maternity were adopted by nominal voting at the plenary meeting of the Conference in June 15. The need was noticed to revise the ILO Recommendation 150 of 1975 regarding the development of the human resources so that it reflects the new approach to the employees’ training and upgrading their qualifications. The Conference has also decided to withdraw five outdated conventions that no longer meet the present requirements: the 31st Hours of Work (Coal-Mines) Convention of 1931; the 46th Hours of Work (Coal-Mines) Convention (revised) of 1935; the 51st Reduction of Hours of Work (Public Works) Convention of 1936; the 61st Reduction of Hours of Work (Textiles) Convention of 1937 and the 66th Migration for Employment Convention of 1939. It should be noted that Lithuania had not ratified the said conventions and, therefore, their withdraw will not have any consequences to Lithuania.

A meeting of the labour ministers of the EU candidate countries was organised by the Czech Minister of Labour and Social Security and took place during the Conference. The perspectives of the implementation of the EU employment policy, the possibilities to connect ILO support to the objectives of accession to the EU and other issues most urgent to the candidate countries were discussed during this meeting.

Moreover, other useful multilateral and bilateral meetings took place during the Conference, during which pertinent issues were also discussed and experiences shared.

**277th-279th Sessions of the ILO Governing Body**

The Governing Body (GB) is the main executive institution of the ILO. It meets three times a year in Geneva and solves the main ILO policy issues. It creates programmes and offers solutions to the issues off the budget that are later presented to the Conference for approval. The GB also elects the General Director. It consists of 28 representatives of governments, 14 representatives of employers and 14 representatives of employees. The employers and employees elect their representatives independently. Ten governments have permanent seats in the GB government group. Others are elected.

Lithuania has been elected a deputy member of the GB for the period of 1999-2002 in the governments’ group. Active participation in the work of the Governing Body creates opportunities for Lithuania to not only fulfil the obligations of the membership but also make a direct contribution in shaping the ILO policy of international labour standards.

The 277th session of the ILO Governing Body took place in Geneva in March 2000. The most urgent issues were discussed during the session, including the following: ILO Declaration on Fundamental Principles and Rights at Work and the first Global Report on the application of the principles of the Declaration; Issues of gender equality and non-discrimination; forced labour in Myanmar; employment and social affairs in the non-official/informal labour sector; the ILO action strategy in case of crisis situations; report of the Working Party on the Social Dimension of Globalisation and proposals for the agenda of the 90th ILO Conference in 2002. The representatives of Lithuania took an active part in the work of the session and expressed their opinion on the most urgent issues.

The special symposium was devoted for the preparation for the United Nations Conference “Women 2000” that took place in New York in June 5-9, 2000. It emphasized the importance of removing discrimination and promoting the work suitable for women in seeking to guarantee the basic human rights and social justice as well as the social-economic welfare.

During the 279th Session (November 2000), the Governing Body assessed the means that need to be taken acting in accordance to the Resolution of the 88th
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ILO Conference *On combating HIV/AIDS*; “the Universal ILO Programme for Combating HIV/AIDS and the World of Work” was discussed; attention was paid to the coming into force of the Worst Forms of Child Labour Convention and it was emphasized that it is one of the most rapidly ratified conventions in the entire ILO history; decisions were made concerning the agenda of the 90th session of the International Labour Conference and proposals for the agenda of the 91st session as well as other urgent issues were discussed.

*Application of the International Labour Standards*

The ILO mostly formulates the international labour standards in the shape of conventions and recommendations that establish the minimum standards of human rights at work: freedom of association, collective bargaining, abolition of forced work, safeguarding equal opportunities for men and women. Members of the Organisation are encouraged to observe the international labour standards adopted since it is considered that all members of the Organisation, even if they have not ratified the conventions provided, are obliged to observe, establish and implement the principles of the basic rights honestly in accordance to the Constitution if only because they belong to the Organisation.

During the long time of its existence, the ILO has created and improved the system of monitoring the application of the standards that functions effectively and is considered to be one of the best among the similar systems in the world. It is based on the regular reporting and the special procedures.

The entire work is organised by the *International Labour Office*.

The International Labour Office (IL Office) is the permanent ILO secretariat and functions under the leadership of the General Director who is elected for the five years term. The activities of the International Labour Office are supervised and inspected by the Governing Body. The main headquarters of the International Labour Office are situated in Geneva; around 1900 employees work there. Moreover, 40 regional sections exist in various parts of the world. Around 600 experts work in various countries implementing programmes of technical co-operation. The IL Office has its research and documentation centre as well as a publishing house and publishes a lot of periodicals, specialised studies and reports.

In accordance to the regular reporting procedure established by the ILO Constitution, at the request of the International Labour Office in 2000 detailed reports were prepared and presented to the International Labour Office on the application of the provisions of the following ILO Conventions: the 4th Night Work (Women) Convention, the 29th Forced Labour Convention, the 79th Night Work of Young Persons (Non-industrial Occupations) Convention, the 87th Freedom of Association and protection of the Right to Organise Convention, the 88th Employment Service Convention, the 100th Equal Remuneration Convention, the 131st Minimum Wage Fixing Convention, the 138th Minimum Age Convention and the 142nd Human Resources Development Convention as well as simplified reports on the implementation of some other conventions. Information was also provided at the so-called direct requests of the Committee of Experts.

The reports are analysed by the *Committee of Experts*. Basing itself on the reports, this Committee prepares a comprehensive report on the application of conventions and recommendations in Member States of the Organisation, which is presented to the ILO Governing Body, published in a separate publication and sent to the Members. Moreover, the Committee of Experts presents to the governments the so-called direct requests on the application of conventions and recommendations.

The ILO shapes the directions of the labour and social policy consulting with the members of the Organisation on particular issues. Various instruments are used to this end - questionnaires, researches etc.

Detailed information was prepared for the questionnaires presented by the ILO “Promotion of Co-operations” and “Application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy”. Basing itself on the answers to the latter questionnaire, the International Labour Office prepared and published a two-volume review of the situation at the multinational enterprises. Information was also presented at the request of the International Labour Office on the international
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labour standards policy and some specific issues in the labour and social sphere.

Consultations with the Social Partners
The ILO distinguishes itself in the United Nations system by that its work is based on the tripartite co-operation of governments, employers and employees. Therefore, in accordance to the provisions of the ILO Constitution (Article 23.2) and the 144th Convention as well as the 152nd Recommendation, all reports on the application of the ratified or non-ratified conventions must be sent to the social partners - organisations of employers and employees, they also have to be consulted on other issues, such as ratification or denunciation of conventions, the content of new ILO documents, Government’s answers to the ILO questionnaires etc.

In 1998, the Standing Tripartite Consultations Commission on Implementation of the International Labour Standards was established under the Tripartite Council of Lithuania with the main goal of ensuring effective consultations of the representatives of the Government, employers and employees on the most important issues of the implementation of the international labour standards. In December 19, 2000, a meeting of this commission took place, during which the directions of the International Labour Organisation work (based on the materials of the 88th Conference, the 277th-279th sessions of the Governing Body and the 6th European Regional Meeting) were discussed, the perspectives, possibilities and expediency of the ratification of the 122nd Employment Policy Convention and the 156th Workers with Family Responsibilities Convention were considered. The possible consequences of the ratification of these conventions were noted and it was decided to invite the specialists to scrutinize the possibilities and the expediency of their ratification as well as examine the urgency of other ILO conventions and discuss the possibilities of their ratification in the next meeting of the Commission.

Conferences and meetings
The ILO Regional Director’s for Central and Eastern Europe visit to Lithuania
In April 2000, the ILO Regional Director for Central and Eastern Europe, Mr. H.Scharrenbroich visited Lithuania. During the visit the areas of co-operation in accordance to the strategic objectives of the ILO and the priorities of Lithuania co-ordinated with the social partners were agreed upon.

Tripartite Meeting in Malta for ILO Constituents in the EU Accession Countries on the issues of the social dialogue, employment policy and equal opportunities
In September 28-October 2, 2000, high officials representing countries - the ILO members and the EU candidates - met in Malta to discuss the issues of the social dialogue, employment policy and equal opportunities. The representatives of the social partners also participated in the meeting. The Government was represented by the Vice-Minister of Social Security and Labour R.Kairelis who presented the course of Lithuania’s preparation for the membership in the EU, the urgent issues of the development of social dialogue, the directions of forming employment policy and the implementation of the principle of equal opportunities in the Lithuanian system.

The Sixth European Regional Meeting of the International Labour Organisation
The Sixth European Regional Meeting of the International Labour Organisation took place in Geneva in December 12-15, 2000, during which it was participated in the activities of the committees. Several additional meetings also took place during this event: the meeting of the Government’s representatives with the ILO General Director Juan Somavia; a meeting with Mr.Pierre Laviec, Director of the ILO Central and Eastern European Team, on the possible and the most urgent during the next period ILO technical assistance to Lithuania with regard to the priorities established by Lithuania in 2000 in accordance to the ILO strategic objectives; a meeting with the representatives of the ILO International Training Centre in Turin regarding the joint projects of the three Baltic countries.

Technical co-operation
The ILO provides international policy and creates programmes seeking to improve the situation of work and life in the entire world. The ILO assistance to the members of its Organisation is mostly of the research, expert, consultative and training nature. Lithuania has used the ILO experts’ help, representatives of various areas have participated in training seminars and
traineeships, and separate programmes are being implemented for the training of the social partners. Having consulted the social partners as well as the ILO Budapest Team the programme of technical cooperation of Lithuania and the ILO for 2000-2001 was prepared in accordance to the strategic ILO goals and the needs of Lithuania, in particular with regard to the objectives of the preparation for the EU membership. Under this programme, the experts of the ILO Budapest Team conducted a seminar in Vilnius in May 30-31 on the issues of development of the social dialogue in Lithuania and advised on the issues of collective agreements in enterprises, in the sector and in the country. The ILO experts are regularly consulting on the issues of the preparation of the Labour Code.

During the second half of 2000, consultations with the ILO took place regarding some provisions of the 182nd Worst Forms of Child Labour Convention. The perspectives of the ratification of the said convention were discussed with the Department of Family and Children of the Ministry as well as preparatory work was carried out for the assistance of the ILO experts planned for the first half of 2001 in analysing national legislation related to the abolition of the labour of children and the possible ratification of the 182nd Worst Forms of Child Labour Convention, as well as in assessing the system of the tripartite social dialogue institutions in Lithuania.

Experts from both the ILO and the EU were invited when preparing seminars on some urgent issues. The participants of the seminar appraised such presentation of different views on the issues examined as particularly useful and interesting.

One competitively selected official of the Ministry had a three-weeks course in the ILO International Institute of Social Studies on the issues of social and labour policy.

7.2.4. Organisation for Economic Co-operation and Development

The Organisation for Economic Co-operation and Development (OECD) seeks sustainable economic growth, creation of jobs and raising the living standards while maintaining the financial stability. The goal of Lithuania is to establish a closer relationship with the OECD and to become its member in the future. Membership in the OECD gives international recognition and testifies the high level of development.

The OECD Centre for Co-operation with non-member countries prepared the Baltic regional programme that aims to promote the long-term economic growth of the country as the basis of the development of the democratic society. It is the programme of preparation for the OECD membership encompassing regional co-operation, promotion of international investments, finances, politics, labour market, social security and other issues. In implementing this programme a comparative analysis of Lithuania, Latvia and Estonia “Baltic Countries - the Regional Economic Analysis” was prepared in 2000, which pays significant attention to the development of labour market and social policy. When introducing this publication in the Ministry of Foreign Affairs in April 2000, a discussion took place on how Lithuania could use the OECD recommendations in the implementation of economic and social reforms.

In 2000, the preparation of a more detailed analysis of the labour market and social policy was started, which will be summarised in the OECD publication “Social Security and Labour Markets Review”. In October 2000, a delegation of the OECD experts visited Lithuania in relation to this publication. The Ministry of Social Security and Labour organised meetings of the experts with the representatives of the SSL, the Ministries of Finances, Health, Education and the Department of Statistics, subordinate institutions, the social partners, independent experts etc. This OECD review should be finished preparing at the end of 2001. It will present information and recommendations on the organisation of social security in Lithuania, social expenditures, social research, the pensions reform, social insurance, labour relations, the procedures of bankruptcy etc.

The visit of the Assistant to the General Secretary of the OECD S.Kond took place in September 2000. The guest also visited the Ministry of Social Security and Labour. During the meeting with the
Minister of Social Security and Labour the further implementation guidelines of the Baltic regional programme approved by the OECD Council and the possibilities for Lithuania to become a true member of the OECD were discussed.

In May 2000, the Ministry of Social Security and Labour organised the conference “The Pensions Reform: implementation experience”, in which the OECD experts invited took a particularly active part.

### 7.3. BILATERAL CONTACTS

#### 7.3.1. International Agreements

With regard to the fact that the development of international co-operation and the speed of migration demands improving the social security of migrant workers and other persons who are moving from Lithuania to live in other countries and vice versa, measures were taken to help regulating the interstate relations in the area of social security and labour. Lithuania has 12 agreements in force at the beginning of 2001.

The year 2000 marked active work in preparing agreements. The agreement of the Republic of Lithuania and the Republic of Finland on social security was signed in Helsinki in September. The organisational matters related to the practical application of the social security agreement of the Republic of Lithuania and the Republic of Belarus, were solved upon signing an agreement in Vilnius. The Seimas of the Republic of Lithuania ratified the agreement of the Republic of Lithuania and the Russian Federation on the pensions maintenance. The social security agreement of the Republic of Lithuania and the Czech Republic came into force. The social security agreement of the Republic of Lithuania and Ukraine was drafted and co-ordinated in 2000 and signed during the meeting of the heads of both states in April 2001. The project of the social security agreement of the Republic of Lithuania and the Republic of Latvia, which should change the interstate agreement signed in 1993, was drafted and presented to the Latvian side. The project of the social security agreement with the Netherlands was started co-ordinating. The project of the agreement of the Government of the Republic of Lithuania and the Government of the United States of America on the export of social security benefits has been consulted upon. The US embassy was presented proposals on the extension of the social security agreement. The agreement is planned to be signed in 2001. Such agreement would help solving the problems of returning people of retirement age related to the issues of benefits.

The matters of the contributions and benefits of the migrants are being solved by international agreements; therefore, attention is paid to the situation and the prognoses of the situation of inhabitants’ migration in forming the strategy of interstate relations favourable to Lithuania.

The search for the ways and means for the citizens of the Republic of Lithuania to enter the labour markets of the foreign countries was further continued. The agreement of the Government of the Republic of Lithuania and the Government of the Czech Republic on the exchange of probation workers was signed, approved by resolution of the Government and came into force in 2000. The protocol of the Ministry of Social Security and Labour of the Republic of Lithuania and the Migration Office of Russia on the agreement between the Governments of Lithuania and Russia regarding the implementation procedure of temporary employment of citizens was prepared and co-ordinated with the Russian side. Seeking to realise at least the minimal possibilities of entrance to the EU labour market, an agreement project on the temporary work of citizens in the EU countries was prepared and co-ordinated with the relevant ministries.
7.3.2. Bilateral Co-operation with the Ministries of Foreign Countries

The Ministry of Social Security and Labour co-operates with the respective ministries of Denmark, the Netherlands, Ireland, Germany, Poland, Belgium, France, Norway and Sweden.

Denmark. The Kingdom of Denmark was the first European country that started providing assistance to Lithuania in the area of labour market already in 1991. Five ministries in Denmark - the Ministry of Social Affairs, the Ministry of Labour, the Ministry of Health, the Ministry of Foreign Affairs and the Ministry of Internal Affairs, implement the activities that fall under the competence of MSSL. MSSL carried out 7 programmes with the respective Danish institutions in 2000. Four programmes were carried out with the Ministry Labour alone, out of which Bilateral Sectoral Programme of the Labour Market Policy and Baltic Sea Region Sectoral Programme of the Labour Market Policy were the most dynamic. Continuing the traditions of co-operation, the memorandum of co-operation between the Ministry of Social Security and Labour of the Republic of Lithuania and the Labour ministry of Denmark, which would approve the provisions of further co-operation in the area of labour market policies of the countries based on the EU decisions regarding assistance to the candidate countries in their preparation for the membership in the EU, is planned to be signed in 2001. This memorandum will combine the four programmes financed by the Danish Government that have been functioning in Lithuania so far.

The Ministry of Social Security and Labour together with the Ministry of Health has signed an agreement with the Danish Ministry of Foreign Affairs and the Danish Ministry of Social Affairs On the Implementation of Social Initiatives for the Endangered and/or Isolated Social Groups of People in Lithuania. By this agreement the countries aim to improve the situation of the groups of people who find themselves in vulnerable social situation and prevent their isolation in the society. A significant number of projects were implemented in various local governments of Lithuania under this programme in 2000. New priority groups of the recipients of this programme were established. It is proposed to give preference to projects that plan to solve problems of the following risk groups: waifs and families with social problems, elderly people in rural areas and drug addicts, especially children and youths.

The Danish Ministries of Social Affairs and Health together with the Ministry of Social Security and Labour started another joint project in Ignalina local government in 2000. The establishment of the Consultation Centre for Children and Youth who have social and health problems is provided under this project. The Youth Centre was opened in October. The project will also be continued in 2001.

The Ministry of Social Security and Labour together with the Training Service of the Labour Market of the Republic and the specialists of the Danish consulting company “Cowi” participates in the implementation of the project “Environmental aspects of the Baltic Region Sectors - Environment, Employment and Education, 1999-2001” financed by the Danish Government, which aims to introduce the specialists of Training Service of the Labour Market and the Labour Exchange to the problems of environmental protection and turn attention to them when preparing new training or re-qualification programmes. This project is carried out under the Sectoral Programme of Environment, Work Environment and Employment.

