



29/12/2023

RAP/Cha/LTU/2023

EUROPEAN SOCIAL CHARTER

Ad hoc report on the cost-of-living crisis

submitted by

THE GOVERNMENT OF LITHUANIA

Report registered by the Secretariat

on 29 December 2023

CYCLE 2024

The Ministry of Social Security and Labour of the Republic of Lithuania
Information for an ad hoc report on the cost of living crisis

1) Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.

The statutory minimum wage in Lithuania is annually adjusted based on the cost of living. However, it is not automatically adjusted and indexed according to price and wage levels.

Article 141 of the Labour Code of the Republic of Lithuania stipulates that the minimum hourly wage and minimum monthly wage are approved by the Government after receiving the recommendation of the Tripartite Council, representing the country's government, employers, and trade unions, and taking into account the indicators and trends of the country's economic development. The Tripartite Council submits its conclusion to the Government every year by 15 June or until another date requested by the Government.

Since the end of 2021, the statutory minimum wage has been adjusted /indexed thrice. Last time, in May 2023, Lithuania's Tripartite Council agreed to increase the minimum monthly wage by 10 percent to EUR 924 from 1 January 2024. By Resolution No 516 of 28 June 2023 of the Government of the Republic of Lithuania "On the minimum wage applied in 2024" the Government recommends that social partners set higher rates than the minimum monthly wage in their collective agreements.

According to the Government's program, in recent years the monthly minimum wage has been increased consistently, responsibly and according to the state's capacities. The table below illustrates this increase:

<i>Date of minimum monthly wage change</i>	<i>Minimum monthly wage rate (gross)</i>	<i>Minimum monthly wage increase (%)</i>
<i>As of 1 January, 2021</i>	<i>EUR 642</i>	<i>5.77</i>
<i>As of 1 January, 2022</i>	<i>EUR 730</i>	<i>13.7</i>
<i>As of 1 January, 2023</i>	<i>EUR 840</i>	<i>15.1</i>
<i>As of 1 January, 2024</i>	<i>EUR 924</i>	<i>10.0</i>

2) Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021.

In order to contribute to the preservation of the real income level of minimum wage earners due to rising prices of essential consumer goods, including energy products, and also in order to partially reduce the financial burden on residents for heating, the following measures apply in Lithuania:

1. The non-taxable income amount is increasing.

In 2022, the non-taxable income amount increased from EUR 460 to EUR 540 (17.4 per cent). In 2023 it increased to EUR 625 (15.7 per cent). In 2024, it is expected to be increased to EUR 747

(19.5 per cent). In order to make a higher part of the minimum monthly wage non-taxable, in the past few years, the growth rate of the non-taxable income amount has exceeded the growth rate of the minimum monthly wage. The income of a person receiving the minimum monthly wage in 2024, compared to 2021, will be EUR 240 (EUR 170.6 due to the increase in the minimum monthly wage and EUR 69.4 due to the increase in the non-taxable income amount) or 51.2 per cent higher.

2. The value added tax (VAT) for heat energy and hot water supplied centrally to residential premises is temporarily compensated from the state budget.

In Lithuania, a preferential VAT rate of 9 per cent is applied to heat energy and hot water supplied centrally to residential premises, and the VAT calculated at this rate is temporarily compensated for consumers from the state budget in the periods from 1 January 2022 until 30 April 2022, from 1 October 2022 until 30 April 2023 and from 1 October 2023 until 30 April 2024. For example, an owner of a standard unrenovated 2-room 60 sq. meter apartment for payment of heating bills due to 9 percent VAT rate compensation spends about EUR 44.5 less in 2023.

3. Compensation of part of electricity and gas prices for domestic and non-domestic (business) consumers.

To mitigate the impact of the energy crisis due to the increase in global electricity and gas prices, Lithuania compensated part of the electricity and gas prices for domestic and non-domestic (business) consumers. According to the data of 27 November 2023, m EUR 959.1 were used for the compensation, of which:

In 2022 – m EUR 796.2 (for domestic users – m EUR 688.9 and for non-domestic users (business) – m EUR 107.3).

In 2023 – m EUR 162.9 (for domestic users – m EUR 157.9 and for non-domestic users (business) – m EUR 5.0).

3) For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.

N/A

4) Please provide information as whether the cost of living crisis has led to the extension of in work benefits.

Lithuania does not have an “in-work” benefit programme.¹ However, a social benefit recipient can be granted additional social benefit in case he or she starts new employment (under certain conditions²). This is a transitional “into-work” benefit.

