



ASSESSMENT OF PROGRESS IN POVERTY REDUCTION

16 December 2021

No. VRE-4

SUMMARY

Relevance of the Assessment

Poverty has a negative impact on health and, in the long term, has psychological consequences, limits opportunities for both adults and children, wastes the potential of poor people, causes difficulties and deprivation¹. An effective social support system that provides effective assistance to people in need, is accessible, adequate and enables them to leave the support system and prevents poverty reduction is essential — fewer people are in need of support and those who leave the system successfully meet their needs and the needs of their children².

In 2019, the National Audit Office carried out an audit³, the results of which revealed systemic weaknesses: affordable, adequate, enabling social support for people living in poverty is not ensured, adequate services and other assistance according to individual needs are not provided. The latest audit recommendation is planned to be implemented in 2022, although the Seimas Committee on Audit proposed to municipalities and the Ministry of Social Security and Labour to take action without waiting for a deadline. Aware of the importance of protecting people living in poverty, and in order to encourage decision-makers to take action more actively, implementing the recommendations of audits to improve the poverty situation in the country, the National Audit Office carried out an assessment.

¹ Overview of the National Network of Poverty Reduction Organisations 2021 “Poverty and Social Exclusion”. Available at: <https://www.smtinklas.lt/metine-skurdo-ir-socialines-atskirties-apzvalga/> (referred to on 17 November 2021).

² Information from the Ministry of Social Security and Labour. Internet access: <https://socmin.lrv.lt/lt/veiklos-sritys/socialine-statistika/socialines-paramos-veiksmingumo-stebesena-lietuvos-savivaldybese> (referred to on 17 November 2021).

³ “Does social assistance ensure the minimum consumption needs of people living in poverty and promote the labour market integration”, No. VA-5 of 29 July 2019.

Objective and Scope of the Assessment

The objective of the assessment is to provide systematic information on poverty indicators, performance indicators of municipal social assistance, expenditure on poverty reduction, on-going measures, changes and progress in implementing the recommendations of the public audit.

The main focus areas of the assessment are as follows:

- the dynamics of poverty indicators in Lithuania and measures to reduce poverty;
- implementation of therecommendations of the previous audit⁴ of the National Audit Office.

The entity assessed is the Ministry of Social Security and Labour.

The assessment covers the period 2020-2021. To assess the changes, we also used data from previous years.

Key Results of the Assessment

At-risk-of-poverty rate in Lithuania remains one of the highest in the EU

The at-risk-of-poverty rate in Lithuania does not change significantly: since 2019, the at-risk-of-poverty rate increased by 0.3 percentage points and reached 20.9 percent in 2020, while the impact of social benefits on at-risk-of-poverty rate decreased by 0.8 percentage points between 2019 and 2020. The at-risk-of-poverty rate increased in the most vulnerable groups other than children, with the highest increase (4.4 percentage points) for old-age pensioners, to 39.5 percent. In 2020, social protection expenditure on benefits is increasing, with a modest increase in relation to GDP (16.1 percent in 2019, EU average is 26.9 percent, while the at -risk-of-poverty rate remains one of the highest in the EU (22nd place out of 26 in 2020⁵).

The effectiveness of municipal social assistance is average: it reached 5.2 points out of 10 between 2017 and 2020 and the differences between municipalities are not significant. Differences between municipalities are monitored by some indicators of the index, such as: the at-risk-of-poverty rate ranges from 13.5 to 38.5 percent, the ratio recipients of social benefits to people living in poverty ranges between 1 and 25 percent. Municipalities in major cities have a better situation in terms of poverty reduction, however their indicators for social services are worse. Differences in indicators between municipalities signal that both the Ministry and the municipalities should focus on analysing, disseminating and adapting the practices of municipalities that achieve better indicators.

⁴ Ibid.

⁵ Italy is not included, as Eurostat did not yet have data for this country at the time of the assessment.

Integrated implementation of the recommendations made would have the greatest expected impact

The Ministry of Social Security and Labour pays attention to the implementation of the recommendations made during the above-mentioned audit⁶ of the National Audit Office: a system for monitoring the effectiveness of social assistance in municipalities has been put in place⁷, to raise awareness among the population, structured information on all types of life-based support⁸ has been provided; amendments to the legislation enable municipalities to draw up social service plans that meet the needs of the population; the simplification of the criteria has facilitated access to the social benefit for employed persons and increased its level; the EUROMOD model was introduced to monitor the effectiveness and impact of public social assistance. However, two important recommendations have not yet been implemented: delays in the implementation of the recommendation on the development of e-services do not allow for simplification of the support process; there is a lack of initiative to speed up the implementation of a critically important recommendation on the provision of the integrated social assistance (identification of persons in need and provision of services based on population needs). The social assistance audit report contains cross-cutting recommendations for the improvement of the system, and implementation of all of them would have the greatest impact.

In the field of social assistance, municipalities perform autonomous functions and have broad powers, so their initiative largely depends on the successful application of the amendments adopted and the improvement of the situation in the area of poverty. Municipal social assistance performance indicators do not show an improvement in the situation: between 2017 and 2020, there was a decrease from 61 to 53 percent for recipients of social benefits receiving services, and a decrease from 11.6 to 9.6 percent for those living in poverty receiving social benefits.

The deterioration of these indicators in 2020 may have been influenced by the introduction of a job-search allowance during the COVID-19 pandemic and the challenges of service provision due to the pandemic, although the availability of services to the most vulnerable groups is particularly relevant.

⁶Ibid.

⁷ Available at: <https://socmin.lrv.lt/lt/veiklos-sritys/socialine-statistika/socialines-paramos-veiksmingumo-stebesena-lietuvos-savivaldybese>

⁸ Section :Social assistance: what belongs to me". Available at: <https://socmin.lrv.lt/lt/veiklos-sritys/socialine-parama-kas-man-priklauso> (referred to on 16 November 2021).