Yet another programme that was initiated by the Danish institutions in 2000 was improvement of tripartite co-operation between the central level institutions, regions and local governments. This programme will be implemented in the entire Baltic region.

The Netherlands. Co-operation between the Ministry of Social Security and Labour of the Republic of Lithuania and the Ministry of Social Affairs and Employment of the Netherlands was established already in 1997 when the Memorandum of Understanding was signed between the two ministries for the period of five years. The specialists of the Dutch Ministry consulted and gave various support to the specialists of the MSSL on the issues of preparation of Social Report, making international agreements, preparation to ratify the Social Charter, the integrated technological system of information in social security, drafting of legal acts on safety and health.
at work etc. The Dutch Government financed many activities through the United Nations Development Programme.

Seeking to reinforce co-ordination of the both ministries in the area of social policy, the General Secretary of the Dutch Ministry of Social Affairs and Labour Ronald Gerritse visited the Lithuanian Ministry of Social Security and Labour. The aim of this visit was to discuss the further co-operation of the ministries. It is planned to sign a new bilateral agreement in 2001. The agreement should include the five-year period of co-operation, during which the ministry of Social Security and labour of Lithuania would receive assistance from the Dutch Ministry in the decision making process of social policy monitoring and assessment. A cognitive visit of representatives of the institutions making social policy decisions in Lithuania to the Netherlands is planned for 2001. Members of the Lithuanian delegation will be acquainted with the decision-making procedures existing in the Netherlands, their application and the necessity and usefulness of co-operation with the social partners.

Ireland. The Ministry of Social Security and Labour has established close relationship with the Irish social insurance experts that have repeatedly advised the MSSL on social insurance issues and started a project for the development of the system of integrated information technologies of SODRA in 2000. Seeking to strengthen the co-operation established with the Department of Social, Community and Family Affairs of Ireland, the Ministry of Social Security and Labour prepared the project agreement of co-operation of the two institutions in October 2000, which provides for co-operation on the issues of pensions and social insurance, family affairs, preparation of poverty reduction programmes, implementation of international documents etc. It is expected that this agreement will be finally co-ordinated and signed by the authorised representatives of the Ministry in 2001.

Germany. The Ministry of Social Security and Labour co-operates closely with Hessen and Saxony Lands of Germany. Delegations were exchanged in 2000. The delegation of the Social Maintenance Fund of Hessen Land visited the Ministry; the visit of the Secretary of the Ministry of Economics and Labour of Saxony Land was arranged. The Germans are the main partners in the implementation of the PHARE twinning programme aimed at strengthening the implementation of the policy of occupational health and safety. The visit of the delegation headed by the Minister of Social Security and Labour Vilija Blinkevičiūtė to the respective ministry of Hessen Land took place in 2001. In 2001, the visit of the Secretary of the Federal Ministry of Labour and Social Security of Germany is arranged for 2001. The further co-operation will be discussed during the visit.

Poland. Implementing the Bilateral Co-operation Agreement with the Ministry of Labour and Social Policy of Poland, the delegation of the Ministry of Social Security and Labour made a visit to Poland in September 2000. The visit was organised following the co-operation agreement signed by the Ministry of Social Security and Labour of Lithuania and the Ministry of Labour and Social Policy of Poland. During the visit the representatives of Lithuania and Poland shared their experience in social support, administration of the Social Fund of Europe, occupational safety and health issues. The meeting of the Ministers of Social Security and Labour of Poland and Lithuania, during which urgent issues of social security would be discussed, is planned to be arranged in 2001.

Belgium. The co-operation of the social partners of Lithuania and Belgium lasted for a long time. In 2000, the agreement project on co-operation between the Ministry of Social Security and Labour of Lithuania and the Labour Ministry of the Kingdom of Belgium was prepared. This agreement provides for close co-operation with the Belgians on labour relations and organisation, health and safety, employment and unemployment, equal opportunities for men and women, labour inspection, informal economy and other issues. It is planned that the Agreement will be signed during the meeting of the heads of the Ministry of Social Security and Labour of Lithuania and the Belgian Ministry of Labour in 2001. Belgium will have presidency over the European Union during the second half of 2000.

France. The Ministry of Social Security and Labour, understanding the importance of maintaining good relations with the biggest countries of the European Union, has established relations with the French
Ministry of Solidarity in 2000. Intensive correspondence and mutual exchange with information took place in 2000. It is expected that the final result of this co-operation will be the agreement of the two ministries establishing co-operation of both ministries in the social sphere.

**Norway.** Upon signing the agreement of co-operation with the Institute of Applied Social Science (FAFO), the Government of Norway financed the implementation of the Living Conditions Survey in Lithuania. This survey has also been carried out in Latvia and Estonia. The final report on the survey that will present the analysis of the living conditions of the Baltic countries is expected to be prepared in 2001.

**Sweden.** The Government of Sweden is financing various projects in the social area through the International Development and Co-operation Agency (SIDA). In 2000, large projects financed by the SIDA were implemented in institutions subordinate to the MSSL – the training of labour inspectors (the State Labour Inspection) and improvement of the activities of the Lithuanian Labour Exchange. The Ministry of Social Security and Labour together with the SIDA further continued the project of the training of the social workers of the centres of social services that are being established by the World Bank. Moreover, a new project on the qualitative development of the social policy and community social services was co-ordinated. This project will start in 2001.

### 7.4. MULTILATERAL ASSISTANCE

The Ministry of Social Security and Labour together with the subordinate institutions prepares and implements international projects that are financed by international institutions. Project development is an important prerequisite of the development of the social security system. These projects provide consultations of foreign country experts, moreover, the institutional base of Lithuania is strengthened, the experience of foreign countries is learned, traineeships of the workers of the institutions are carried out, the labour market system is developed and various researches are carried out. In order to avoid overlapping, the Ministry of Social Security and Labour co-ordinates the projects implemented by the subordinate institutions and establishes the priorities of international assistance. In 2000, the priorities for 2001-2002 were prepared and presented during the meetings with the representatives of foreign countries, funds or international organisations as guidelines, following which the Ministry of Social Security and Labour wants to co-operate in the implementation of international projects and exchange of information.

In 2000, 48 international projects on social security and labour issues were worked upon, 8 out of them were finished, 15 have been prepared and are waiting for approval, and 25 are continued. The representatives of the MSSL have participated in 19 international projects. The main sources of funding of the social security and labour projects are programmes of the European Community, the Development Bank of the Council of Europe, the World Bank, the United Nations Development Programme, and the resources provided by the Governments of Sweden, Denmark, the Netherlands and other countries.

#### 7.4.1. Programmes of European Community

The concept “Community programmes” describes all integrated actions that the European Community have taken to encourage co-operation of the Member States in various areas related to the Community policy. These programmes have essentially been created for the Member States and they are financed through the common budget of the European Union.

Programmes, the beneficiaries of which are not Member States, do not fall under this description. Among such programmes one should mention, for example,
Projects of the PHARE programme

The European Commission has established the Joint Monitoring Committee for the monitoring of the PHARE programmes carried out, which consists of the European Union Delegation in Lithuania and the representatives of the respective institutions implementing the PHARE programmes. Twice a year this monitoring committee is presented with the reports on the course of implementation of the programmes and projects comprising them as well as the difficulties related to it, the work carried out and the resources used. The Ministry of Social Security and Labour has prepared and presented such reports to the monitoring committee in April and December 2000. Since the social sector programmes are implemented successfully, there were no remarks from the European Commission.

Since the end of 1999, the PHARE programme has become strictly oriented towards the process of integration. The nature of the projects has also changed - “twinning” projects appeared. In 1999 and 2000, the projects of the Ministry of Social Security and Labour received from the PHARE programmes 7,15 million euros that were used for three large twinning projects and one continued usual technical assistance project:

- Strengthening of the occupational health and safety policy implementation;
- Support to social policy development and administration of social assistance benefits and allowances - Consensus III (1999);
- Preparation for participation in the European Employment Strategy (2000);
- Development of the integrated information technology system in SODRA - Phase II (1999).

Moreover, the remaining resources of PHARE programme of 1998 were also used in 2000.

The following list of pertinent projects can be summarised:

1. “Support for the European integration in Lithuania (PHARE SEIL)”

The main purpose of this project is to provide technical assistance and carry out the training of the state institutions participating in the accession process. The European Committee under the Government of the Republic of Lithuania was directly responsible for the implementation of this project; however, various ministries could present their proposals for the implementation of small subprojects. Regarding the Government’s interest in increasing the professional skills of the social partners and encouraging co-operation in the implementation of Acquis, the Ministry implemented a subproject that promoted the further development of the social dialogue. Traineeships-seminars of the social partners and the employees of state institutions co-operating with them, which aim at assisting the social partners in conducting negotiations among themselves, to clarify the priorities of the state and the means of their implementation in seeking the EU membership. In April 2000, a tripartite seminar - meeting “Tripartite social dialogue” took place; in May - tripartite seminars “Social Dialogue: Informing and Consulting Employees - the Labour Councils” as well as “Collective Negotiations”; in September - training courses for the social partners on improving negotiation skills.
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2. “Strengthening the activities of integration and support for the MSSL and institutions of occupational health and safety”

In implementing this project 1) the computerised system for the management of projects has been created, which will allow for the more efficient use of support given to the strategic goals of Lithuania and strengthen the capabilities of the MSSL in the area of integration; 2) the system of personal protection equipment in the area of occupational health and safety has been improved.

In implementing the project the foreign experts helped the MSSL implement such works as establishment of the system of assessment of protection equipment, training of employee representatives in enterprises and consulting them on issues of occupational health and safety at work, definition of the functions of the MSSL departments participating in the process of integration, creation of the development plan of the MSSL institutions, establishment of the priorities and topics for communication with the social partners and the society on issues of integration. Foreign language courses have also been organised for the specialists involved in the integration work.

3. “Support for the development of the integrated information technology system in SODRA”

This project aims to create a modern information technology system in SODRA, which would allow for increasing the effectiveness of the implementation and administration of the social insurance policy, as well as to improve SODRA employees’ skills. The integrated information technology system will be developed in three phases and the first phase implemented by this project will ensure the creation of the systems of unified collection of contributions and the client registration.

4. “Establishment of the monitoring unit for the development of the integrated information technology system in SODRA”

In implementing this project, a monitoring unit was established in the Ministry of Social Security and Labour, which is responsible for the provision of technical support to the Ministry of Social Security and Labour as well as SODRA, and ensures the quality of works in all the stages of the development of the integrated information technology system in SODRA. Moreover, the monitoring unit organises training courses on the issues of project management, business processes etc. and gives the work skills to the employees of the MSSL and SODRA.

5. “Strengthening of the implementation of the occupational safety and health policy”

It is a twinning project of Lithuania and Germany/France that aims to harmonise the occupational safety and health laws to the EU norms as well as strengthen the implementation of the occupational safety and health policy. The subject of the project includes the issues that fall under the competence of the Ministry of Social Security and Labour and the Ministry of Health as well as the institutions subordinate to them. In implementing the project, the analysis of the functioning legal acts will be performed as well as legal and methodological support will be provided in the preparation of the legal acts harmonised with the EU law. The concept of the strengthening of institutions in the area of occupational health and safety will also be prepared for the action plan of the implementation of occupational safety and health legislation; as well as the concept of the market supervision and the concept of notification and accreditation. In order to improve the practical skills of the employees of the institutions of safety and health, seminars on the risk assessment and the concept of new approach directives and practical training of risk assessment will be carried out.

6. “Support to social policy development as well as administration of social assistance benefits and allowances - Consensus III” (2001-2002)

The aim of the project is to rationalise the system of the social assistance benefits and allowances. Currently there are a lot of various categories of cash benefits in Lithuania, which are often provided for people without assessing their income or property. The project will help reviewing the existing system of benefits in cash, performing the assessment of the efficiency of the system of administration of benefits as well as preparing and testing in practice the recommendations for the further improvement of the administration of benefits. Two smaller projects were prepared for the successful implementation of this project: “The bridging technical assistance to the PHARE Consensus III project” and “Social assistance/long-term unemployed”. The first one is aimed at
preparing for the implementation of the main project - the comparative analysis of the benefits systems existing in the European Union will be carried out and directions in which the system functioning in Lithuania could be improved will be suggested. The second project will create an opportunity to invite the local experts and solve the issues related to both the provision of support to the long-term unemployed, and the improvement of the entire system of benefits and allowances.

7. The last PHARE project prepared in 2000 was “Preparation for participation in the European Employment Strategy”. It is a twinning project of Lithuania and Denmark/Sweden that will be started implementing in 2001. It will help solving such urgent issues as the harmonisation of the employment policy with the Employment Guidelines of Europe, the re-organisation of the labour market institutions in order to rationalise their activities and prepare for the administration of the European Union structural funds.

**The Youth Programme of the European Union**

The programme “Youth” (2000-2006) is one of the education programmes of the European Union aimed at young people. Apart from the Member States, Island, Norway, Liechtenstein as well as the countries of Central and Eastern Europe currently seeking membership in the European Union take part in this Community programme. Lithuania has also made a decision to participate in this programme\(^1\), which will receive 520 million euros for its needs during the entire period of seven years. The programme “Youth” is aimed at all young people aged 15 to 25. A particular attention will be paid to the participation and involvement of the young people who live in conditions unfavourable to cognition and development as well as youth organisations and youth groups functioning in small communities that are remote from the centres of culture and education.

The most important goal of the programme for youths is to raise a responsible, initiative and active personality by helping the young people acquire the necessary knowledge, skills and competence and ensuring equal opportunities for participation.

In 2000-2001, it is planned to support around 120 youth exchange projects (around 10-15 of them would be multilateral), 25 volunteer reception and 35 volunteer sending projects, 45 initiatives of youth groups, in which more than 6000 young people aged 15-25 would participate directly and around the same number would be involved into the implementation of the projects indirectly.

The programme “Youth” is especially encouraging participation of the young people who live in conditions unfavourable to cognition and development (youth in need of social support and the ones living far away from the centres of culture and education) in the programme. The participation of the young people to whom the projects of the programme “Youth” would be the first experience of international activities is particularly encouraged. Projects from the groups of young people as well as organisations from smaller and more distant areas are dominating in 2000. 60 applications were received in total.

The Ministry of Social Security and Labour has implemented two projects financed by the loans of this bank in 2000.

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support in providing social guarantees and care to the inhabitants of the “Ex-Deportees Home” is guaranteed on the state level. 954 ex-deportee families have been provided with a dwelling place and 75 ex-deportees have been settled in the re-constructed “Ex-Deportees Home” by the end of 2000. It is planned that around 2000 ex-deportee families will be provided with dwelling places by 2003.

Project “Social Service Infrastructure Development”
The second project of the Republic of Lithuania and the CE Development Bank - “Development of the Infrastructure of Social Services” - was started in 1998. It is planned to fund 10 centres of social services, create 289 workplaces and provide opportunity for 587 clients of the centres to use social services during the projects.

In 2000, the works of reconstruction were carried out in seven out of the 10 centres participating in the project by using resources of the Privatisation Fund and the state budget, the CE Development Bank as well as local governments participating in the project. The works of the reconstruction of the buildings of the SE Jurbarkas district labour centre of retarded youth, Kaunas city SE “The Children’s Day Care Centre of the Old Town”, Markučiai centre of day activities as well as Vilnius labour training centre of retarded people “Mes” were finished in 2000. It is expected that the reconstruction works of all the 10 centres will be finished and the project finally implemented in 2003.

In May 2000, the delegation of the Development Bank of the Council of Europe, headed by the manager of this bank R.Alomar and escorted by the Ambassador of the Permanent Mission of Lithuania to the Council of Europe R.Bernotas, made an official visit to the Ministry of Social Security and Labour. The head of the delegation and the persons escorting have met with the Minister of Social Security and Labour and other representatives of the Ministry. During the meeting R.Alomar presented the activities of the bank and encouraged the interested institutions of Lithuania prepare social projects together with the CE Development bank.

7.4.3. The World Bank Project

Project “Social Policy and Community Social Services Development” started in 1996 upon receiving a loan from the World Bank. 14 Centres of social services and training in Vilnius, Švenčionys, Molėtai, Utena, Anykščiai and Vilnius district have already been established in implementing the project. Services are provided to almost 1700 people in these centres. The reconstruction works were finished in 2000 and in April 2001 the Social Services Centre that will provide social services to the inhabitant groups of various social risk groups will start functioning in Šiauliai. All the centres mentioned are provided with the necessary furniture, special equipment, the training centres are provided with vans and methodological means. The workers of the centres are trained in theoretical-practical training courses in Lithuania and Sweden. The traineeships that were organised in various local governments as well as the Swedish Social Work School of Stockholm University were attended by more than 130 social workers. The courses were taught by the lecturers of the Faculty of Social Work of Vilnius University and Stockholm University School of Social Work as well as workers of various social services and agencies of Stockholm. Once the project “Social Policy and Community Social Services Development” is implemented, social services will be provided to people who need help in dwelling places and not in large centralised institutions of care.

7.4.4. The United Nations Development Programme

Project “Social Policy Monitoring and Evaluation”
In implementing this project aimed at the Ministry of Social Security and Labour, the international conference “Preparation of the Social Report” was organised in January 2000, in which, apart from the specialists of the Ministry of Social Security and Labour, delegations from Latvia and Moldova, the
Organisation for Economic Co-operation and Development, the Ministry of Social Affairs and Employment of the Netherlands, Maastricht University and the United Nations Organisation took part. The participants of the conference from the Netherlands remarked that the report prepared by the specialists of the Ministry of Social Security and Labour actually meets all the requirements posed for publications of such nature. The Social Report is one of the means of the social policy monitoring.