From 1 June 2020, the amount of the in-work social benefit after employment has been increased and differentiated depending on the duration of payment:

for 1–3 months of payment – the amount of the in-work social benefit is equal 100% of the average amount of the social benefit paid during the last 6 months prior to employment;

for 4–6 months of payment – 80% of the average amount of the social benefit paid during the last 6 months prior to employment;

for 7–12 months of payment – 50% of the average amount of the social benefit paid during the last 6 months prior to employment.

¹ THE OECD TAX-BENEFIT DATABASE FOR LITHUANIA. Description of policy rules for 2023

² Three conditions must be met: first, to be registered with the Employment Service for at least 6 months, second, to receive social allowance for at least one month during the last three months before employment, which is paid to needy residents, third, to be employed for no less than the minimum wage or minimum hourly wage.

In-work social benefit is paid for each month in employment but no longer than for 12 months. If after finding employment persons living together (or a single resident) are still eligible for social benefit, they can receive social benefit and the in-work social benefit at the same time.

The cost of living crisis does not have any impact on the extension of this in work benefit.

5) Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits.

The state support system for families and children comprises two main parts: benefits paid irrespective of a family (person) assets and income and the assistance paid to poor families (persons) according to their income and asset levels.

Pursuant to the Law on Benefits for Children of the Republic of Lithuania, the following benefits are granted to persons raising children and / or guardians of children: lump-sum child benefit (for a new-born child or for an adopted child), child benefit (universal benefit), lump-sum benefit for a pregnant woman, benefit for a child of a serviceman in mandatory primary military service, guardianship (foster care) benefit, targeted guardianship (foster care) benefit supplement, lump-sum settlement benefit, benefit for multiple births, child care benefit for persons in training or education, child adoption benefit, child temporary care benefit.

Consistent increase in child benefit is one of the significant measures enabling to reduce children poverty and social exclusion. In 2021, universal child benefit has been increased from EUR 60.06 to EUR 70. Children with disabilities, as well as children from large or low-income families received additional child benefit of EUR 41, thus child money for children with disabilities and children from large or low-income families reached EUR 111 per month. In 2022, the amount of universal child benefit was increased from EUR 70 to EUR 80.5, additional child benefit from EUR 41 to EUR 47.38. In 2023, universal child benefit was increased from EUR 80.5 to EUR 85.75, additional child benefit from EUR 47.38 to EUR 50.47.

In 2022, on average, about 516.1 thousand children per month were granted universal child benefits, and about 140.4 thousand children from large or low-income families and children with disabilities were granted additional child benefits.

To meet the basic needs (food, clothing, health care, formal and non-formal education, recreation, etc.) of children left without parental care the main amendments to the Law on Benefits for Children of the Republic of Lithuania were adopted on 7 December 2021 (came into force on 1 January 2022). In 2022, the amount of guardianship (curatorship) benefits increased and differentiated depending on the child's age. A child placed under guardianship (curatorship) in a family, social family, childcare institution, or guardian centre during the period of stay in foster care shall be paid a monthly guardianship (curatorship) benefit:

- for a child from birth to the age of 6 years amount of guardianship (curatorship) benefit was EUR 218.4 (5.2 Basic Social Benefit, hereinafter BSB);*
- for a child from 6 to 12 years of age amount of guardianship (curatorship) benefit was EUR 252 (6 BSB);*
- for a child from 12 to 18 years of age and for disabled children (without regard the age limit) amount of guardianship (curatorship) benefit was EUR 273 (6.5 BSB).*

Upon the expiration of the foster care due to attaining the majority, emancipation or contracting a marriage the person who is studying according to the general curriculum, formal vocational training curriculum or is a student at a higher education institution but not longer until he / she reaches the age of 24 was granted a guardianship (curatorship) benefit amounting to EUR 273 (6.5 BSB).

Seeking to financially support the children left without parental care and unable to take care of themselves, since 1 January 2022 the payment of guardianship (curatorship) benefits supplement in

the amount of EUR 168 (4 BSB) has been extended for former guardians if upon the expiration of the foster care due to attaining the majority, emancipation or contracting a marriage care leaver lives and is maintained with a former guardian and he / she is studying according to the general curriculum but not longer until he / she reaches the age of 23.

In 2022, more than 7.5 thousand persons per month were granted increased guardianship (curatorship) benefits.

Child benefits depend on the amount of BSB that relates to a reference indicator for social security benefits: the amount of minimum consumption needs (AMCN). The AMCN is calculated annually.

In 2023, compared to 2022, the number of child benefits increased by approximately 6.5 percent.

Pursuant to the Law on Cash Social Assistance for Poor Residents of the Republic of Lithuania, residents shall be paid social benefits and compensation for heating, drinking water and hot water costs.