Seminars on the preparation of international bilateral agreements and the Social Charter took place during the project in 2000. The seminar was attended by the experts of the Ministry of Social Affairs and Employment of the Netherlands. In implementing the project on the monitoring and assessment, the development of strategic partnership was initiated in 2000: The Document of the Analysis of the Results of Strategic Partnership Agreements with the Local Governments was prepared and presented, a seminar to discuss the strategic partnership with local governments was organised. The continuing of the sub-project of the strategic partnership is also planned in 2001.

The project “Social Policy Monitoring and Evaluation” will be finished at the end of 2001. In 2001, the international conference “Pensions Reform: Implementation Experience” is planned to be organised to discuss the pensions reform and the social insurance funding. Representatives of the Netherlands, Sweden, Poland, Latvia, Estonia, international organisations (the OECD and the World Bank) and the European Commission will take part in the conference. In implementing the project, it is planned to continue funding the publication of the Social Report, the creation of the system of monitoring of the international social economic rights and to make a research on the monitoring of the funding of the integration of disabled people.

Project “Poverty Evaluation and Reduction”
In implementing the project, the National Strategy of Combating Poverty was finished preparing in 2000 and presented by the Minister of Social Security and Labour in the special session of the United Nations General Assembly in Geneva in June. The National Strategy of Combating Poverty was prepared by using comprehensive sociological research carried out during the project.

Project “Establishing of the Rehabilitation Centre for the Juvenile Delinquents Returning from Imprisonment Institutions”
This project was started in 2000 as a composite part of the juvenile delinquents’ criminal justice reform programme of UNDP. It is planned to provide a legal basis for the establishment of the Centre of Rehabilitation, prepare the model of the Rehabilitation Centre and establish the Centre in Vilnius by the middle of 2002.
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The implementation of the social policy and the assessment of the validity of the decisions made require a lot of various information. The main source of information is the periodical publications of the Department of Statistics under the Government of the Republic of Lithuania, conclusions of scientific researches and assessments of foreign experts. Having acquainted with the experience of several European countries, it appeared that the ministries of social security of those countries very often use their own sources of information, accumulate data and organise researches themselves. The Ministry of Social Security and Labour also orders various studies and helps to accumulate information databases. In co-operating with the Norwegian researchers, a large complex project – the living conditions research - has been periodically organised. The third research of this type has already been carried out.

More than ten years have already passed since the first research of the living conditions in Lithuania, which was organised by the specialists of the Institute of Applied Sociological Research of Norway (FAFO) together with the specialists of the Labour Unions of Lithuania and the Ministry of Social Security and Labour. It was the period of fundamental changes and significant transformations in all areas of live. Many things in our lives have changed so much that it would have been difficult to even imagine it a decade ago.

However, if in terms of democratisation and emancipation the changes were mostly rather significant and positively perceived, the economic transformation have had an unequal impact on the living conditions of the inhabitants of Lithuania and created a lot of new problems to some groups of inhabitants.

The research of the living conditions Norbalt-2 carried out in 1999 was already the second research of this type. It was organised together with the specialists of the Institute of Applied Social Science of Norway (FAFO) and carried out simultaneously in Lithuania, Latvia and Estonia. The first study of the living conditions simultaneously performed in the three countries of the Baltic Region was carried out in 1994. Such studies are aimed at the assessment, analysis and comparison of quantitative changes of the living conditions in each country with the results of other countries.

The main institution responsible for the implementation of the research was the Ministry of Social Security and Labour co-operating closely with the specialists of the Department of Statistics under the Government of the Republic of Lithuania and independent researchers. The basic principle of the choice of the creative collective was to involve the specialists who had participated in the implementation of the research of 1994 and accumulated a substantial experience in this area.

8.1. OBJECT, ASSUMPTIONS AND METHODS OF THE RESEARCH

During the Independence decade our country has witnessed many cardinal changes. It is a rather difficult period in our country’s history. The social economic changes have had a very uneven impact on the different regions and industrial branches. Naturally, the living conditions in the regions of the country have also changed disproportionately. How did the indicators of the living conditions changed during the Independence decade, what regions and inhabitant groups were affected most by the transformations that are taking place and what are the tendencies of the processes that are going on? The aim of the complex research of the living conditions was to answer these and other questions arising, assess
the changes and determine their tendencies. The research used the methods of the researches of 1990 and 1994 and other statistical data.

Similar studies are carried out in Germany as well as many other OECD countries. Thus, this methodology is widely recognised and used. The basic conceptual assumption is that the living condition is mostly determined not only by the aggregate material goods or social service that a person has or receives but also by the possibility to acquire proper education, using quality services of medical care or having personal influence in making the most important decisions in life. The possibility of personal choice includes both the political area and any other areas of life, such as leisure time and social relationships. The participation of individuals in the social and political life of the country and their attitude to the important phenomena of the society life is also the object of this research.

The questionnaire consists of the following groups of indicators:
- Dwelling conditions and living environment;
- Household characteristics;
- Labour force;
- Assessment of the economic condition;
- Health;
- Criminality, safety and violence;
- Migration;
- Opinions, values and political views;
- Social relationships.

In comparison to the researches of 1990 and 1994, the questionnaire of 1999 differs, although the changes are not substantial - both the structure of the questionnaire and the specific questions were changing trying to leave a possibility of comparison to the data of the previous years. It was not always successful since it was attempted to accommodate the proposals and wishes of the specialists representing all the three Baltic countries in the preparation of the questionnaire and sometimes they were very different.

The organisation of the questionnaire and the questions chosen for the research, including revisions, rather give a rather wide characterisation of the living conditions. However, it would not be possible to claim that the list of indicators selected is universally comprehensive because it was limited by the scope of the questionnaire. The indicators changed when performing the second research although the core of the research consists of the same questions. The questionnaire was revised and supplemented considering the changing conditions and the aspiration to explore other aspects describing the living conditions. The analysis of the analogous research questionnaires of Sweden and Germany as well as researches carried out in Norway in various years reveals the same experience. The presentation structure of the summary results is slightly different from the structure of the questionnaire.

The preparation works of “Norbalt-2” started in 1998 and the research was carried out in 1999. The research was going on in all the Baltic countries simultaneously and included more than 10 000 households and 25 000 members of their families. It was planned to question 3000 households in Lithuania. It was succeeded to question 2743 households consisting of 8221 persons.

The material of this account and other “Norbalt-2” is provided in the Internet site NORBALT. The FAFO centre aims to facilitate the co-operation of all the three groups of researches and create a possibility to use the results of the research for the wide circle of users. The address of the site is http://www.fafono/norbalt/

Many variables and categories corresponding to them were used in the research. The units of the research - inhabitants and households - were studied in various aspects. For example, inhabitants were grouped according to sex, age, education, employment etc., and households were grouped according to the size, type and locality.

Each person who has permanent and legal residence in the locality examined is described as an inhabitant. People meeting this criterion are treated as inhabitants irrespectively of whether they are citizens of the country, or whether they are registered in the locality officially, and irrespectively of their nationality or language.

The selection unit of the research – inhabitants aged 18 or older. When studying the households, the age
Chapter 8

of each of its member was registered and, therefore, inhabitants of various ages from the very birth were included into the survey. Inhabitants were grouped into various age groups with regard to the research objectives. For example, into the following age groups: before employment age (0-14 years old), employable (15-64 years old) and 65 years old and older. Counting this way, 61.7 per cent of people were of the working age. The legal retirement age in Lithuania is smaller than the limit of the working age as a demographic category. The age of the age group of the persons studied is always provided in the tables and graphs. The indicator of the working age was also calculated; the top limit of the working age corresponded to the legal retirement age (63 years for men and 58 years for women). Counting in this way, 60.5 per cent of persons were of the working age.

Two groupings were applied according to location. The first - the village and the city (in total). Cities were further grouped into the capital, large cities (more than 50 thousand inhabitants) and small towns (up to 5 thousand inhabitants).

Each respondent could freely choose the nationality that he thinks he belongs to irrespectively of the official citizenship status. Inhabitants of Lithuanian, Russian, Polish and other nationalities were distinguished. The nationality of the household members was recorded according to the nationality of the head of the household.

The highest completed education was studied according to the ISCED classification: basic and lower than the basic (this includes inhabitants with and without the basic education); secondary (includes those with the basic and the special secondary as well as professional education after the secondary school); high (those who have bachelor’s or higher degree). A more detailed classification: primary and without the primary; basic; professional secondary; general secondary; professional higher; high.

All household members are classified into three main groups with regard to the international standards: employed, unemployed and outside the labour force.

8.2. INHABITANTS

8.2.1. The Number of Inhabitants and Migration

One of the factors of variation of the number and composition of inhabitants is the living conditions. It has an impact on the birth rates of inhabitants and a strong influence to the death rates (especially among elder people and babies); sometimes it pushes people to commit a suicide or compels to migrate and look for better living in another location – another city or abroad.

3.7 million people lived in Lithuania at the time of the research.

Although the number of inhabitants has been steadily decreasing since 1992, the causes of this decline varied. In term of these causes and the tendencies of variation of the number of inhabitants, the research of the living conditions in 1999 took place in a somewhat different environment than in 1994.

The number of inhabitants in 1992 and 1993 declined due to the negative migration balance. The natural increase was still positive, even though it declined substantially in that year;

The number of inhabitants between 1994 and 1996 was decreasing because of the both negative values: the migration balance and the natural increase;

Since 1997, the number of inhabitants was declining only because of the negative natural increase.

Year 1999 differs from 1994 not only in that were more people arriving to Lithuania than departing from it, but also in the tendencies of the natural increase:

Between 1990 and 1994, the number of the deceased was increasing and the number of born was declining every year. The death rates were the highest of the decade in 1994 and peaked at 12.5 deaths per 1000 inhabitants;

Since 1995, the negative natural increase emerged because of the more rapid decline of the number of the born than the number of the dead. The total fertility
coefficient has been declining during the entire period since 1990. However, the death rates were declining too and ebbed to 10.8 deaths per 1000 inhabitants in 1999.

When carrying out the research of living conditions in 1999, the birth and death rates of inhabitants were smaller and the migration balance was positive, as opposed to 1994. The variation of the number of inhabitants due to the birth and the death rates and migration had an impact of their demographic and household structure. The following results of the research are remarkable:

- The dependency relation (that shows the share of the people younger than 15 and older than 65 in the total number of inhabitants) has decreased in 1999 (as compared to 1994) due to the decline in the number of children aged 0-14. However, the part of people aged 65 and older has increased. The dependency relation in villages is higher than in cities. This happens mostly because of the part of the elderly people, which is bigger than the average. Dependent elderly people are becoming a relatively heavier burden of the community (especially in villages) in terms of pension provisions and care;

- Lithuanians constitute the absolute majority of all inhabitants (85.8 per cent) and an even bigger part of the inhabitants of villages (92.6 per cent). National minorities are becoming smaller, although their variety may increase in the future due to the free labour force movement.

- The number of small households has grown and the number of mixed households (a couple with a child, two or three generations) has decreased during 1994-1999. Households of two or three generations are more typical to the large cities as well as Vilnius and persons of other nationalities, and, therefore, the migration of inhabitants could have had an impact on the variation of their share. The segmentation of households into single person and one-generation households is increasing, and this primarily causes the increase in the demand of the long-term use consumption means and social services.

The turnover of inhabitants in the country is not significant, however, this could not be said about the residence, i.e. life in the same locality from the birth. Only 26.4 per cent of Lithuania’s inhabitants live in the same locality from their birth. The percentage of village inhabitants who had not always lived in the same locality where they were living when they were questioned is bigger than that of the city inhabitants. This shows that the social instability in the village has caused a greater migration, although
traditionally city inhabitants are more mobile. 10,2 per cent of the inhabitants of the country lived abroad before arriving to their present locality.

Elder inhabitants migrated from city to village more often, and migration from village to city is greater among the younger inhabitants. The most usual reason of moving to the present location is provided as family circumstances. Finding or changing a job and buying or changing a dwelling place is mentioned as a reason less often.

8,9 per cent of respondents plan to move to live somewhere else. The most of them -3,2 per cent - would like to live in another city in Lithuania (not in the capital), and 2,3 per cent plan to leave for another country. The latter are most often young people (18-24) with a high education. Women constitute a bigger part among the people who want to leave for another country.

In analysing the number of persons intending to move to live somewhere else according to nationality, it was determined that the bigger per cent of Russians are planning to move to live somewhere else and abroad.

**8.2.2. The Structure of Inhabitants**

*Distribution according to age groups* has not substantially changed as compared to 1994 and the tendencies of the previous five years. The number of inhabitants younger than 14 years has further declined. This will cause an increasing aging and, respectively, a heavier burden for the working inhabitants. The share of inhabitants of the most active age, 25-49 years, has somewhat increased and the dependency relation has decreased. The dependency relation (the share of the people younger than 15 and older than 65) comprised 33,3 per cent in 1999 compared to 35,1 per cent according to the data of the research of 1994.

However, the economic activity of the inhabitants has decreased during this period.

Distribution of inhabitants of the working age according to location is not in favour of the village.

*National composition.* The absolute majority of inhabitants are Lithuanians (according to the research data of 1999 they comprised 85,8 per cent, 1994 - 82,5 per cent, 1989 - 79,6 per cent). During the period of 1989-1999, the number of Russians declined

from 9,4 per cent to 6,3 per cent, Poles - from 7,0 per cent to 5,4 per cent, and other nationalities - from 4,0 per cent to 2,5 per cent.

Lithuanians comprising the majority of inhabitants also determine the regularities of the distribution of all inhabitants according to various parameters. For example, this is revealed by the distribution of nationalities according to location: the distribution of all inhabitants and the distribution of Lithuanians are similar. The differences arise mostly because Vilnius is the concentration place of all other nationalities and the village is an unpopular residence

![Inhabitants in Age Groups](image1)

![Nationalities according to Location](image2)
location among them. Therefore, the share of Lithuanians living in Vilnius is 1.5 times smaller than the share of all inhabitants living in Vilnius. The Poles distinguish themselves in that the larger share of them than other national minorities (but smaller than that of Lithuanians) are living in the village. Since Lithuanians comprise the majority of inhabitants, distribution of other nationalities according to various parameters of the research is not very significant. For example, although Russians are the biggest national minority and every tenth of them lives in the village, and the number of Poles is somewhat smaller and every fourth of them lives in the village, however, when examining the village inhabitants separately the influence of these national minorities to the results of the research is not significant and their selection from the village inhabitants may be unreliable because 92.6 per cent of the village inhabitants are Lithuanians, 2 per cent Russians, and 4.5 per cent - Poles. National minorities comprise a somewhat larger share of inhabitants (16 per cent of Russian, 19.9 percent of Polish and 7.6 per cent of other nationalities) and the particularities of their social behaviour may have a more substantial impact on the research results only in Vilnius. It is also important that there are areas in Lithuania where Lithuanians do not constitute the majority and, therefore, more accurate research should be carried out by selecting these locations and localising the research.

The absolute majority of Lithuanian inhabitants determine the distribution of all inhabitants according to various parameters of the research, and the attributes of the inhabitants of separate areas might as well be related to the differences in the composition of inhabitants according to nationality if the behaviour of these nationalities differs significantly. Therefore, it could be useful to compare the data distribution according to locations and nationalities of some other researches.

8.2.3. Households

In terms of the living conditions and social security, the household members are related in many factors of life. The welfare of each member is tightly related to the welfare of the other members. The resources and welfare of the people who live in big households depends on the accumulated income possibilities of the entire household as a unit. In order to obtain a comprehensive view on the level of social welfare and living conditions in the country, it is necessary to treat a household as a basic unit in various aspects.

As compared to the research of living conditions of 1994, the structure of households has changed significantly in 1999:

- The most common are single person households - 30.7 per cent (23.2 per cent in 1994) and more than half of them consist of pensioners.
- The second place according to the size of households was occupied by a married couple with children - 20.3 per cent (32.7 per cent in 1994).
- A married couple without children - 16.5 per cent (16.3 per cent in 1994). More than half of them were also comprised by pensioner households.

- Households of two generations comprised 11.7 per cent (12.2 per cent in 1994).
- Households of three generations – 6.7 per cent (8.1 per cent in 1994).
- The number of households of a single person with children was the smallest – 3.1 per cent (5.8 per cent in 1994).
- Other households comprised 7.6 per cent in 1999 and 1.6 per cent in 1994.

The biggest differences between the researches exist according three household categories: single person, a married couple with children and single person with children. The increase in the share of single person households could be explained by the selection differences; for example, based on the statistical data, the share of these households could be assessed at around 30 per cent; however, the exact numbers will be known only after the population census.

It is more difficult to explain the significant decline in the number of households of a married couple with children and the divergence from the statistical
data. However, several factors could indicated:

- **General structural changes related to the increase in the share of single person households;**
- **Proliferation of other category households. This is related to the stricter distribution criteria of the same households (for example, married couples without children were distinguished into pensioner married couples and working age married couples, and only married couples with children under 18 were ascribed to married couples with children);**
- **Moreover, the real decrease in the number of households of married couples has also taken place due to the decline in the number of marriages and the growing number of divorces.**

61 per cent of the married and 2,6 per cent of the unmarried live with their partners. 36,5 per cent of inhabitants live without a partner, out of which 0,4 per cent are married but do not live together. These values are almost the same for the city and the village inhabitants; however, the village inhabitants more seldom live separately in marriage. A bigger percentage of men live in marriage - 68,3 per cent, and women - only 54,9 per cent. Conversely, there are more women among the inhabitants of the country who are not married and live without a partner - 42,5 per cent (28,4 per cent of men). The aggregate data reveals that persons with higher education are more often married and live with their partner, and persons with lower education are more often unmarried and live without a partner.