Amendments to the Law on Cash Social Assistance for Poor Residents of the Republic of Lithuania were adopted on 7 December 2021. Seeking to reduce the financial burden on the population due to rising heating prices, the amount of State Supported Income (hereinafter SSI) for the calculation of compensation for heating costs has been increased from 1 to 2 SSI for a family and from 1.5 to 3 SSI for a single resident:

A family or a single resident is granted compensation for heating:

- a family (persons living together) shall pay for the heating of the accommodation not more than 10 percent of the difference between the amount of received income and the two SSI³ provided to each member of a family.*
- a single resident shall pay for the heating of the accommodation not more than 10 per cent of the difference between the amount of income received and the three SSI provided to a single person.*

Amendments to the Law on Cash Social Assistance for Poor Residents of Republic of Lithuania:

The duration of the compensation payment has been extended since 30 September 2022. If the application for compensation is submitted one month before the beginning of the heating season or during the heating season, compensation is granted not for three months but for the entire period of the heating season.

Since May 2022, after a significant increase in the prices of energy resources and an inflation increase, to protect the disposable income of the population, the duration of the provision related to the evaluation of owned property establishing the right to cash social assistance has been extended – the owned property shall not be evaluated. This provision was valid until 1 October 2023.

From 1 October 2023, a permanent provision entered into force according to which, while exceeding the norm of owned property, the property will not be valued for three months for those people who apply for the social benefit for the first time or two years after receiving the last support.

In 2022, compared to 2021, the average number of beneficiaries of compensation for heating cost increased by 45.7 percent (from 102.6 thousand to 149.5 thousand); the amount of average compensation for centralized heating costs per month for one person increased by 71 percent (from EUR 24.46 to EUR 41.83), and for other fuel types, increased by 3.1 time (from EUR 48.66 to EUR 152.09).

Amendments to the Law on Sickness and Maternity Social Insurance of the Republic of Lithuania:

From 1 January 2023, each parent (as well as adoptive parents or guardians) can take a two-month non-transferrable period of paid childcare (parental) leave. The remaining childcare (parental) leave

³ The amount of SSI: from 1 January 2022 – EUR 129, from 1 June 2022 – EUR 147, from 1 January 2023 – EUR 157.

can be shared among parents according to the family's needs. This non-transferable part of childcare leave can be taken either all at once or in part; however, it cannot be taken by both parents at the same time. This means that non-transferable months can be used flexibly: one can use a month or days, and after a few months, the rest of the month, or the remaining days. After the State Social Insurance Fund decides to award childcare allowance, the mother or father will be paid first for the non-transferable months, which is higher than for the remaining months. However, this does not mean that when the mother uses the non-transferable months, the father also uses them immediately.

Parents can choose whether to receive childcare allowance until the child is 18 or 24 months old. When applying for childcare allowance, one shall specify how long you want to receive it. Self-employed persons shall additionally indicate the chosen childcare period. Parents can receive childcare allowance alternately, but the other parent shall terminate the granted childcare leave or childcare period at that time.

The payment amount has changed. During non-transferable childcare months, 78 percent of the amount of compensatory earnings of the recipient of the benefit is paid. This amount is calculated based on the insured income received during the 12 consecutive months preceding the month before the month of entitlement to the benefit. If it is chosen to take care of the child until he/she turns 18 months, the amount of childcare allowance will be 60 percent of the compensatory earnings amount of the recipient of the benefit. If one chooses to receive childcare allowance until the child turns 24 months, the amount of childcare allowance until the child turns 12 months will be 45 percent of the compensatory earnings amount of the beneficiary, and from 12 months until the child reaches 24 months – 30 percent of the compensatory earnings of the recipient of the benefit.

If a child is raised by only one of the parents, adoptive parents or guardians, he/she has the right to receive a childcare allowance for the unused non-transferable period of childcare leave of the other parent. For single parents, the childcare benefit for the unused period is allocated and paid only 2 months before the selected childcare benefit payment period. This means that if one chooses to get the benefit up to 18 months, the payment for the additional part of two months of parental leave will be paid in the 17th and 18th months of parental leave. If one chooses to receive the benefit for up to 24 months, the payment for the additional part of the two-month parental leave will be paid in months 23 and 24.

If the mother, father or guardian receives work income or benefits during the non-transferable childcare months, the difference between the amount of the childcare benefit and the income received will be paid. In all other months, work activity income and/or benefits would not reduce the received benefits if the amounts of benefits and additional income did not exceed 100 percent of former average salary (based on which the childcare allowance was calculated). In cases where a child is raised by one parent and receives childcare allowance for an additional two-month parental leave and has additional income, childcare allowance is paid regardless of the additional income received at that time. This provision does not apply to self-employed persons – their income will not reduce the childcare allowance in both non-transferable and remaining months. Those who are self-employed will continue to be able to have income from self-employment both during the first and second year of raising a child, and this will not reduce the childcare allowance.

*From 1 July 2023 the minimum limit of **maternity, paternity and childcare benefits** was increased from 6 basic social benefit amounts to 8 basic social benefit amounts (to EUR 392). This ensured that maternity, paternity, and childcare social insurance benefits is higher than the amount of minimum consumption needs (EUR 354).*

From 1 January 2024, the general payment terms for sickness benefits will be extended. For those caring (regardless of where the care is taken) for children up to 14 years of age, instead of 14 calendar days, the sickness allowance will be paid for 21 calendar days, and for those caring for family members (regardless of where the care is taken), instead of 7 calendar days, the sickness allowance will be paid for 14 calendar days.

As of 1 January 2024, the provisions regarding the payment of sickness benefit to those undergoing voluntary treatment for pathological gambling addiction, the state of abstinence due to the use of psychoactive substances and/or the syndrome of dependence on the use of psychoactive substances have been clarified, i.e. a longer term for the payment of the sickness benefit is set (instead of 28 calendar days, the sickness benefit is to be paid for 40 calendar days). The person will be able to receive the sickness benefit not once per calendar year, but twice per calendar year (i.e., the period of 40 calendar days can be divided and granted over two times). A person can receive sickness benefit while being treated in personal health care institutions that provide not only inpatient but also day inpatient addiction treatment services.

One of the most important amendments to the Law on Unemployment Social Insurance of the Republic of Lithuania (entered into force on 1 July 2021) established that the recipients of social insurance pensions and compensations for loss of working capacity due to an accident at work and welfare benefits should have the right to receive the full unemployment social insurance benefit. By then, only the part of unemployment insurance benefit exceeding the amount of pensions, compensations or benefits received was paid from unemployment insurance funds to the recipients of the specified benefits.

From 1 January 2024, for the unemployed who voluntarily undergo treatment for pathological gambling addiction, abstinence and/or syndrome of addiction to psychoactive substances in personal health care institutions providing day inpatient or inpatient addiction treatment services, as well as for the unemployed, who became temporarily unable to work due to illness or injury during the payment of the unemployment insurance benefit, will be paid the unemployment insurance benefit assigned to them. At the end of the appointed unemployment insurance benefit payment period, the unemployment insurance benefit payment period will be extended for as many calendar days as the person was temporarily unemployed, but the maximum extension period would be the same for all unemployed people, regardless of the nature of the illness or treatment (i.e., the unemployment insurance benefit can be extended for a maximum of 30 calendar days; before that it was 28 days). A person can receive an unemployment insurance benefit while being treated in personal health care institutions that provide not only inpatient but also day inpatient addiction treatment services.

6) Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.

In 2021, a new reference indicator for social security benefits – the amount of minimum consumption needs (AMCN) was approved. Since 2019, this indicator is linked with the existing reference indicators for social security benefits which determine the amounts of social security benefits or the right to them, i. e. with BSB, the social assistance pension base, the target compensation base and SSI. BSB may not be less than 16 percent, the social assistance pension base may not be less than 54 percent (since 2020, 56 percent), the target compensation base may not be less than 47 percent and SSI may not be less than 50 percent of the previous year's AMCN.

AMCN is calculated on an annual basis, and the above-mentioned social security benefits increase depending on the growing annual inflation and prices of food and non-food products and services. The size of this basket consists of two parts (food and non-food part) and is calculated for one person and for the other family members (first person gets 100 percent of AMCN, second – 80 percent and for the third and subsequent persons – 70 percent). The AMCN amount shows what is the minimum amount needed for a person (a family) to meet basic food and non-food needs. Other social benefits and their base amounts are connected with AMCN size.

The existing reference indicators for social security benefits (SSI and BSB) are used establishing the amounts of cash social assistance for poor residents (social benefit, compensations for heating costs, drinking water costs and hot water costs) and the right to cash social assistance (cash social assistance for poor residents, social support for pupils, additional child benefit etc.).

The amount of AMCN: in 2018 – EUR 245, in 2019 – EUR 251, in 2020 – EUR 257, in 2021 – EUR 260, in 2022 – EUR 267, in 2023 – EUR 354.

The amount of BSB: in 2019 – EUR 38; in 2020 – EUR 39; in 2021 – EUR 40; from 1 January 2022 – EUR 42, from 1 June 2022 – EUR 46; in 2023 – EUR 49.