A sufficient number of households of all types were questioned in order to decide about the differences in their living conditions.

It was examined which households according to location and nationality are spread on more than the average:

- **Single person households (around two thirds of all households) are more characteristic to villages, small towns and Lithuanians;**
- **Households of married couples without children are more characteristic to small and large cities as well as Lithuanians;**
- **There are more households of married couples with children in small towns and they are typical to Lithuanians;**
- **Households of single persons with children are found more often in small and large cities and they are characteristic to persons of other nationalities;**
- **Households of two or three generations are more characteristic to the large cities and Vilnius; there are more of them in Vilnius than on the average and in other locations.**

Households of three generations of Russians deviate most from the average; there are more of them in Vilnius than on the average and in other locations.

### 8.3. LABOUR FORCE

Two main tendencies describe employment of Lithuania’s inhabitants in 1990-1999. The first one is the increase of employment in the private sector at the expense of the state sector. According to the data of the Department of Statistics, two out of ten worked in the private sector in 1990, more than half - in 1993, and seven out of ten - in 1999. The second tendency is the diminishing economic activity of inhabitants. The number of employed inhabitants has declined from 50 to 44 per cent during this time.

According to the data of the 1994 research of the living conditions, the level of unemployment was 10,3 per cent. According to the Labour Exchange, unemployment was 3-3,7 per cent during October-December of that year). The level of unemployment in 1999 was: according to the data of labour force research of the Department of Statistics - 15,3 per cent, according to the data of the Labour Exchange - 9,5 per cent, and according to the research of the living conditions (November-December 1999) - 16,7 per cent.

According to the data of the labour force research of the Department of Statistics, the level of the activity of inhabitants (relation between the labour force and inhabitants aged 14 and older) was 51,9 per cent in October-December 1999. According to the data of the living conditions research, the level of the activity of inhabitants (relation between the labour force and inhabitants aged 15 and older) was 55,6 per cent.
The variance of the level of unemployment can be explained by different definitions of unemployment and different research methodologies. It must be emphasised that assessments tend to move closer to each other.

The more concrete results of the research of the living conditions:

- The activity level of inhabitants is mostly determined by their demographic characteristics (sex and age) and the social roles related to it (head of the family, housewife, mother, pupil or student, pensioner);
- Employment of inhabitants is determined both by the formal indicators (for example, education, language) and by the ability to adjust to the market conditions;
- Most usually it is men, people aged 15-24, village workers and persons with the basic or lower education who have an unpaid job. These groups of inhabitants are probable the most vulnerable in terms of labour relations;
- The number of working overtime is decreasing, however, part-time jobs and inability to find a job (including an additional in order to earn enough for the living) is becoming a more topical issue;
- It is typical that many youths aged 15-24 lose their jobs after the termination of the employment contract, i.e. youths find it difficult to keep a job for longer;
- The unemployed were twice more active in looking for a job in all possible ways in (as well as through the Labour Exchange) in 1999;
- The more difficult employment conditions determine the higher activity of inhabitants in looking for a job, however, disappointments are also growing: creation of new jobs and not flouncing about the labour market is become a topical issue;
- The number of people wishing to start their own business is not increasing. The active employment policy is increasingly becoming an unavoidable duty of the state.

The average distribution of the working time of all inhabitants is approximately the following: one out of ten workers has a part-time job (up to 35 hours), seven out of ten - a full-time job (36-40 hours) and two out of ten - work overtime (41 hour and more). Thus, the distribution of the working time is asymmetric and biased towards the side of overtime work. However, comparing to the data of the living conditions research of 1994, this bias has decreased significantly because then the percentage of the employed that were working 41 hour or more was 42.8 per cent, i.e. twice bigger.
women as well as the village and city inhabitants is the most divergent from the average distribution. The numbers of women working part-time and overtime are almost the same. The number of men who work overtime is twice bigger than that of working part-time. The number of men and women working the least (1-15 hours) was almost the same, and the number of men working the most (61 hour and more) was 23 times bigger than that of the women. In 1994, the number of men and women working 61 hour or more was respectively 14 per cent and 12 per cent.

The distribution of the working time according to location was even more variant. The most of those having full-time jobs (75,9%) and the least of those having part-time job as well as working overtime was found in small towns. The biggest percentage of those working overtime was found in Vilnius and large cities.

Another characteristic of the workload is an additional job. 13 per cent had an additional job in 1990, 8,3 per cent -in 1994, and 6,5 of the working - in 1999. And even though the number of having an additional job has decreased, twice more people, who do not have it, would like to find it. Even one fourth of employed people are looking for an additional job. Additional jobs are increasingly hard to find due to the growth of unemployment.

The biggest difference in the ratio of those looking for an additional job and those who have it is found among those receiving different income. It is evident that the slenderer is the income, the smaller is the number of having an additional job and the greater is the number looking for it.

According to the data of the research of 1999, the level of unemployment had increased 1,5 time as compared to 1994 and was 16,7 per cent. The level of unemployment was higher than the average among men (17,9 per cent), youths aged 15-24 (28,1 per cent), Russians (20,2 per cent), persons with secondary and basic as well as lower education (18,9 per cent and 28,2 per cent respectively), and in the village and small towns (23,2 per cent and 18,8 per cent respectively). This evidences that the employment

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**The Length of Unemployment**

![Chart 8.3-2](chart8.3-2.png)

conditions of the inhabitants of the aforementioned categories are worse either because of the attitude of employers or because of different work supply. Moreover, these differences are rather constant; for example, the unemployment level of Russians was also higher than the average in 1994.

Another unemployment indicator is the length of the unemployment period. According to it, the aforementioned categories differ. The situation of men is relatively better than that of women, and the situation of youths is better than that of people aged 25 and older. Nevertheless, the situation of Russians, persons with secondary and basic as well as lower education, inhabitants of the village and small towns was worse according to the length as according to the level of unemployment. A rather telling example is the length of unemployment according to locations.

According to the length of unemployment, the village does not differ much from all cities; however, the indicators of the latter are downgraded precisely by the small towns. Thus, higher than average and permanent unemployment is characteristic to the small towns, which indicates the limitation of the work supply.

8.4. WORK CONDITIONS

Labour is one of the main sources of income of inhabitants and the workplace is the place where a significant part of life is spent and, therefore, it is important both as a source of the living conditions and as the main living condition as well as a part of life. People communicate here both as ordinary people and as employees, and other, non-family, relations based on the functions of work or the organisation of work and division of the management roles emerge here.

The research of the living conditions in 1994 revealed that the economics reform and privatisation had not essentially aggravated labour relations and conditions. However, the period might have been insufficient. The main results of it are the following:

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![The Type of Employment Contract in Age Groups](image)

**Lithuania 1999. The Living Conditions. - Vilnius, 2000.** Chart 8.4-1
Employment without any contract or under verbal agreement (6.5 per cent of people aged 18 and older on the average and 9.3 per cent in private enterprises) as well as under the temporary agreement (17.8 per cent on the average and 25.1 per cent in private enterprises) does not provide employees with the employment guarantees, and the most sensitive category in this regard is young people aged 14-25, in particular those employed in private enterprises.

Many people would agree to work longer and earn more even by sacrificing their leisure time. Often, they are not so much dissatisfied by the size of the wages as by the time, intensity or other conditions of work (the number of working in harmful conditions has decreased as compared to 1994).

Most - almost three quarters of persons aged 18 and older - are working under fixed Employment contract or the State Service Law, almost 18 per cent are working under temporary contract, and 6.5 per cent - without any contract or under verbal agreement. There are more men than women, more employees of private enterprises than those of the state, and more workers than officials and managers working without any contract or under verbal agreement. Working under such type of contract is not safe: there are more unemployed (39.6 per cent), especially men, than employed working without any contract or under temporary contract as well as under verbal agreement. The unemployed are surpassed only by the young people aged 18-24 in this respect. There are young people of this age than older and more men than women working in private enterprises. The conclusion follows that young people aged 18-24, especially those working in private enterprises, constitute the most sensitive category of the employed in terms of labour relations, since it was established when examining the causes of losing jobs that most of them lose their job upon termination of the employment contract.

Two thirds of the employed are fully satisfied by the actual working time. The share of those dissatisfied with the actual working time has not changed much, the number of people willing to work less time has decreased almost twice, and the number of people willing to work have a longer working time has increased 1.5 times as compared to the data of the living conditions research of 1994. This is partially explained by the decrease of the number of people working overtime.

Generally, most people would agree to work longer
and earn more by sacrificing their leisure time. This orientation to the longer working time mostly depends on the income. The slenderer the income, the more often people are willing to work longer.

It was established when examining the work conditions that the number of people who often suffer because of the bad working conditions has significantly decreased as compared to the living conditions research of 1994, however, their relative distribution according the factors remains the same: the biggest part of people suffer from monotonic motions and feel physically exhausted, less people work in an uncomfortable posture or lift heavy loads. The technological progress and the shortening of working time (less people work overtime) might have affected the overall decrease in the part of these people.

Comparing various categories of the working, it could be asserted that young people aged 18-24 suffer more from the bad working conditions than older persons, men more than women, persons of other nationalities more than Lithuanians, employees of private enterprises more than those of the state enterprises, village inhabitants more than city inhabitants.

Most employees are not satisfied with their wages. People are anxious not only about the size of wages but also about the fact that wages are not always paid on time. According to the survey, wages of 14.6 per cent of employees were overdue for more than one month during the last 12 months. The wages of more than half of the employees of the following categories questioned were also overdue: men aged 50 and older, those working in the village and small towns, private enterprises and the employees of the lower rank.

The number of people thinking they are in danger of losing a job has somewhat increased comparing to the living conditions research of 1994 (60 per cent and 55 per cent in 1994). Lithuanians are somewhat more optimistic than persons of other nationalities in assessing this possibility, and people aged 55 and older are more pessimistic than the younger.

8.5. INCOME AND ECONOMIC RESOURCES

The operating costs of households and their structure indicate the impact that income has on the living conditions. Provision with the paraphernalia of long-term consumption, the indicators of the dwelling conditions are less dependant on the operating costs and reflect more of the long-term tendencies. The slenderer the income, the more consumption expenses are allocated for food as these expenses are the most difficult to refuse. Moreover, heavy nourishment expenses limit the satisfaction of other needs - clothing, dwelling place, leisure and similar.

The living conditions research of 1994 (as compared to that of 1990) was performed after the decline of the living conditions and quality of life – food expenses constituted the biggest part of all expenses. The level and quality of consumption were higher when carrying out the living conditions research in 1999, however, judging from the food expenses share of the general consumption expenses, it had not yet reached the rate of 1990. The decrease of food expenses in 1993-1999 was stabilised not only by the lower level of living but also by the market conditions and the variation of prices. For example, as all consumption expenses increased by 22 per cent and by 47 per cent for clothing, footwear, furnishing of the dwelling place and household appliances in 1996-1999, the food expenses increased only by 2.3 per cent. The stabilisation of the food expenses and the growth of non-food expenses indicate that nourishment does not cause trouble for most people.

The share of expenses for services is constantly growing. Only one tenth of all consumption expenses were allocated for services in 1990. Now, the larger share goes to payment for the utilities. The costs of apartment and utility as well as transportation and communications services are constantly growing. Since inhabitants do not have the possibility to chose the supplier of apartment, utility and communications services, the concerns about the payment for these services often reveal the spread of poverty and the insufficient household money income.

The main results of the research on the sources of income, the size of income and their use:

- Work income and state benefits are the main in-
versely proportional household income sources (the bigger work income, the smaller state benefits);

- Household incomes per one person are particularly diminished by the number of household members, particularly children;

- Social benefits help alleviating the life of families raising children, however, it cannot overcome the income differences appearing due to the disparities of housekeeping conditions that are primarily dependent on the locality (40 per cent of Vilnius inhabitants and more than 70 per cent of the village inhabitants fall into the thirst, the second and the third quintile);

- The level of cash income may give a very distorted view on their impact on the living conditions: for example, the purchasing power of the village household income does not yield to that of the city households because fewer households of the village inhabitants could not afford the 6-8 things listed in the questionnaire than the city households;

- One fifth of the households of the first quintile is constantly or periodically indebted – experience difficulties in the payment for the utilities or the apartment rent few times a year or continuously;

- Poor distribution of modern long-term appliances distances the households of the poor, the village and small towns, workers, the unemployed and pensioners from the possibilities endowed by the contemporary world;

- Non-cash income are not widely spread and do not constitute the source of the income (such as the work income or state benefits) for the most households. It is characteristic to the non-cash income from the employer, relatives, friends, the Church or charity organisations that they have their dominant or at least specific contingent of the recipients. The main recipient of the non-cash income from the employer is the employer himself, from relatives and friends - single parents (mothers), from the Church - households of single persons of the retirement age;

- Poor distribution of modern long-term appliances distances the households of the poor, the village and small towns, workers, the unemployed and pensioners from the possibilities endowed by the contemporary world;

- Non-cash income are not widely spread and do not constitute the source of the income (such as the work income or state benefits) for the most households. It is characteristic to the non-cash income from the employer, relatives, friends, the Church or charity organisations that they have their dominant or at least specific contingent of the recipients. The main recipient of the non-cash income from the employer is the employer himself, from relatives and friends - single parents (mothers), from the Church - households of single persons of the retirement age;

- The subjective pessimistic assessment of the economic situation probably reflects the unfulfilled expectations and disappointment of inhabitants. Subjective respondents’ evaluation of their economic situation and the changes that are likely or that have taken place is probably too pessimistic and often cannot be explained by the objective differences in the situation of the households.

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**Sources of Household Income**

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**Chart 8.5-1**

It was attempted to find out during the research what part of households receive income from various sources. The main is the work income - 47 per cent of households receive it - as well as the state benefits (old age pension and other pensions, unemployment benefit, childcare benefits, social benefit, assistance in cash for the dwelling place, property income) - 54,6 percent of households receive it. However, it is only in the village that more households receive state benefits than work income. It is opposite in the cities, especially in Vilnius.

The work income of the households that consist of more working and fewer dependent persons are bigger and the state benefits - smaller. Depending on the locality of respondents, an inverse dependency of the work income and the state benefits can be observed. Large cities, in which around the same number of households receive work income as in Vilnius but more households receive state benefits, somewhat deviate from the general tendency.

Clearly, the social benefits are awarded upon inspecting the income and, therefore, the number of their recipient should be directly dependent on the number of the working: the less recipient of the work income, the more receiving social benefits. However, this is evident only in comparing the village and the city. No such relation was established in the city because 1,5 times more households in large cities and 1,5 times fewer households in small towns receive social benefits as compared to Vilnius. Almost the same number of households in large cities receives work income as in Vilnius.

It was attempted to investigate during the research how its owners assess the economic situation of a household. The results obtained revealed that sometimes it is avoided to describe the household as prospering. For example, the question “Taking into account the general economic situation of your household, which of the following statements in your opinion describes your household best?” was not answered by anyone with “We are among the most prosperous in Lithuania”. Generally, the subjective assessment of the respondents of their economic situation and the changes that have occurred and are likely to occur in it is very pessimistic and in no way reconcilable with the positive changes, even if small, that have taken place. Only around 3 per cent of all the households and around 9 percent of employers’ households consider themselves to be prosperous. Half of all the households believe that they are neither rich, nor poor; 36 per cent consider that they live on the verge of poverty, and more than 10 per cent claim that they are in destitute. It is mostly the households that have their head unemployed that consider themselves in destitute, and this is rather realistic taking into account that the unemployment benefits are fairly modest and that only a small part of the registered unemployed receive it. It is also understandable that more of the village than the city, more of the first quintiles than the last, and more of the single pensioners and single parents (mothers) than other types of households assess their condition as poverty.

According to the data of the Department of Statistics, the average monthly nominal income at the disposition of households have increased 1,3 times during 1996-1999, the real income – around 1,13 times, and the decimal coefficient has even decreased a bit (from 12,7 to 11,6). Thus, it would seem that there is no basis to claim that the economic situation has deteriorated. However, according to the living conditions research, only one out of ten households consider their situation during the last five years as improved, two out of ten believe that it has not changed, and seven out of ten claim that it has deteriorated. On an absolute scale it is unduly pessimistic. Thus, assessments of the economic situation essentially reflect not so much the real economic changes as the unfulfilled expectations of a faster growth of welfare.

8.6. DWELLING CONDITIONS AND LIVING ENVIRONMENT

Most of inhabitants of Lithuania - 52,8 per cent - live in many-storied houses; the part of living in private houses is also rather large (43,6 per cent) and is continuously increasing. Most of the village inhabitants - 81,8 per cent, and only 20,8 per cent of the city inhabitants live in separate houses. The number of

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the city inhabitants living in separate houses is increasing only in the small towns since only 5 per cent of all the inhabitants in Vilnius live in separate houses.

The results of the research indicate that the dominant form of dwelling ownership is private apartment or house both in the city and in the village. In 1999, only 3.2 per cent of the village and the same percentage of the city inhabitants lived in dwellings owned by the state or local governments, although this form of ownership was dominant in the city and comprised a significant part in the village in 1990.

When analysing the type of ownership according to inhabitants' income, it was determined that persons with the slenderest income (belonging to the first quintile) more seldom live in private dwelling and more often - in a dwelling that belongs to another owner. This dependency is not dominant. Persons with slenderer income much more often live in a dwelling that belongs to the state or a local government. The same situation was found when examining the households of a single person (employable) and a single father or mother.

An important characteristic of a dwelling is the number of rooms per household. According to the data of the research, most households of Lithuania live in an apartment or a house of 2-3 rooms. The bigger percentage of the inhabitants of the city households live in one room, and larger apartments – four or five and more rooms - are more common among the village inhabitants.

Dwelling utilities are considered to be the main indicator of the facilitation of the daily living needs and comfort. The analysis of the research results shows that even though the overall dwelling condition in the country is not so bad, there exist rather significant differences in the provision of dwellings with utilities (especially of such important as a bathroom or a shower, hot water, a toilet inside the dwelling, and gas). The biggest variation is found comparing the dwelling conditions of the city and the village households.

Relatively few respondents would like to move to another dwelling. The main reasons for moving are the wish to obtain a dwelling of a larger living area (31.4 per cent) and the wish to settle in a private house (26.3 per cent). However, not everybody can afford improving or maintaining dwellings and this is evident from the fact that 19.5 per cent of respondents would like to move to live in a cheaper dwelling.

8.7. EDUCATION (EDUCATION OBTAINED, STUDYING AND CARE OF PRESCHOOL CHILDREN)

While carrying out the research in 1999, it appeared that the conditions of education have essentially changed (as compared to 1994).

The tendency of the declining prestige of a profession was characteristic to the previous period. Now the prestige of a profession is growing again. The number of pupils and students has been declining before 1994 and started rising later. 746 thousands of children and youths (84 thousands of students) attended all the schools of the country. That is 113 thousands (33 thousands of students) or 18 per cents (65 per cents of students) more than during the school year of 1993-1994 and exceeds the level of the school year of 1989-1990 by 35 thousands (17 thousands of students). Then number of studying in non-state schools and abroad has been growing rapidly.

The main research results not only confirm that most inhabitants consider the matter of prestige, however, it also reveals some problems related to the level of education and its raising:

- Inhabitants of the country with the basic or lower education are usually elder and, therefore, to satisfy their needs it is important to choose the means of information appropriate to their age and education. These means should be used differentially in different localities due the variation in the education of inhabitants;
- More Lithuanians than Russians have high education and more Russians than Lithuanians have higher professional education; this may have an influence in solving their employment problems;
- The largest number of children aged 7-16 who
do not attend schools is found in large and small cities; there are twice more of boys than girls. Other age groups also create similar problems. *Differentiation of the policy of education with regard to sex and locality could be an effective instrument to raise the level of education.*

Participation of adults in the continuous professional training was significantly varying with regard to age, sex and locality, however, the general state policy can have little effect here because *the private sector is not yet interested to invest in professional training* (13.5 per cent of the employees of private enterprises and 27.8 per cent of state enterprises took part in professional training).

The level of education of inhabitants has varied in comparison to 1994. Although the data cannot be absolutely adequately compared due to the different classification of the levels of education, enlarged categories indicate that the number of inhabitants with the general secondary as well as higher education. The number of persons with the basic (incomplete secondary - in the previous questionnaire) education has significantly decreased. Most of them were aged 45 or older in 1994 and, therefore, their number is naturally decreasing, whereas more and more young people, who are studying in professional schools, acquire the general secondary education as well.

The studying of persons aged 7-16 and 17-31 was examined. 98.7 per cent of children aged 7-16 were attending schools. Almost two boys and one girl out of 100 did not study at school. The situation in the city and in the village was similar. A different situation was found in cities: one out of 167 did not study in Vilnius, one out of 83 - in small towns, and one out of 56 children - in large cities. The selection was not sufficient to reach conclusions according to the nationality of the children of this age.

The possibility to discontinue studying is provided after the basic school, i.e. mostly upon reaching 17. Differences in behaviour according to sex and nationality were examined.

One third of persons aged 17-21 are not studying. However, their number also includes those who have finished the comprehensive school (usually at the age of 20-21) and do not continue studying. More men of this age than women and more Lithuanians than persons of other nationalities are not studying.

The group of persons aged 22-26 consists of those, who are usually studying at higher or high education schools, and those, who have already graduated from them. Around 85 per cent of all the persons of this age and around 90 per cent of persons of other nationalities are not studying.

Only those who have not obtained the required education on time or those who seek to acquire a new occupation are studying in the age group of 27-31.
There are five studying persons of this age per one hundred inhabitants.

Professional training was also researched. Two out of ten inhabitants aged 18 and older have participated in professional training during the year. Fewer people aged 50 and older (14.3 per cent) than younger, fewer men (15 per cent) than women (25.7 per cent), fewer inhabitants of the village (15.6 per cent) than those of the city (21.3 per cent), fewer persons with basic education (6.5 per cent) than persons with secondary (11.6 per cent) and high education (3.6 per cent), and fewer employees of private enterprises (13.5 per cent) than the state employees (27.8 per cent) participate in professional training.

More children were taken care of in kindergartens in 1999 as compared to 1994 (33.9 per cent and 16.7 per cent respectively), and fewer of them are taken care of by relatives in the household (58.7 per cent and 75.7 per cent).

The general tendency of the research of 1999 was established: the slenderer the household income, the more children are taken care of at home (it is usually relatives who take care). The use of kindergartens in the village is decreasing since they are not available everywhere, even though their number has been increasing lately. 426 places in kindergartens are provided for one thousand preschool children in the city, and 121 place - in the village. No reliable information was obtained according to all types of households; however, judging from the available data, children of larger households, the income of which per one person is usually slender, are more often taken care of at home.

### 8.8. HEALTH

According to the research data, the respondents’ subjective assessments of their health were rather optimistic. Even 84.5 per cent of the inhabitants of Lithuania responded that they are feeling satisfactorily, well and very well and only 2.2 per cent feel very bad. The inhabitants of Lithuania evaluate the health situation in 1999 better in comparison to the research of 1994. And even though people of younger age respond that their health is good and very good, and elder people - that their health is bad and very bad, the middle assessment of health is dominant.

Men assess their health more optimistically in comparison to women. 42.4 per cent of men responded that their health is good and very good (26.2 per cent of women) and 10.8 per cent of men (19.3 per cent of women) - that their health is bad and very bad.

The village inhabitants complained about bad and very bad health more often - 18 per cent (14.3 per cent for the city), and the city inhabitants claimed more often that they are of good or very good health - 36.3 per cent (29.1 per cent for the village). Persons living without a partner responded more often that their health is good or very good, however, they were also indicating more often that their health is bad or very bad. Persons living with spouses or partners claimed to be of average health much more often.

The inhabitants of Lithuania were solving the health problems arising mostly by visiting the state medical care institutions and, perhaps somewhat more often, private specialists. An exception here is dental care because more than half of the recipients of this service apply to a private person for these services.

The main reason for paying a visit to the institutions of medical care is sickness - most of people go there because of it, around every forth wants to check up preventively, and the rest apply in order to continue treatment or for some other reasons. The city inhabitants visit the institutions of medical care more often than the village inhabitants, elder inhabitants more often than the younger ones, and women more often than men. Naturally, the services of the health institutions are more often used by those who consider their health to be bad and very bad, however, 30.2 per cent of persons with very good health and 32.9 per cent of persons with good health are also the recipients of these services.

The inhabitants of Lithuania most often had to refuse dental treatment (17.5 per cent), dental prosthesis (13.4 per cent) and a visit to a good specialist (15 per cent) due to the lack of resources. Elder people could not use these services more often than the younger ones and women more often than men.
When analysing the situation according to the household types, it appeared that single fathers or mothers who have one, two or more children are the ones who cannot afford the aforementioned services due to the lack of resources most often. The results of the survey reveal a rather distinct dependency of the inability to use the medical care services on the person’s income (according to quintiles).

Taking care of one’s health is a rather important indicator of the modern society. Most of the inhabitants of Lithuania also responded that they use one or another means of health improvement (staying in outdoors, observing healthy and regular nourishment, having rest-days, drinking herbal tea). Much less of respondents use active health improvement means – walking a lot, going in for sports and taking exercises. More often it is men who choose active health improvement means. Women prefer the passive ones, read more literature on the improvement of health and drink herbal tea. The interest in health improvement means increases depending on the respondents’ education – 10.6 per cent of those with high education and 21.8 per cent of those with basic and lower than basic education pay no attention to the improvement of health. 26.9 per cent of persons with high education (and only 11.2 per cent of persons with basic or lower than basic education) take exercises and go in for sports.

8.9. CRIMINALITY

Implementing the economic reforms not only increased the criminality but also spurred the emergence of such forms of criminality as extortion, production, possession and putting into circulation of false money and securities, contraband and corruption. When implementing the living conditions research of 1994, the clear tendency of the growth of criminality. Later the growth rate decreased. 10 crimes per 1000 inhabitants were recorded in 1990, and 20 crimes – in 1999. This number does not correspond to the factual data because not all of the crimes are recorded and they are of a different nature. The research results allow reaching the following conclusions:

- Younger people experience violence more often than the older ones, men more often than women (except for the threats), moreover, different types of violence have their typical contingent (for example, persons of other nationalities are robbed on the street more often than Lithuanians; thefts are more often encountered by the city than by the village inhabitants);
- Although the number of people fearing for their safety has increased by around one fourth in various places, 25 per cent of adult inhabitants do not take any precautions against violence.

Comparing the data of the living conditions researches of 1990, 1994 and 1999, we may notice that the tendency of growth in the experiencing of violence has been replaced by the tendency of its decrease. 1.5 times more inhabitants experienced heavy crimes and threats in 1994 as compared to 1990, and in 1999, comparing to 1994, inhabitants experienced:

- physical violence that left body marks or inflicted injuries - 1.5 times;
- violence that did not leave body marks or injuries - 1.7 times;
- threats that actually scared them - 1.8 times;
- thefts of personal belongings from houses or cars - 1.4 times;
- 2.2 times fewer people were robbed on the street.

Just like five years ago, younger people experience violence more often than the older ones, men more often than women (except for the threats).

Other types of violence also have their contingent. For example, persons of other nationalities are robbed on the street more often than Lithuanians; the city inhabitants experience aggression (especially thefts of personal belongings) more often than the village inhabitants; those employed and with higher education (usually more prosperous) also experience thefts of personal belongings more often; those living without a partner are exposed to physical violence on the street more often than those who live with partners.

Although according to the research data the number of people who experienced violence and threats has
decreased in 1999 comparing to 1994, the number of fearing for their safety has increased by around one fourth in various localities. Like before, most people are afraid to suffer violence on the street, and the least – at home. According to the age groups, older people are more afraid to suffer violence at home. There are more women among those fearing for their safety than men, more living without a partner than with a partner, more public servants, unemployed and pensioners than other categories of employment (employers are the least fearful for their safety of all), and more Lithuanians than Russians. The city inhabitants are usually afraid to suffer in public places, and the village inhabitants – at home.

25 per cent of adult inhabitants do not take any safety precautions against violence. Men and women differ most out of various categories of inhabitants according to individual means of safety.

Men usually do not take any safety precautions and rarely use them, except for firearms and cold steel. Persons of other nationalities do not take any precautions more often than Lithuanians or Russians, the village inhabitants more often than the city ones, those with lower education more often than those with higher, those living without a partner more often than those with a partner, workers, unemployed and pensioner more often than the employed of other categories.

There are also sharper variations in the use of general application safety means (having a dog at home, safe locks, security systems) and the services of apartment (house) insurance. Older people use them more often than the younger, Lithuanians more often than persons of other nationalities, the village inhabitants more often than the city inhabitants (except for the security system at home), those living with spouses more often than those without them and particularly employers more often than the employed of other categories. The apartment (house) insurance is usually preferred by owners of separate houses.
Chapter 8

8.10. SOCIAL RELATIONSHIPS

The social relationships of the inhabitants of the country were studied primarily by examining relationships in the family, living together and maintaining relationships while living separately, communication with friends and neighbours, and mutual assistance as well as participation in the activities of organised institutions. 18.5 per cent of respondents live with their parents, out of which 10 per cent live with both parents and 8.4 per cent – with one of the parents.

With whom the inhabitants of Lithuania usually maintain relationships.

According to the research data, the inhabitants of Lithuania most often maintain relationships with their neighbours, somewhat less often – with mother or father and friends. Relationships with the relatives of the spouse are maintained the least often. Both men and women communicate with their neighbours more often than with their parents; men communicate with friends more often. As it was mentioned, relationships with the relatives of the spouse are seldom, and women responded that they communicate with their husbands’ relatives less often than husbands communicate with their relatives.

According to the research data, 15.7 per cent of Lithuania’s inhabitants take care of elderly people or people with disabilities and chronic invalids without any reward. These are mostly middle-aged people, the bigger part of which – 17 per cent – consists of women (13.8 per cent of men).

Participation in the activities of the parties, labour union organisations, shared interest groups and other organisations is an important indicator of the civil society that describes the activity of the inhabitants of the country in solving the issues of the state, local government, one or another neighbourhood or interest community. According to the research data, 85.2 per cent of the inhabitants of Lithuania do not

Communicated at least once a Month

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends</td>
<td>86.0</td>
</tr>
<tr>
<td>Colleagues outside the working time</td>
<td>69.8</td>
</tr>
<tr>
<td>Neighbours</td>
<td>89.5</td>
</tr>
<tr>
<td>Spouse’s relatives</td>
<td>36.6</td>
</tr>
<tr>
<td>Other relatives</td>
<td>37.3</td>
</tr>
<tr>
<td>Sister, brother</td>
<td>68.4</td>
</tr>
<tr>
<td>Father-in-law</td>
<td>71.5</td>
</tr>
<tr>
<td>Mother, father</td>
<td>86.1</td>
</tr>
</tbody>
</table>


Chart 8.10-1
participate in any organised activities. The social activity of the city and the village inhabitants is similar, although the village inhabitants are somewhat more passive. 87.9 per cent of the village inhabitants and 84 per cent of the city inhabitants do not take part in the activities of any organisations.

In analysing those participating in various organisations according to employment, it was established that persons without employment are socially passive. 17.4 per cent of employed persons take active part in the activities of various organisations, and only 5.2 per cent of the unemployed participate in the activities of some public organisation. Most respondents participate in the activities of only one organisation, and much fewer belong to two or more organisations. Younger persons are participating in the activities of various organisations more actively than the older.

More educated people are more active. There are 7.2 per cent of people with basic or lower than basic education belonging to one organisation, 14.2 per cent of those with secondary education, and 18.3 per cent of people with high education. Analogically (according to education), there are respectively 0.7 per cent, 1.3 per cent and 3.5 per cent of people who participate in two or more organisations.

Publicly active individuals participate in the life of the country and take interest in politics. Other countries’ experience shows that the interest grows in the times of various instabilities and political changes. According to the research of this data, 11.5 per cent of inhabitants are very interested in politics in Lithuania. This shows that the number of taking a very active interest in politics has increasing comparing to 1994. True, there were even more people taking a very active interest in politics in 1990 - 13.3 per cent; however, this is understandable, taking into account the turbulent period of the re-establishment of the Independence. The number of people somewhat interested in politics has also increased by 3 per cent, and the number of people not interested at all has decreased by 4.5 per cent; this indicates the increase in the general interest in politics (as compare to 1994). There are more city inhabitants who are not interested in politics (12.4 per cent) than the village inhabitants (9.5 per cent). Men are more interested in politics (13.5 per cent) than women (9.8 per cent) and more older people because the interest of the young people in politics is much smaller. Even 72.3 per cent of persons in the age group of 18-24 are not very interested in politics or are not interested at all.

The direct form of political activity is participation in political actions or activities that are the practical expression of the interest in politics. Participation in the election of the President of the republic of Lithuania, the Seimas and local governments is rather active. Only several per cents of the inhabitants of Lithuania participated in other political actions, and 15.8 per cent did not take part in any political actions or activities except for signing petitions and other political documents. Only 1.7 per cent of the village inhabitants took part in this actions (6 per cent of the city inhabitants). A rather sharp tendency appeared when examining the dependency of the activity of participation in political actions on the education - people with higher education are much more active.

Lithuanian peoples trust in the following social institutions and organisations of the country: 33.1 per cent of respondents absolutely trust the Church, 17.3 per cent - the press, 16.8 per cent - the television and the radio, and these are the highest numbers. The people of Lithuania trust the least in foreign companies - 2.1 per cent, the Seimas - 2.6 per cent, and the Government - 3.3 per cent. By adding the number of inhabitants who trust absolutely and who trust more than distrust, the television and the radio are trusted most - 70.5 per cent, the press - 68.3 per cent, the Church - 63.5 per cent, and the President of the Republic of Lithuania - 50.3 per cent.

79.7 per cent of the inhabitants of Lithuania distrust more than trust and absolutely distrust the Seimas, 77.4 per cent - the Government, 61.8 per cent - the courts, and 59 per cent - the police.
Chapter 8

The Difference in Income should be

Chart 8.11-2

Interest in Politics

Chart 8.11-1
This is the average of the assessments of the country’s inhabitants. When examining responses according to locality, it was established that the village inhabitants are less radical than the city inhabitants, although the assessment are fairly similar.

Inhabitants’ opinions about the distribution of income in Lithuania reveal their dissatisfaction with the existing situation in this area. 10 per cent of inhabitants responded that the distribution of income is reasonable in 1990; 8.5 per cent in 1994; and only 3.2 such answers were received during this research. The number of people who believe that the distribution of income should be much smaller has dramatically increased, and only 0.4 per cent of the respondents think that the distribution of income should be greater. More city inhabitants than the village inhabitants and more men than women stand for the smaller distribution of income. Younger inhabitants with high education more often speak out for the greater distribution of income.