The amount of SSI: in 2019 – EUR 122; in 2020 – EUR 125; in 2021 – EUR 128; from 1 January 2022 – EUR 129, from 1 June 2022 – EUR 147; in 2023 – EUR 157.

Indexation of basic pension and pension point value is done each year according to the growth of the wage fund in the economy – averaged over the past three years, the current year, and the next three years as per projection.

A new indexation mechanism applies since 1 January 2018. The new rule couples pensions with the wage sum in the economy, i.e., the product of average wages and total employment in full-time equivalents. Both the basic pension amount and the pension point value are annually adjusted by the growth of the total wage bill in the economy, averaged over the past three years, the current year, and three forecasted years.

Indexation of pensions is not carried out if the indexation coefficient (IC) is lower than 1.01 and/or if the change in gross domestic product at constant prices and wage funds, expressed as a percentage, will be negative in the year for which the IC is calculated and/or in other calendar years. If indexation is not performed, the rates of December values of the previous year are applied.

From 2022, the individual part of the pension is additionally indexed, by adding an additional index to the IC calculated according to the established procedure. This is calculated in such a way that the additional funds allocated for the indexation of the individual pension part do not exceed 75 percent of the planned positive cash flow result of the State Social Insurance Fund. The individual part of the pension is indexed if the last poverty risk level of persons aged 65 and older published by the State Data Agency is higher than 25 percent and/or the ratio of the average old-age pension predicted in the indexing year to the average net salary predicted in that year is less than 50 percent.

Additional indexation of the individual pension part is not applied if a negative result of the State Social Insurance Fund's budget cash flows is predicted in the year of indexation, or the calculated additional index is lower than 1.01.

As mentioned, social insurance pensions are indexed every year from January 1. In 2022 due to extremely high inflation, from 1 June 2022 social insurance pensions were indexed once additionally by 5 percent. So, in 2022 social insurance pensions were indexed twice a year. From 1 January 2023 the pensions are indexed in regular order.

The minimum sickness benefit, the maximum paternity, childcare, sickness, and unemployment benefits are linked to the average monthly wage, the amount of which changes every quarter. The minimum maternity, paternity and childcare benefits are linked to the basic social benefit (BSB), the amount of which changes every year (the last time it changed on January 1, 2023). From 1 July 2023 increased minimum maternity, paternity and childcare benefits. The permanent part of the unemployment benefit is linked to the minimum monthly wage, which changes every year (it last changed on January 1, 2023).

7) Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.

Taking into account the increase in the prices of energy raw materials on world markets and in order to partially reduce the financial burden for heating on Lithuanian residents, adopted amendments to the Value Added Tax Law of the Republic of Lithuania, as well as corresponding implementing legal acts, according to which VAT calculated for heat energy and hot water supplied to residential premises is temporarily covered from the state budget.

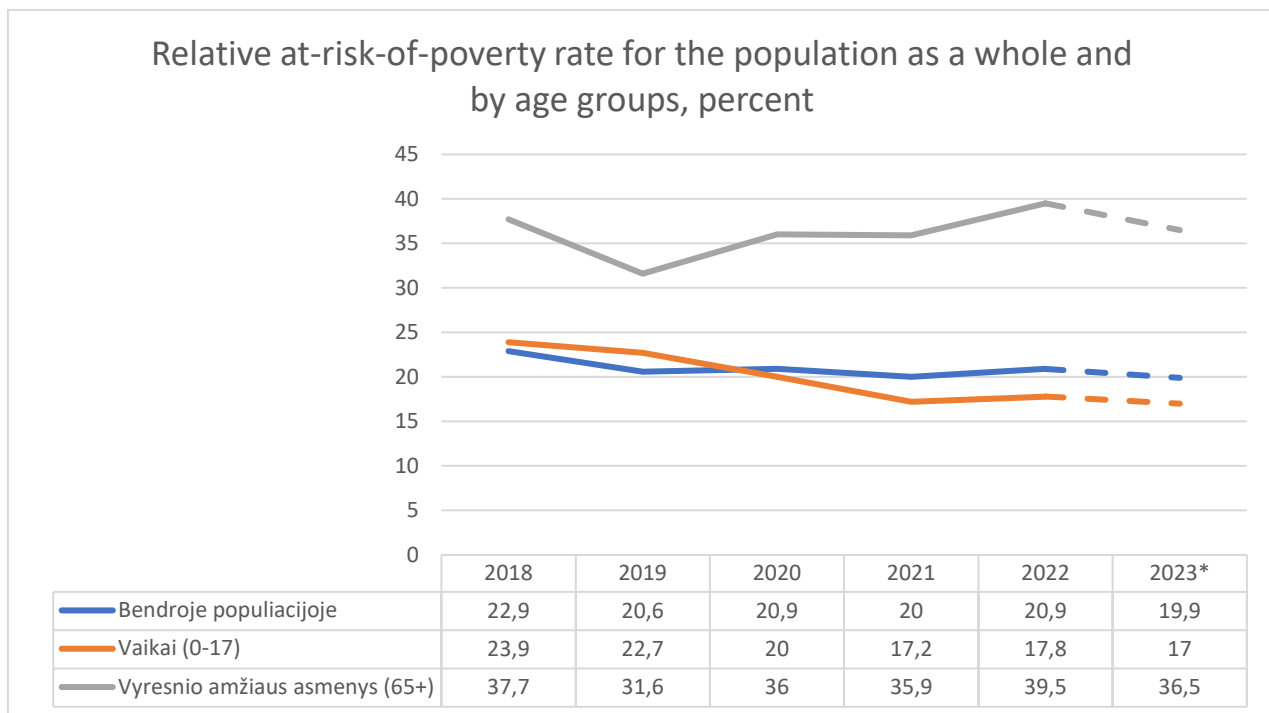
To help business, tax aid measures are provided for energy-intensive companies whose energy consumption is at least 10 percent of total costs and which meet other economic and legal form of activity criteria.