Thus, Lithuania has already obtained a good information database on the living conditions - three living conditions researches have already been performed (their results have been briefly reviewed). The accumulated information base will allow for the comparison of the dynamics of the changes of the living conditions in our country as well as in the context of the neighbouring Baltic countries and other European countries. The comparative analysis of the living conditions in the three Baltic countries will be carried out in the near future and its results will be available already in the next year’s “Social Report”.

PROGRAMMES UNDERTAKEN BY THE MINISTRY IN 2001 FOR THE IMPLEMENTATION OF STRATEGIC GOALS

In 2001, in its attempts to achieve its strategic goals the Ministry has undertaken the implementation of 10 programmes

1.1. Vocational training and counselling in the labour market, increasing possibilities for youth employment, skill development of social workers.

The resources of the programme are allocated to two institutions: the Social Workers’ Training Centre and the Youth Employment Centre of Vilnius Labour Exchange.

The key objective of the Social Workers’ Training Centre is to co-ordinate systematic improvement of qualification of social workers, give basic and specialised professional knowledge and analyse and disseminate best practice to social workers-practitioners working in the fields of social security, education, health care and other. In Lithuania practical social work is performed by more than 5000 workers of whom only 8-9 per cent have professional background in social work.

The Youth Employment Centre is Lithuania’s first open information centre aimed at the target group of young people who are in the process of choosing occupation and seeking a job. With regard to the high unemployment rate among young people (on 1 January 2001 the unemployment rate in the country was 12.6 per cent, among young people - 15.3 per cent) and the specific needs and opportunities of this group of persons, this centre helps to strengthen the link between vocational training and employment of young people. The main trends of the centre’s activities are: rendering open information, counselling, vocational information and orientation services to young people; organisation and delivery of group classes; organisation of relations with the labour market and social partners; project activities in the field of stimulating youth employment initiatives; involvement of young highly qualified specialists in the “Talent Bank” programme; preparation of new informational/methodological materials; and rendering mediation/counselling services to target groups of the unemployed.

The funds of this programme are also allocated to the vocational orientation of imprisoned persons and soldiers. All this is undertaken seeking to implement the measures “Financing of Projects Aimed at Vocational Orientation of Imprisoned Persons” and “Financing of Projects Aimed at Vocational Orientation of Soldiers” which are a part called “Support to persons who have committed crimes and other legal offences” of the “Measures for the implementation of the programme “Youth for Lithuania” of the State Youth Policy Concept 2000-2001” approved with Resolution No. 1320 of the Government of the Republic of Lithuania. The Labour Market Training Service is responsible for the said measures.

1.2. Diminishing unemployment.

The funds of the programme in 2001 are allocated to the implementation of measures of the Support of Population Employment in Didžiasalis Programme (this measure belongs to the group of Priority Measures to Diminish Unemployment approved of by the Government of the Republic of Lithuania with Minutes No. 14 as of 28 March 2001) and projects in the regions with higher unemployment rate. Projects of creating new jobs are selected by way of tender, and the funds for the establishment of new jobs are allocated in the form of subsidies. Local employment initiatives should become an effective measure for employment and the labour market policy, helping local communities to adjust to rapid economic changes.

1.3. Research works on the living standard, employment, social insurance and social security in Lithuania.

The funds of the programme are used for the
financing of competitive research works within the specific fields of social security and labour. The main purpose of research is the assessment of the Ministry’s policy in the spheres of social insurance, social support and labour and identification of new priority areas for activity. Themes from relevant and problematic fields are selected for research. The expected results from each research work are not only to analyse the existing problem and suggest a solution, but also to develop a methodology for further activity in that field. In 2001 the following research works commissioned by the Ministry have been undertaken: “Research on the income, expenditure and income taxation of the population from the point of view of social stratification”, “Employment and labour market research: status and prognoses”, “Trends of increasing the efficiency of the labour market policy and development of the activities of labour market institutions”, “Qualitative development of the social services system” and “Improvement of social assistance to the population and support to the unemployed in the regions with dominating rural infrastructure”.

1.4. Prevention of occupational harm to people’s health.

The funds of the programme are allocated to the Centre of Labour Protection for the implementation of measures specified on the 2001 work plan of the Centre (drafting legal acts, investigation of effects from the implementation of health and safety at work legal acts drafted in accordance with the European Union directives). It is intended to reorganise the Centre into a public agency.

2.1. Orthopaedic prosthetics help to the residents of the Republic of Lithuania.

The funds of the programme are allocated to supplying residents with orthopaedic equipment and compensatory equipment. Within the framework of this programme contracts with ten companies have been signed on supplying orthopaedic equipment aids to residents. Inhabitants are supplied with orthopaedic equipment free-of-charge or covering part of the price in accordance with the procedure approved with Resolution No. 430 of the Government of the Republic of Lithuania as of 14 April 2000 Concerning the Procedure of Compensation for Supplying the Population with Orthopaedic Equipment.

The funds of the programme are also allocated to supplying the population with compensatory equipment, i.e., the equipment which costs over 500 LTL. This equipment is needed not only for rehabilitation, but also for disability prevention and treatment. At present disabled persons, disabled children, old age pensioners and patients with distinct signs of disability who undergo treatment at health care or rehabilitation institutions are supplied with compensatory equipment free-of-charge, with the exception of expensive equipment (over 1.5 thousand LTL). Provision of disabled persons with compensatory equipment is regulated by Order No. 152 of the Minister of Social Security and Labour as of 27 November 1996 Concerning the Approval of the Procedure for the Reimbursement for the Cost of Purchasing Electric Wheelchairs for the Disabled and Order No. 144 as of 15 November 1996 Concerning the Approval of the Procedure of Allocating Compensatory Equipment and the List of Prosthetic and Orthopaedic Products and Compensatory Equipment.

2.2. Development of social services at state in-patient nursing institutions and other institutions reporting to the Ministry.

The funds of the programme are allocated to the following institutions subordinated to the Ministry: Refugees Reception Centre, State Commission of Medical Social Examination, State Centre of Compensatory Technique for the Disabled, Department of Supervision and Audit of Social Institutions, Lithuanian Secretariat of Tri-partite Board and the Adoption Agency. Part of the funds allocated to the National Centre of Compensatory Equipment for the Disabled are planned for supplying disabled persons with compensatory equipment which costs up to 500 LTL.

2.3. The funds of the programme Support to socially vulnerable groups of the society and other activities of the Ministry are allocated to:

1. Construction and purchase of flats for the deportees, funds for settlement support, coverage of relocation expenses, Lithuanian language courses, retraining courses and employment schemes. These measures are introduced seeking to implement the programme Guidelines of the Government of the Republic of Lithuania for the Return to Lithuania of
Political Prisoners and Deportees and their Families and Providing them with Flats and Jobs approved with Resolution No. 19 of the Government of the Republic of Lithuania as of 11 January 1992 and Resolution No. 1294 of the Republic of Lithuania Concerning the Provision with Housing of Rehabilitated Families of Political Prisoners and Deportees Returning to Lithuania. This programme is implemented from the state budget and the loan from the European Council Development Bank.

2. Integration of refugees and expatriates, who have obtained the permit of temporary residence in the Republic of Lithuania due to humanitarian reasons, into the country’s society. Social integration is a process of involving them into the Lithuanian society and giving them an opportunity to lead an independent life. The following are the trends of integration: helping them to move from the Refugees Reception Centre to a permanent place of residence, handle the issue of housing, organise employment, organise education, ensure social welfare and healthcare, and develop favourable public opinion. State support is provided for one year and can be extended for another 6 months if the individual integration programme is not completed without the fault from the refugee. The refugees’ social integration is regulated with Resolution No. 239 of the Government of the Republic of Lithuania as of 26 February 1998 Concerning the Approval of the Procedure for Refugees’ Social Integration.

3. Supplying the Ministry’s working places with state-of-the-art office equipment, effective software applications, organising its technical service, implementing the system of work organisation and document handling in the Ministry, and operating the state budget, accounting and payment subsystem “VBAMS”. The Ministry’s computer hardware is out of date and its technical characteristics are insufficient for the introduction of new technological solutions and usage of new software.

4. Introduction of 2001 Acquis implementation measures: determine new institutional needs and new functions of the existing institutions (to implement the new attitude directives), prepare for the task of competence assessment and accreditation of notified institutions (in the fields of individual protection aids, machinery and lifts); assign notified institutions to perform the procedure of evaluation of individual protection aids, machinery and lifts; draft a national programme of occupational health and safety at work. The measures were approved of with Resolution No. 192 of the Government of the Republic of Lithuania as of 22 February 2001 Concerning the Approval of Legal Harmonisation Measures for Lithuania’s Preparation for EU Accession Programme (the National Acquis Adoption Programme) and the 2001 Plans for Acquis Implementation Measures.

5. Skill development and appraisal of persons doing social work. The main purpose of appraisal is to provide basic professional knowledge to those doing social work and to evaluate the existing condition of social work, personal qualification of social workers and provide workers with constant development opportunities. Training programmes are delivered by educational establishments who have won the tender called by the Ministry. The initial appraisal of practicing social workers is carried out in accordance with the appraisal procedure approved with the Minister’s Order No. 31 as of 29 January 1998.

6. 2001-2003 measures for the implementation of drug control and drug prevention which are fulfilled with participation from the Ministry of Social Security and Labour. In 2002 it is intended to support drug prevention and drug abusers’ rehabilitation projects prepared by organisations, support drug prevention projects of non-governmental youth organisations, train and retrain employees working with persons with risk factors and their family members. The programme was approved of with Government Resolution No. 73 as of 23 January 2001 Concerning Partial Amendment to Resolution No. 282 as of 28 February 1995 and Resolution No. 970 as of 6 September 1999 of the Government of the Republic of Lithuania.

7. Social adaptation of imprisoned persons and those who have returned from the place of imprisonment, reformatory as well as social and psychological rehabilitation institutions. The funds were allocated to the measures for the implementation of the programme approved pursuant to Resolution No. 1438 of the Government of the Republic of Lithuania as
of 17 December 1999 Concerning Partial Amendment to Resolution No. 1179 as of 25 October 1999 of the Government of the Republic of Lithuania Concerning the Approval of the 1999-2003 Programme of Social Adaptation of imprisoned persons and those who have returned from the place of imprisonment, reformatory and psychological rehabilitation institutions under the responsibility of the Ministry of Social Security and Labour. In 2001 a research on the network of organisations and institutions providing social support and the need for social support of former prisoners; and sociological research on socio-occupational needs of persons sentenced to imprisonment have been undertaken; vocational training and employment programmes and psychological measures for the improvement of socio-occupational adaptation of former prisoners are being developed.

8. Measures for the implementation of the national programme against commercial and sexual abuse against children (in 2000-2004), which were approved with Resolution No. 29 of the Government of the Republic of Lithuania as of 11 January 2000 Concerning the National Programme against Commercial and Sexual Abuse and Sexual Violence against Children. In 2001 it is intended to carry out a methodological research on the extent of abuse against children, prepare methodological material for educators, social workers, police officials and medical workers, prepare general and specialised curricula for basic training and development of specialists; develop a data base reflecting the extent of sexual violence and sexual and commercial abuse of children; prepare a mechanism for reporting on children who have faced sexual violence or commercial and sexual abuse and help to apply it; implement the recommendations of the Baltic States Council with reference to fighting against sexual abuse of children – to determine what the public servants of local authorities should do.

9. Covering the annual fee of participation in the programme “Jaunimas” (“Youth”) and allocate resources to programme administration. The fee comprises a certain part of the expenditure on the implementation of the programme in Lithuania, the other part is allocated from PHARE national budget. Lithuania’s participation in the “Youth” programme was approved of with Resolution No. 1464 of the Government of the Republic of Lithuania as of 18 December 2000 Concerning the Draft Decision of the European Union and the Republic of Lithuania Association Council Legalising the Conditions for Lithuania’s Participation in the Community’s “Youth” Programme. The main purpose of the programme’s participation in the “Youth” programme is to develop a responsible, resolute and pro-active individual by helping young people to gain the necessary knowledge, skills and competence, and ensuring equal participation rights. The programme is aimed at all young people from 15 to 25 years of age. Special attention is devoted to the participation and initiatives of young people living under conditions unfavourable for learning and development, as well as youth organisations and youth groups operating in small local communities within considerable distance from culture and education centres. The Youth International Co-operation Agency is responsible for the implementation of this programme in Lithuania.

10. Providing psychological help to residents on the phone. With Resolution No. 857 of the Government of the Republic of Lithuania as of 9 July 1998 Concerning Telecommunications Services Benefits a list of 12 agencies providing psychological help on the phone was approved (phone calls for residents are free-of-charge). The cost of free-of-charge calls when talking to psychological help agencies is covered from the state budget.

11. Informing the society on social and labour policy. Funds are allocated to drafting legal acts, organising seminars and conferences, participating in ILO conferences, publishing informational material, translations and the membership fee to international organisations.

12. Formation and implementation of the social security of the country’s population. Funds are allocated for the Ministry’s management.

13. Free-of-charge catering to the students of basic education schools from families with low income. Arrangement of catering is regulated by the Procedure of Organisation of Free-of-charge Catering for Schoolchildren from Families with Low Income at the
Basic Education Schools approved with Order No. 64/955 as of 16 August 1999 of the Minister of Social Security and Labour and the Minister of Education and Science. The procedure provides for a daily norm of free-of-charge catering per one schoolchild: lunch - up to 3 LTL, breakfast - up to 1.2 LTL, catering at day-time summer camps of basic education schools - up to 7.5 LTL. Free-of-charge catering is provided to 26 per cent of schoolchildren.

2.4. Development of the social services infrastructure. Funds of the programme are allocated to the development of the social services network in communities by establishing institutions aimed at most vulnerable groups of the society: people with mental and physical disability, waif children and families with social problems, persons with risk factors, etc. Within the framework of this programme, the best projects prepared by municipalities and NGOs are selected by way of tender and partially financed. Projects are financed by co-operating the finds of the state, municipalities, non-governmental organisations, international foundations and private persons. In 1999 the programme was expanded and started to be implemented together with the European Council Development Bank (pursuant to Resolution No. 55 as of 15 January 1999 of the Government of the Republic of Lithuania Concerning the Loan from the European Council Development Bank for the Financing of the Investment Project 1999 of the Development of the Social Services Infrastructure). In accordance with Resolution No. 782 as of 3 July 2000 of the Government of the Republic of Lithuania Concerning Partial Amendment to Resolution No. 202 as of 29 February 1998 of the Government of the Republic of Lithuania Concerning the 1998-2000 Programme of the Development of Social Services Infrastructure, the implementation of the programme was extended to 2003.

2.5. Operation of loans and social security network projects. Funds of the programme are allocated to the value added tax of the services and goods covered from the funds of the World Bank loan, interest for the loan, the liability fee, and the cost of providing service to the World Bank co-ordination team. According to Contract No. 4135-LT as of 1 December 1997 the World Bank allocated a 3.7 million USD loan to Lithuania for the implementation of the social services and the social services for communities development project. The funds from this loan are used for the establishment of 14 social services centres in these six municipalities: Anykščiai, Molėtai, Utena, Švenčionys, Vilnius, and Šiauliai. Part of the funds allocated to this programme are used for covering the cost of competitive research works of the Policy Evaluation Fund (according to a loan agreement with the World Bank).

3.1. The funds of the programme State and social pensions, state social support are used for the payment of the President’s pension, personal pensions, state pensions of the first and the second degree, state pensions of deprived persons (Republic of Lithuania Law on State Pensions), pensions to research workers (Republic of Lithuania Provisional Law on State Pensions of Research Workers), social (assistance) pensions (Republic of Lithuania Law on Social (Assistance) Pensions). From the funds of this programme the following persons are also insured to receive basic pension: mothers raising children up to 3 years of age, clergymen, and carers nursing persons with total disability, and a part of the contribution of farmers of economically weak farms insured for the basic pension is covered (Republic of Lithuania Law on State Social Insurance). One-time benefits are paid to participants of armed resistance and family members of deceased participants of resistance to 1940-1990 occupations (Republic of Lithuania Law on State Support to Participants of Armed Resistance, Republic of Lithuania Law on State Support to Family Members of Deceased Participants of Resistance to 1940-1990 Occupations). Reimbursement for transportation expenses is paid to persons with movement dysfunction (25 per cent of MSL), and reimbursement for the purchase of special cars and for the cost of their technical maintenance (Republic of Lithuania Law on Transport Benefits); and nursing allowances to persons with total disability (Law on the Social Integration of the Disabled).
### Objective of the allocations manager:

**Assist residents in their integration into the labour market and ensure fair employment relations and safe work conditions**

1.1. Vocational training and counselling in the labour market, increasing possibilities for youth employment, skill development of social workers

   1219

1.2. Diminishing unemployment

   1500

1.3. Research works on the living standard, employment, social insurance and social security in Lithuania

   424

1.4. Prevention of occupational harm to people’s health

   805

### Objective of the allocations manager:

**Develop the social support system and ensure social integration of socially vulnerable groups of the society**

2.1. Orthopaedic prosthetics help to the residents of the Republic of Lithuania

   22460

2.2. Development of social services at state in-patient nursing institutions and other institutions reporting to the Ministry

   7322

2.3. Support to socially vulnerable groups of the society and other activities of the Ministry

   72941

2.4. Development of the social services infrastructure

   5077

2.5. Operation of loans and social security network projects

   3720

### Objective of the allocations manager:

**Achieve balance in the social insurance system and provide conditions for the pension system reform**

3.1. State and social pensions, state social support.

   371505

**Total expenditure of the programmes of the Ministry of Social Security and Labour**

   486973

---

Information provided by the Ministry of Social Security and Labour
### Sources of Social Security Financing in 1998 - 1999

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
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<td></td>
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</tr>
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<tr>
<td>- Municipal budgets</td>
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</tr>
<tr>
<td>- State Social Insurance Fund budget</td>
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<td>- Compulsory Health Insurance Fund budget</td>
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</tr>
<tr>
<td>- employers</td>
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</tr>
<tr>
<td>- other (funds of non-governmental organizations, charity, etc.)</td>
<td>0,1</td>
</tr>
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*Social Protection in Lithuania in 1999: Statistics Lithuania.-Vilnius, 2001, p.57*  
Table P. 3.2-1

### Structure of Expenditure on Social Security according to Main Expenditure (Percentage)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>State budget</th>
<th>Municipal budgets</th>
<th>State Social Insurance Fund budget</th>
<th>Compulsory Health Insurance Fund budget</th>
<th>Employers</th>
<th>Other</th>
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<tr>
<td>Expenditure on social security (including health care)</td>
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<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
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<td>including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>sickness</td>
<td>31,4</td>
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<td>3,9</td>
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<td>-</td>
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<tr>
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<td>13,9</td>
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<tr>
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<td>59,0</td>
<td>12,6</td>
<td>17,1</td>
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<tr>
<td>survivors</td>
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<td>0,3</td>
<td>0,3</td>
<td>5,1</td>
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<tr>
<td>other</td>
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<td>4,3</td>
<td>2,5</td>
<td>21,3</td>
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<tr>
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*Social Protection in Lithuania in 1999: Statistics Lithuania.-Vilnius, 2001, p.59*  
Table P. 3.2-2
### Social Protection in Lithuania in 1999: Statistics Lithuania.-Vilnius, 2001, p.60

**Structure of Expenditure on Social Security according to Sources of Financing (Percentage)**

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<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Sickness</td>
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<td>1.1</td>
<td>-</td>
<td>-</td>
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<td>11.9</td>
<td>86.4</td>
<td>85.2</td>
<td>1.6</td>
<td>1.8</td>
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<tr>
<td>Disability</td>
<td>100.0</td>
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<td>14.3</td>
<td>1.3</td>
<td>1.3</td>
<td>77.9</td>
<td>83.5</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>0.4</td>
<td>0.9</td>
</tr>
<tr>
<td>Old age</td>
<td>100.0</td>
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<td>12.4</td>
<td>2.6</td>
<td>3.4</td>
<td>86.2</td>
<td>84.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Survivors</td>
<td>100.0</td>
<td>0.7</td>
<td>0.6</td>
<td>10.3</td>
<td>10.4</td>
<td>89.0</td>
<td>89.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.4</td>
<td>0.9</td>
</tr>
<tr>
<td>Family (children)</td>
<td>100.0</td>
<td>21.5</td>
<td>19.1</td>
<td>45.8</td>
<td>45.8</td>
<td>32.2</td>
<td>34.3</td>
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<td>-</td>
<td>-</td>
<td>0.5</td>
<td>0.8</td>
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<tr>
<td>Unemployment</td>
<td>100.0</td>
<td>-</td>
<td>-</td>
<td>100.0</td>
<td>100.0</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>100.0</td>
<td>-</td>
<td>-</td>
<td>100.0</td>
<td>100.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Other</td>
<td>100.0</td>
<td>18.5</td>
<td>11.5</td>
<td>81.5</td>
<td>88.5</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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</tbody>
</table>

**Unemployment Level (average annual)**

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<th></th>
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</thead>
<tbody>
<tr>
<td>In the country</td>
<td>4.4</td>
<td>3.8</td>
<td>6.1</td>
<td>7.1</td>
<td>5.9</td>
<td>6.4</td>
<td>8.4</td>
<td>11.5</td>
</tr>
<tr>
<td>Alytus district</td>
<td>4.4</td>
<td>4.6</td>
<td>8.5</td>
<td>9.0</td>
<td>7.2</td>
<td>8.6</td>
<td>9.8</td>
<td>13.7</td>
</tr>
<tr>
<td>Kaunas district</td>
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<td>2.4</td>
<td>4.9</td>
<td>5.6</td>
<td>4.2</td>
<td>4.6</td>
<td>6.4</td>
<td>9.2</td>
</tr>
<tr>
<td>Klaipėda district</td>
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<td>4.4</td>
<td>6.6</td>
<td>6.9</td>
<td>4.9</td>
<td>5.1</td>
<td>7.1</td>
<td>10.0</td>
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<td>2.4</td>
<td>5.6</td>
<td>5.9</td>
<td>5.9</td>
<td>8.0</td>
<td>11.2</td>
<td>15.0</td>
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<td>6.0</td>
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<td>6.1</td>
<td>7.6</td>
<td>10.5</td>
<td>14.6</td>
</tr>
<tr>
<td>Šiauliai district</td>
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<td>4.6</td>
<td>7.1</td>
<td>7.1</td>
<td>6.8</td>
<td>9.0</td>
<td>12.5</td>
<td>16.3</td>
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<tr>
<td>Tauragė district</td>
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<td>12.6</td>
<td>12.0</td>
<td>8.3</td>
<td>8.8</td>
<td>10.9</td>
<td>15.1</td>
</tr>
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<td>Telšiai district</td>
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<td>5.0</td>
<td>6.4</td>
<td>9.1</td>
<td>13.0</td>
</tr>
<tr>
<td>Utena district</td>
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<td>6.4</td>
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<td>6.7</td>
<td>7.0</td>
<td>8.2</td>
<td>10.7</td>
</tr>
<tr>
<td>Vilniaus district</td>
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<td>5.3</td>
<td>7.3</td>
<td>6.5</td>
<td>5.7</td>
<td>6.8</td>
<td>9.2</td>
</tr>
</tbody>
</table>

*The Table has been compiled on the basis of data provided by the Lithuanian Labour Exchange*
### Unemployed in 1997-2000 (end of the year)

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The total</td>
<td>120,2</td>
<td>100</td>
<td>122,8</td>
<td>100</td>
<td>177,4</td>
<td>100</td>
<td>225,9</td>
<td>100</td>
</tr>
<tr>
<td>Females</td>
<td>61,9</td>
<td>51,5</td>
<td>61,1</td>
<td>49,8</td>
<td>82,8</td>
<td>46,7</td>
<td>102,8</td>
<td>45,5</td>
</tr>
<tr>
<td>Males</td>
<td>58,3</td>
<td>48,5</td>
<td>61,7</td>
<td>50,2</td>
<td>94,6</td>
<td>53,3</td>
<td>123,1</td>
<td>54,5</td>
</tr>
<tr>
<td>Youth</td>
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<td>18,9</td>
<td>23,1</td>
<td>18,8</td>
<td>31,1</td>
<td>17,5</td>
<td>34,4</td>
<td>15,2</td>
</tr>
<tr>
<td>Long-term unemployed</td>
<td>15,2</td>
<td>12,6</td>
<td>15,2</td>
<td>12,4</td>
<td>25,7</td>
<td>14,5</td>
<td>62,4</td>
<td>27,6</td>
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*The Table has been compiled on the basis of data provided by the Lithuanian Labour Exchange*

### Participation of the Unemployed in the Active Labour Market Policy Measures (in thou.)

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</thead>
<tbody>
<tr>
<td>The total</td>
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<td>3,7</td>
<td>17,1</td>
<td>25,6</td>
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<td>8,4</td>
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<td>14,1</td>
<td>12,1</td>
<td>14,2</td>
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<td>Unemployment prevention and matching of labour supply and demand</td>
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<td>Employment support:</td>
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<td></td>
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<tr>
<td>- Public works</td>
<td>0,05</td>
<td>0,7</td>
<td>5,8</td>
<td>7,7</td>
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<td>10,9</td>
<td>12,1</td>
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<tr>
<td>- Supported works</td>
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<td>4,8</td>
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<td>- Organisation of setting up one’s own business</td>
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<td>......</td>
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<td>1,5</td>
<td>1,3</td>
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</table>

*The Table has been compiled on the basis of data provided by the Lithuanian Labour Exchange*
<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Year of birth</th>
</tr>
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<tbody>
<tr>
<td>1995</td>
<td>60 years 2 months</td>
<td>1 Jan 1935 – 31 Oct 1935</td>
</tr>
<tr>
<td>1996</td>
<td>60 years 4 months</td>
<td>1 Nov 1935 – 31 Aug 1936</td>
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<tr>
<td>1997</td>
<td>60 years 6 months</td>
<td>1 Sep 1936 – 30 June 1937</td>
</tr>
<tr>
<td>1998</td>
<td>60 years 8 months</td>
<td>1 July 1937 – 30 Apr 1938</td>
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<tr>
<td>1999</td>
<td>60 years 10 months</td>
<td>1 May 1938 – 28 Feb 1939</td>
</tr>
<tr>
<td>2000</td>
<td>61 years</td>
<td>1 Mar 1939 – 31 Dec 1939</td>
</tr>
<tr>
<td>2001</td>
<td>61 years 6 months</td>
<td>1 Jan 1940 – 30 June 1940</td>
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<tr>
<td>2002</td>
<td>62 years</td>
<td>1 July 1940 – 31 Dec 1940</td>
</tr>
<tr>
<td>2003</td>
<td>62 years 6 months</td>
<td>1 Jan 1941 etc.</td>
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</table>

<table>
<thead>
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<th>Year</th>
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<th>Year of birth</th>
</tr>
</thead>
<tbody>
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<td>55 years 4 months</td>
<td>1 Jan 1940 – 31 Aug 1940</td>
</tr>
<tr>
<td>1996</td>
<td>55 years 8 months</td>
<td>1 Sep 1940 – 30 Apr 1941</td>
</tr>
<tr>
<td>1997</td>
<td>56 years</td>
<td>1 May 1941 – 31 Dec 1941</td>
</tr>
<tr>
<td>1998</td>
<td>56 years 4 months</td>
<td>1 Jan 1942 – 31 Aug 1942</td>
</tr>
<tr>
<td>1999</td>
<td>56 years 8 months</td>
<td>1 Sep 1942 – 30 Apr 1943</td>
</tr>
<tr>
<td>2000</td>
<td>57 years</td>
<td>1 May 1943 – 31 Dec 1943</td>
</tr>
<tr>
<td>2001</td>
<td>57 years 6 months</td>
<td>1 Jan 1944 – 30 June 1944</td>
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<td>58 years</td>
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<td>2003</td>
<td>58 years 6 months</td>
<td>1 Jan 1945 – 30 June 1945</td>
</tr>
<tr>
<td>2004</td>
<td>59 years</td>
<td>1 July 1945 – 31 Dec 1945</td>
</tr>
<tr>
<td>2005</td>
<td>59 years 6 months</td>
<td>1 Jan 1946 – 30 June 1946</td>
</tr>
<tr>
<td>2006</td>
<td>60 years</td>
<td>1 July 1946 etc.</td>
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Table P. 5.4.2.1-1
### SSIF budget income and loss projections for 2001-2020, percentage from GDP

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure without reform implementation</td>
<td>7.3</td>
<td>7.2</td>
<td>6.8</td>
<td>6.6</td>
<td>6.3</td>
<td>6.0</td>
<td>5.9</td>
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<td>6.2</td>
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<tr>
<td>SSIF balance without reform implementation</td>
<td>-0.4</td>
<td>-0.4</td>
<td>-0.3</td>
<td>-0.2</td>
<td>0.0</td>
<td>0.2</td>
<td>0.2</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
<td>0.0</td>
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<td>0.0</td>
<td>0.0</td>
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<td>0.0</td>
<td>0.0</td>
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<tr>
<td>Accumulated SSIF balance without reform implementation</td>
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<td>-1.4</td>
<td>-1.8</td>
<td>-2.0</td>
<td>-2.0</td>
<td>-1.9</td>
<td>-1.6</td>
<td>-1.3</td>
<td>-0.9</td>
<td>-0.3</td>
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<tr>
<td>Income with reform implementation</td>
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<td>5.4</td>
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<td>5.2</td>
<td>5.2</td>
<td>5.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Expenditure with reform implementation</td>
<td>6.8</td>
<td>6.6</td>
<td>6.3</td>
<td>6.0</td>
<td>5.9</td>
<td>5.7</td>
<td>5.6</td>
<td>5.5</td>
<td>6.1</td>
<td>6.2</td>
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<td>6.2</td>
<td>6.2</td>
<td>6.2</td>
<td>6.1</td>
</tr>
<tr>
<td>SSIF balance with reform implementation</td>
<td>-1.2</td>
<td>-1.1</td>
<td>-0.9</td>
<td>-0.7</td>
<td>-0.6</td>
<td>-0.5</td>
<td>-0.4</td>
<td>-0.2</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<td>0.0</td>
<td>0.0</td>
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<tr>
<td>SSIF lack of income due to reform</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.9</td>
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<td>-1.0</td>
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<td>-1.1</td>
<td>-1.1</td>
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<td>Remittance to the SSIF budget from Reserve (stabilisation) Fund and the state budget</td>
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<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
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<td>0.9</td>
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<td>1.0</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
<td>1.2</td>
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</table>

Data provided by the Ministry of Finance
Number of persons insured under state social insurance, pensions and persons insured under full insurance (thousands) in 1995-2000

Dynamics of Actual Income and Expenditure and Collected Income (I quarters of 1996-2000)
In accordance with this directive Regulations of the Protection of Workers from the Exposure to Noise at Work have been prepared and approved by joint Order of the Minister of Social Security and Labour and the Minister of Health and will come into force on 1 January 2002. The goal of the Regulations is to ensure a complete implementation of the requirements of the EU Council Directive 86/188/EEC. The anticipated result is reducing damage done to health and occupational diseases of workers and the reduction of the risk to sustain such damage.

For the impact assessment of the implementation of the requirements of Council Directive 86/188/EEC on the Protection of Workers from the Risks Related to Exposure to Noise at Work, the European Committee under the Government of the Republic of Lithuania and the State Labour Inspectorate of the Republic of Lithuania prepared the Table of One-Off Costs of the Implementation of the Directive, which was filled in by the specialists of Territorial Divisions of the State Labour Inspectorate in accordance with the data of large-size enterprises. The Centre for Labour Medicine provided the information available by distribution within counties about individuals exposed to noise while at work. On the basis of the Register of Undertakings it has been established in which type of undertakings the number of noisy workplaces is largest. The State Labour Inspectorate of the Republic of Lithuania described the opinion of business, trade unions, non-governmental organisations, other groups of interest, individual experts and other strata of the society. The European Committee summarised all information.

In the course of the study the benefit of the effect of the implementation of the legal act was established. Direct benefit is the reduction of the risk for the employee to contract occupational noise disease and to lose capability of working (work disablement). As a result the amounts of disability pensions paid due to the noise disease shall be reduced, on the basis of the summarised evaluation by the amount of from 40,000 - 70,000 Litas every year (depending on the extent to which it will be possible to eliminate the risk in implementing the new requirements). The benefit that is more difficult to describe quantitatively shall be derived from the fact that after the risk caused by noise to health has been reduced or eliminated, highly qualified and skilled employees whose labour efficiency is greater than that of the new employees, will remain in workplaces. Indirect benefit to the society is the reduction of the risk to contract an occupational noise disease; on average annually about 200 people will save their health and will not contract a noise disease. Indirect long-term benefit to the state shall be as follows: (a) after the number of cases of work disablement (due to the noise disease) decrease, the average work record of an employee becomes longer, as a result of which the income of the State Social Insurance Fund increases (and the payments decrease, however, the payments are already indicated in calculating direct benefit); (b) another EU Directive is implemented (the implementation of the requirements of the EU legal acts is the indispensable condition for joining the European Union).

During the study the costs of the implementation of the provisions of this Directive were established.
It has been established that 2.23 percent of the employees (about 35,580 people) in the Lithuanian economy are exposed to noise exceeding 85 dB(A) at workplaces. Employees are obligated to provide employers with personal protective equipment

In implementing Council Directive 89/654/EEC on the Minimum Safety and Health Requirements for the Workplace, the General Regulations on the Installation of the Workplaces were prepared and approved by the joint Order of the Minister of Social Security and Labour and the Minister of Health. These Regulations for workplaces that are being newly established came into force on 1 January 2000, and they came into effect for already established workplaces on 1 January 2001.

The impact assessment of the implementation of the requirements of Council Directive 89/654/EEC on the Minimum Safety and Health Requirements for the Workplace was carried out by the employees of the Research Institute of Human Safety of Vilnius Gediminas Technical University. Statistical-analytical and surveying methods as well as methods of analysis, analogies, summarising the financial statements and other scientific research methods were made use of in the study. During the research financial expenditure of enterprises, expenditure on the national level and the positive effect of the Directive were established and recommendations for the application of the provisions of the directive to improve safety and health at work were prepared.

In assessing the requirements of the directive and the impact of their implementation on enterprises, state institutions and employees, an anonymous survey was carried out in accordance with the prepared questionnaires.

The survey conducted at enterprises showed that the majority of enterprises would encounter problems while implementing the provisions of this directive. Basic problems shall be the modernisation of workplaces and the risk assessment. In evaluating the costs for the implementation of the requirements of the directive, most of the enterprises expect them to be high. Their larger part will go to the modernisation of workplaces and the risk assessment. Many enterprises that were interviewed need support in implementing the directive: 40 percent of enterprises need financial assistance and 60 percent of them need information support.