Pursuant to these aid measures, for more than half a year, the actions of forced recovery of tax arrears will not be applied and no late interest will be calculated. In addition, from the fourth quarter of 2022, the amount of interest for using a tax loan has been horizontally reduced. This made it easier for taxpayers experiencing temporary financial difficulties to stabilize their situation with lower costs and a tax credit payment.

Amendments to the Law on Cash Social Assistance for Poor Residents of the Republic of Lithuania were adopted on 7 December 2021. Seeking to reduce the financial burden on the population due to rising heating prices the amount of SSI used for the calculation of compensation for heating costs has been increased from 1 to 2 SSI for a family and from 1.5 to 3 SSI for a single resident, so that a higher share of heating costs should be compensated and the conditions for receiving heating compensation were eased. More population was eligible for heating compensation because the valuation of the property owned has not been temporally considered.

In 2022, compared to 2021, the average number of beneficiaries of compensation for heating cost increased by 45.7 percent (from 102.6 thousand to 149.5 thousand). The size of an average compensation for centralized heating costs per month for one citizen increased by 71 percent (from EUR 24.46 to EUR 41.83), for other fuel types increased by 3.1 times (from EUR 48.66 to EUR 152.09).

8) Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.



Source: The State Data Agency

* Note: Experimental statistics (forecasts) of the State Data Agency for 2023

Blue line: the population as a whole

Orange line: children (aged 0-17)

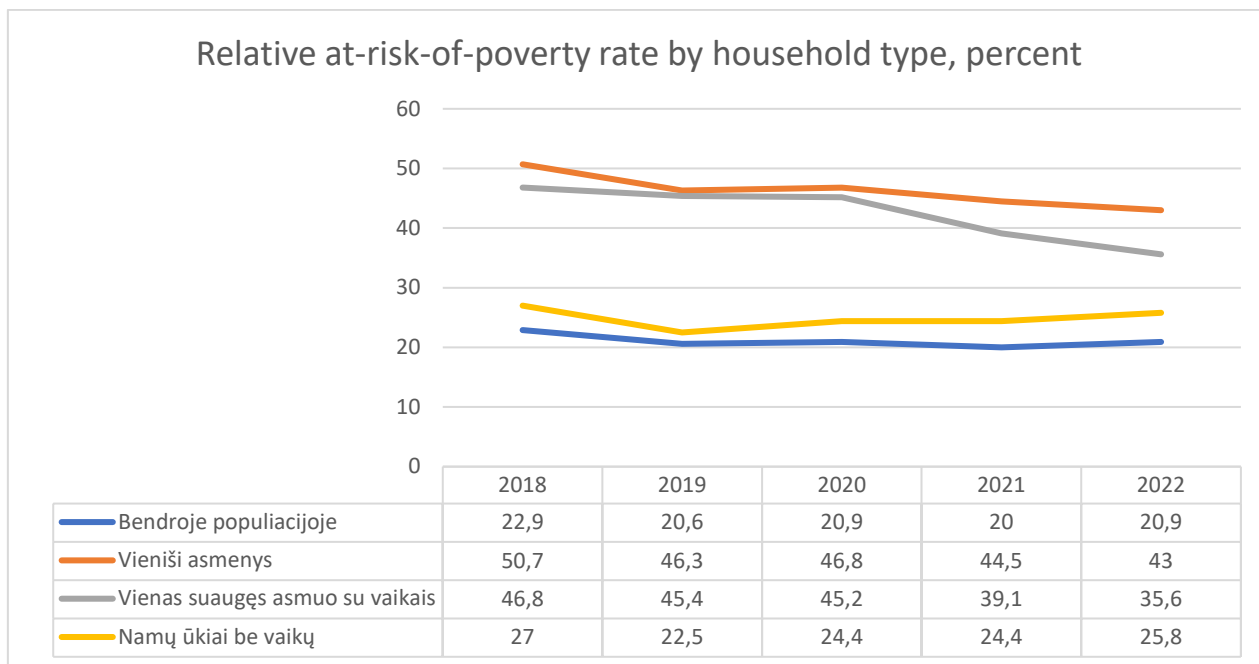
Grey line: older persons (65+)

The trends of the last five years show that the relative at-risk-of poverty rate in the whole population has stabilized at around 20-21 percent. Experimental poverty statistics published by the State Data Agency indicate that in 2023 (income in 2022) in the whole population, the relative at-risk-of poverty rate should reach 19.9 percent.

The age group of children has the lowest at-risk-of-poverty rate among all age groups. Since 2018, poverty in this group has been decreasing and reached 17.8 percent in 2022. According to the State data Agency forecasts, it is expected that in 2023 child poverty will continue to decrease and will reach 17 percent.

As for the poverty situation of the older persons (65+) in the country, we see that it is significantly above the population average and in 2022 reached 39.5 percent.

It is important to note that the latest official poverty indicators reflect income of 2021. Therefore, the most recently adopted measures are not visible, for example, the single person's benefit is not yet fully operational, as well as changes in the field of pensions (higher indexation of pensions, non-reduction of the general part of pensions, etc.). The State Data Agency forecasts for 2023 (where the income of 2022 is reflected) shows that the poverty situation of the elderly should improve, and the at-risk-of poverty rate should reach 36.5 percent (a decrease of 3 percentage points compared to the last official poverty statistics).



Source: The State Data Agency

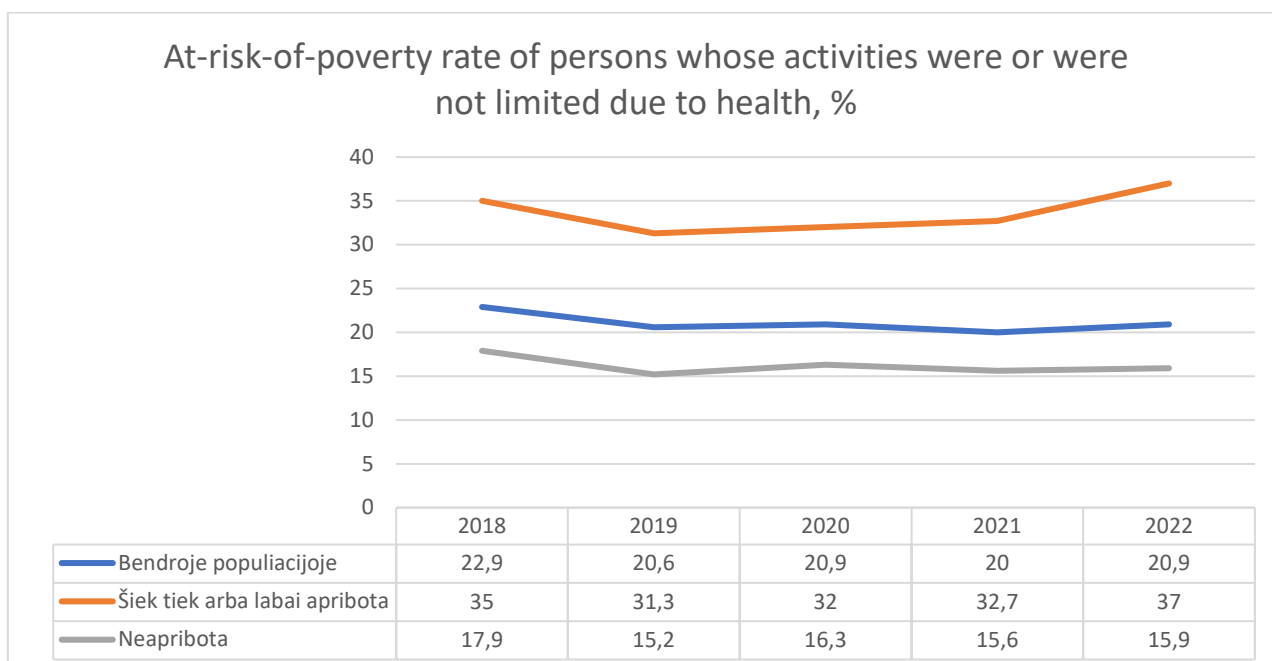
Blue line: the population as a whole

Orange line: single persons

Grey line: single adult with children

Yellow line: households without children

The graphs above show households at-risk-of-poverty rate above the national average. We cannot provide the number of prognostic poverty risk levels by households, since this information is not available. General trends show that in 2022 the situation compared to the situation in 2018 has improved for all households, i.e., the at-risk-of-poverty level of the household of single persons has decreased by 7.7 percentage points, for single persons with children - 11.2 percentage points, and for households without children - 1.2 percentage points.