During the study the costs of the implementation of

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost (thou. Litas)</th>
</tr>
</thead>
<tbody>
<tr>
<td>personal protective equipment</td>
<td>2048</td>
</tr>
<tr>
<td>marking of workplaces and zones where noise level exceeds 85db(A)</td>
<td>445</td>
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</table>

Unfortunately, these costs cannot be divided into single and operating costs - no data is available either about the date of expiration of personal protective equipment or about to what extent currently used personal protective equipment will have to be replaced by the new ones due to the fact that the new Regulations of the Protection of Workers from the Exposure to Noise at Work are to be implemented by 2002.
the directive were established by means of statistical-analytical and survey methods.

It has been calculated that 6.4 billion Litas is allocated to create property within which workplaces are located.

Seeking to carry out such a study it was necessary to determine the percentage that workplaces constitute in the property under investigation. According to the survey data, the area allocated to workplaces, accounts on average for 64 percent of the total area. The total value of workplaces in 2000 amounts to 46.3 billion Litas.

According to the survey data, enterprises allocate about 2 percent of funds from the value of their assets to safety and health at work of the enterprise. 20 - 30 percent of the said amount is spent on labour protection novelties. Thus approximately 920 million Litas, 559 Litas per working individual, is allocated to ensuring safety and health at work in the Republic of Lithuania.

Having summarised the costs spent by all the interviewed enterprises on equipping workplaces, it has been established that they are distributed in approximately the following way:

- modernisation of workplaces 80 percent;
- training and informing 10 percent;
- risk assessment 5 percent;
- other expenditure 5 percent.

_Positive Effect of the Directive_

Most enterprises assesses consequences of the implementation of the directive in the positive and think that this will improve the safety and health at work state in enterprises, working conditions, in particular, improve performance results and work ethics: 60 percent of the interviewed enterprises indicated that having implemented the requirements of this Directive working conditions would improve, 30 percent of the interviewed enterprises maintained that this would reduce the number of occupational diseases, 50 percent said that the number of occupational accidents would decrease, in the opinion of 40 percent of the interviewed enterprises, after the provisions of this Directive have been implemented, the performance results would improve, and 50 percent think that the work ethics would become better.

In accordance with these directives _General Regulations of the Use of Work Equipment_ were prepared and approved by the Order of the Minister of Social Security and Labour and came into force on 1 January 2001. The objective of the regulations is to ensure the implementation of requirements of EU Council Directives 89/655/EEC and 95/63/EC. This is the evaluation of the risk posed by work equipment to workers and other individuals (their safety and health) and practical actions (provision of corresponding information, instructing, training of workers, etc.) seeking to reduce this risk. Moreover, the work equipment being used must conform to the established designing requirements, which often compels it to be modernised or even substituted for the new one. The anticipated result is the decrease in the damage done to health of workers and occupational diseases, reduction of the risk to suffer such damage.

With the help of the European Committee under the Government of the Republic of Lithuania, PHARE SEIL foreign and local experts carried out the study. The main objective of the study was as accurate as possible quantitative evaluation of the effect of the directives on the Lithuanian economy and main branches of economy and industry.

In analysing the effect of the implementation of Directive 89/655/EEC it was decided to limit oneself to the evaluation of the effect of the following four main factors:

- risk assessment;
- provision of information to and training of employees;
modernisation of the equipment;
changing the equipment;

Questionnaires were prepared for the study. Enterprises and the employees of the State Labour Inspectorate filled them in. During the survey of the State Labour Inspectorate it was sought to summarise knowledge and experience of the staff of the Inspectorate, related to supervision of the implementation of safety and health requirements for work equipment being used. Industrial enterprises and companies likely to experience a marked impact of Directives 89/655/EEC and 95/63/EC were selected for the second survey.

The costs of the implementation of directives were evaluated during the study.

**Risk assessment costs.** In assessing the risk certain preconditions were made and the impact on all labour costs was evaluated, at the same time observing the impact on the costs of wages of an “average” worker as well as on total costs of wages in the economy.

According to the data of calculations, these costs would constitute repetitive annual 1.2 hour costs (measuring by average costs of wages). Since the risk assessment requires that the employees should be informed about the risk and trained to avoid it, it goes without saying that this expenditure is also necessary to be regarded as a part of the risk assessment process.

**Costs of Provision of Information to and Training of Employees.** Information has to be constantly updated and training courses must be organised on the regular basis. Therefore costs will be fixed. They will account for 0.5 percent of the annual average wage.

**Costs of Modernisation and Change of Equipment.**

In accordance with this Directive Regulations of the Protection of Workers from the Risks Related to Chemical Agents are being prepared.

Impact Assessment of the consequences of the implementation of the requirements of EU Directive 98/24/EC on the Protection of the Health and Safety of Workers from the Risks Related to Chemical Agents at Work was carried out by the employees of the Research Institute of Human Safety of Vilnius Gediminas Technical University. Statistical-analyti-
cal and surveying methods as well as methods of analysis, analogies, summarising the financial statements and other scientific research methods were made use of in the study. During the research financial expenditure of enterprises, expenditure on the national level and the positive effect of the Directive were established and recommendations for the application of the provisions of the directive to improve safety and health at work were prepared.

In assessing the requirements of the directive and the impact of their implementation on enterprises, state institutions and employees, an anonymous survey was carried out in accordance with the prepared questionnaires.

The survey of the consequences of the implementation of the directive at enterprises showed that most enterprises would encounter problems when implementing the provisions of this directive. Basic problems are the risk assessment, the provision of the employees with protective measures and information, as well as training them.

Summing up answers to the questions of the questionnaire a common feature has been observed: representatives of medium-size and large enterprises provided the most detailed answers (81 per cent of all questions was answered). Small-size enterprises provided answers only to 54 percent of the questions presented. This shows that such information is analysed in small-size enterprises insufficiently.

During the study costs of the implementation of the directive have been established.

By means of the statistical-analytical method costs for enterprises have been established on the basis of the assets of the enterprises and by evaluating the percentage amount of the funds allocated to a safe use of chemical substances. The value of workplaces within the assets of enterprises accounts for 64 per cent. 2 percent of the funds from the value of workplaces is allocated to assurance of safety and health at work.

Having summarised the survey results it was established that 12 percent of the funds is allocated to assurance of safety and health at work when using chemical substances. Funds allocated to one worker to ensure safety and health at work when using chemical substances amount to 34 - 141 Litas.

Having summed up the expenditure of all the interviewed enterprises on safe use of chemical substances, it has been established that it distributed approximately in the following way:

- provision with personal protective equipment - 52 percent;
- risk assessment - 26 percent;
- preparation of special work safety instructions - 10 percent;
- additional medical check-up - 5 percent;
- training - 7 percent.

Having implemented the provisions of the directive under study, investments in the improvement of working conditions would pay back through the decreased incidence of employees’ diseases, unemployment the products that have not been manufactured due to the above-indicated factors.

During the study the positive impact has been established. In the opinion of 80 percent of the interviewed enterprises, after the requirements of the directive have been implemented, working conditions will improve, 80 per cent of the interviewed maintain that this will reduce the number of occupational diseases, 70 per cent say that the number of occupational accidents will decrease. In the opinion of 60 per cent of enterprises, after the provisions of the directive have been implemented, the safety and health state of employees in enterprises and their performance results will improve, the number of occupational diseases and occupational accidents will decrease.
With the view to implement the Social Services Infrastructure Development Programme, according to the outcomes of the tender called in 1998, social care institutions and agencies were established and the best projects prepared by municipalities and non-governmental organisations were implemented in communities in 2000. The said projects were implemented with partial subsidies from the state budget, also attracting funds from the Council of Europe Development Bank and municipalities on whose territories the projects were launched.

2,8 million LTL from the Lithuanian state budget and 3,2 million LTL from the Council of Europe Development Bank was allocated to the Programme in 2000.

Utilising the allocated funds, two social services institutions started their activities in 2000: Employment Centre for Mentally Retarded Youth in Jurbarkas Region and Old Town Children’s Day Centre of Kaunas Municipality. Reconstruction work was continued in Markučiai Day Centre of Vilnius City, Vocational Training Centre of Vilnius City for Mentally Retarded People, Social Services Centre in Linkuva, Care Centre of the Elderly in Druskinkai and Nursing Home of Klaipėda City. Although project documentation for the reconstruction of three other centres (Vilnius Children’s Crisis Centre, Employment Centre for Handicapped Youth in Kaunas and Social Assistance Centre in Marijampolė) was prepared, due to shortage of means reconstruction of those buildings was not carried out.

With the estimation of insufficient financing of the Programme in 2000 and high demand for social services (according to the number of social projects submitted for the 1999 tender of social services projects and the number of projects which have won the tender), the implementation of the Social Services Infrastructure Development Programme was extended until year 2003 pursuant to the Resolution\(^1\) of the Government of the Republic of Lithuania. With the view to implement the said Resolution it is intended to examine the projects that have won the 1999 tender of social services and to exact to what extent those projects are relevant and what has been the course of their implementation by utilising other attracted means during the recent years.

After the situation has been clarified and the estimation of the funds and capabilities of the state budget, the possibility to call a new tender of social services projects will be considered.

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(came into force on 1 July 2001)

A. Compulsory functions of the Agency for the Protection of the Rights of the Child (hereinafter referred to as the APRCH):

a) to take part in court proceedings and submit conclusions

Article 3.48. Compulsory Participation of Institutions
When cases to declare the marriage invalid are investigated, if one or both spouses are minors, the APRCH must take part in the investigation of such cases and submit the conclusion whether declaring the marriage invalid does not violate the rights and interests of these persons and their children.

Article 3.80. Compulsory Participation of the APRCH
If the spouses have common children who are minors, the APRCH must take part in the investigation of such a case and submit the conclusion whether in settling the issue of living separately the rights of the children shall not be violated.

Article 3.153. Compulsory Participation of the APRCH
Participation of the APRCH shall be obligatory in settling disputes about contesting paternity (maternity) and establishing paternity.

Article 3.178. Compulsory Participation of the APRCH
1. Participation of the APRCH shall be obligatory in settling disputes concerning children.

2. The APRCH, having examined the family environmental conditions, shall submit the conclusion to the court about the dispute. In settling the dispute, the court shall evaluate not only the conclusion but also desires of the children, as well as evidence provided by other parties.

b) to Submit Conclusions to the Court

Article 3.14. Marriageable Age
5. When the issue about reducing the marriageable age is settled, the APRCH must submit the conclusion to the court about the expediency of reducing the marriageable age and about whether it is in line with the interest of the minor.

B. To Institute an Action:

Article 3.38. Individuals who are Entitled to Institute an Action to Declare the Marriage Invalid when the Conditions of Entering into Marriage have been Violated
2. The marriage entered into by violating the conditions of marriageable age can be declared invalid on the basis of the claim filed by the under-age spouse, his/her parents, guardians, the APRCH or the Prosecutor.

4. The marriage entered into by violating the voluntary principle of marriage can be declared invalid on the basis of the action initiated by the APRCH (a spouse of under-age).

Article 3.139. Establishment of the child’s origin on mother’s side
4. If no data about the mother is available in the birth record of the child or if maternity is contested,
the court can establish maternity on the basis of the action initiated by the woman who regards herself as the mother, the child who is of age, the child’s father, the guardian and the APRCH.

**Article 3.147. Individuals who are Entitled to Apply for the Establishment of Paternity**
2. If the father refuses to recognise his paternity, by the application to recognise paternity whether the child’s father died, the mother, the child, after he/she has acquired a complete competence, the child’s guardian, the APRCH or the offspring of the dead child can initiate an action.

**Article 3.182. Individuals who are Entitled to Apply for the Restriction of Parental Powers or Elimination of Restrictions**
1. The child’s parents, close relatives, the APRCH and the Prosecutor shall have the right to file an application to separate the child from his/her parents (father or mother).
2. One of the parents, the child’s relatives, the APRCH, the Prosecutor or the child’s guardian shall have the right to file an application to separate the child from his/her parents.
3. The child’s parents, one of the parents, the child’s guardian, close relatives, the APRCH, the Prosecutor shall have the right to file an application to abolish the child’s separation from his/her parents.

**Article 3.194. Award of Maintenance**
1. If the parents (or one of them) of the child under age fails to fulfil their (his/her) duties to maintain the under-age children, the court shall award maintenance on the basis of the claim filed by one of the parents or the child’s guardian or the APRCH.

**Article 3.201. Change in the Amount and Form Maintenance**
1. On the basis of the claim filed by the child, his/her father (mother) or the APRCH or the Prosecutor the court can decrease or increase the amount of maintenance if, following the adoption of the court’s decision whereby maintenance was awarded, the property condition of the parties changed in essence.

**Article 3.203. Use of Maintenance**
2. Maintenance meant for the child, which his/her parents use for other than the child’s interests shall be recovered from the individual who used maintenance for other than the child’s interests on the basis of the property claim filed by the child’s representatives, the APRCH or the Prosecutor.

**C. To file an Application with the Court:**

**Article 3.185. Managing the Property of Under-age Children**
3. If the parents, or one of them, manages the property belonging to his/her under-age child improperly, inflicting harm to property interests of the under-age child, the APRCH or the Prosecutor shall have the right to appeal to court and request to remove the parents from managing property belonging to the under-age child.

**D. To file an Application to the Court and the Motion to Other Institutions:**

**Article 3.32. Representation**
1. One spouse shall have the right to authorise the other spouse to act on his/her behalf and to represent him.
2. If consent of the other spouse is necessary to perform certain actions, however, the latter cannot give such consent due to objective reasons, at the request of the interested spouse the court may give permission to perform these actions. The court, before giving such permission, must make sure that it is really impossible to obtain the consent of the other spouse and that granting such permission really conforms to the interests of the family. The permission granted by the court shall be valid for performing the action specified in the court decision within the specified period of time. Having established that the spouse acts at variance with the interests of the family or the under-age children, the APRCH or the Prosecutor by application can either change or annul the permission granted. Such a change or annulment shall be valid for the future.

**Article 3.262. Establishment of Temporary Guardianship for the Child**
1. Temporary guardianship shall be established for the child on the day of registering the application with the local government by decision (ordinance) of its board (the Mayor) upon the motion of the APRCH.
Article 3.263. Establishment of Permanent Guardianship of the Child
Permanent guardianship shall be established for the child by the court decision on the basis of the application filed by the APRCH or the Prosecutor.

Article 3.264. Appointment of the Child’s Guardian
1. Where temporary guardianship of the child is being established, the child’s guardian shall be appointed on the decision (ordinance) of the municipal board (the Mayor) on the recommendation of the Agency for the Protection of the Rights of the Child. Recommendations for the appointment of the guardian may be presented to the APRCH by public and non-government organisations related to the protection of the rights of the child.
2. When permanent guardianship of the child is being established, the guardian of the child shall be appointed by the court decision on the application of the APRCH of the municipality.

Article 3.290. Announcement about Birth
1. The birth shall be announced by word of mouth or in writing by the parents or one of them, in case the father is ill, dead or due to any other reasons cannot do that, relatives, neighbours, the medical institution in which the mother gave birth to a child, the administration and the APRCH.

E. To Give Consent:

Article 3.243. Fulfilment of the Duties of the Guardian
4. The under-age child’s guardian must reside together with the under-age child who is under his/her guardianship. The guardian of the child who is 16 years of age can reside separately provided the APRCH has granted permission.

F. To Take Care and Communicate:

Article 3.267. Supervision of the Child’s Guardianship
1. The APRCH of the municipality shall supervise the child’s guardianship in the family, family type care homes and care home institutions.
2. In carrying out supervision of the child’s guardianship the APRCH of the municipality shall co-operated with the institutions related to the protection of the rights of the child.

G. To Provide Information:

Article 3.170. The Right of the Father or Mother who Resides Separately to Communicate with the Child and Take Part in his Upbringing
1. The father or mother residing separately from the child shall have the right to receive information about the child from all educational, medical and other institutions, the APRCH and the establishments, which are related to his/her child. Refusing to provide information is possible only in case there is a threat to the child’s health or life from the father’s or mother’s side.

Article 3.176. Disputes Concerning the Child’s Communication with Close Relatives
If the parents refuse to create conditions for their children to communicate with close relative, the APRCh may obligate the parents to create conditions for close relatives to communicate with the child.

1. The APRCH may refuse to obligate the parents to create conditions for the child to communicate with close relatives if such communication is at variance with the interests of the child.

H. To Organise and Co-ordinate:

Article 3.266. Organisation of the Child’s Guardianship
1. The APRCH of the municipality shall organise the child’s guardianship on its territory.
2. In organising the child’s guardianship the APRCh of the municipality shall co-operate with other local government and non-governmental institutions and organisations related to the protection of the rights of the child.

Article 3.270. Preparation for the Child’s Guardianship
The APRCH of the municipality, other organisations and institutions, which have experience in this field shall organise and co-ordinate the preparation for the child’s guardianship.

J. To Manage the Accounting:

Article 3.250. Identification and Accounting of Children who Need Guardianship
2. The APRCH of the municipality shall identify and keep account of the children who need guardian-
ship. This institution, upon receiving information about the child who needs guardianship, must ensure the establishment of temporary guardianship for him/her within three days.

K. To Give and Specify:

Article 3.166. Giving a Name to the Child
4. When registering the birth of the child, whose parents are unknown, the APRCH shall give him/her the name.

Article 3.167. Giving a Surname to the Child
3. When registering the birth of the child, whose parents are unknown, the APRCH shall give him/her the surname.

Article 3.292. Recording the Birth
The name and the surname of the child, whose parents are unknown, shall be recorded upon the instruction of the APRCH.

L. To Take Measures to Ensure the Rights of the Child:

Article 3.163. Assurance of the Rights of the Child
4. Provided that the parents or guardians violate the rights of children, the APRCH or the Prosecutor may take measures to ensure the rights of children.