Source: The State Data Agency

*Blue line: the population as a whole
Orange line: slightly or severely limited
Grey line: not limited*

At-risk-of-poverty rate of persons whose activities are slightly or severely limited due to health disorders (persons with disabilities) is higher than the national average, and in 2022 it reached 37 percent. It is noticeable that the poverty situation of this target group worsened during the analysed period. Prognostic calculations for this group are not available.

9) Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.

In recent years, Lithuania has taken comprehensive policy action to reduce poverty. A number of measures were introduced to strengthen working-age benefits. These include an increase in state-supported income and its indexation to the amount of minimum consumption needs from 2019, revisions in unemployment benefits that increased coverage and made payment rates more generous, and changes in the family benefits notably through the introduction of a universal-child benefit (non-means tested) in 2018. The level of universal child benefit has increased by 20% since early 2020 and the amount of the supplement granted to low income and larger families has been doubled.

Following a recent reform, pension benefits were indexed to the overall wage bill, starting from 2018. The reforms also entailed an ad hoc increase in the general (non-earning related) component by 16 percent. Since 2019, the state-supported income (SSI) is indexed to the amount of minimum consumption needs, thereby adjusting automatically for price level changes. Heating compensation makes a significant contribution to disposable income of households eligible for such benefits. It is also an important instrument to tackle energy poverty.

An additional benefit for disabled and elderly single persons has been introduced to tackle poverty in these vulnerable groups. Significant legislative steps have been completed on optimising and improving operational processes in the Employment Service, and to launch training and employment support schemes.

In 2022, the Ministry of Social Security and Labour implemented measures that increased the incomes of the country's senior citizens, people with disabilities, families, children under care, and working people:

- the care (caring) benefit, the amount of which has not changed for more than two decades, was significantly increased;*
- all single disabled and single people who have reached the old-age pension age can receive the newly established single person's benefit;*
- the basic amounts of social benefits, which determine the amounts of most social benefits, were increased twice in 2022. Compared to 2021, the majority of payments increased by almost a sixth, and welfare pensions by a fifth.*

Despite the projected decrease in the relative poverty level of pensioners, their poverty remains high. To reduce the poverty of the elderly, long-term measures have been taken:

- From 2022 faster indexation of social insurance pensions and the full social insurance basic pension for those who do not have the required length of service.*
- Additional indexation of social insurance pensions and state pensions from mid 2022;*

- *From 2022 a single person's allowance has been paid to all single persons of retirement age and persons with disabilities;*
- *In 2023, the size of the benefit pension base increased by almost a third compared to 2021;*
- *from 1 July 2023, disability pension amounts for people with 0-25% working capacity level after 24 years anniversary, grows from 17 to 100 percent.*

Despite all this effort, given that in Lithuania food prices have risen abnormally high and fast⁴, there is no evidence that reliance on food banks and soup kitchens has decreased so far. Poverty and its reduction remain one of the most important social policy challenges.

10) Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organisations representing their interests in the process of designing of measures in response to the crisis.

Regular consultations between national and local governments and the Association “National Network of Poverty Reduction Organisations” are held, to reduce poverty and income inequality in Lithuania. The Association unites 61 non-governmental organizations, including the largest national organizations, such as Food Bank, Caritas, Order of Malta Aid Service, SOS Children, Save the Children, Red Cross, Lithuanian Samaritans and others representing the following social groups: families facing difficulties, people with disabilities, persons suffering from addiction diseases, convicts and persons released from prisons, victims of human trafficking, persons suffering from mental illnesses and other groups that may face poverty or social exclusion. For example, the Head of the Association was a part of the Inter-institutional working group for the review of tax incentives. At the end of 2021, the Association was consulted on reducing income inequality. Furthermore, E-Citizen ⁵ offers a permanent space for dialogue between society and government.

⁴ Price growth in Lithuania has been reporting some of the highest inflation rates in Europe (18.9% in 2022)

⁵ <https://epilietis.lrv.lt/en/about-public-consultations/methodological-tools>