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EAPN Lithuania 2024/01

## REQUEST TO POLITICAL PARTIES REGARDING THE DEVELOPMENT OF SOCIAL PROTECTION

As the elections for the Parliament of the Republic of Lithuania approach, the Lithuanian Anti-Poverty Network (EAPN Lithuania) addresses political parties to highlight the critical challenges in social policy that require immediate, sustainable, and long-term solutions.

For many years, every fifth resident in Lithuania has been at risk of poverty. In 2022, the poverty risk level in Lithuania was 20.9%, while the EU average stood at 16.5%. The most vulnerable groups to poverty in Lithuania include the unemployed, single individuals, single parents raising children, elderly pensioners, people with disabilities, and children<sup>1</sup>. Additionally, income inequality in Lithuania has been one of the highest in the EU for an extended period. In 2022, the income gap between the richest 20% and the poorest 20% of the population in Lithuania was 6.39 times, compared to the EU average of 4.74 times<sup>2</sup>. Persistently high income inequality since Lithuania's accession to the EU has been a potential source of social and political conflict and a factor hindering economic growth. Taking this into account, EAPN Lithuania proposes measures aimed at reducing poverty, social exclusion, and income inequality in the country. These proposals are based on the extensive experience of EAPN Lithuania's members working with vulnerable groups.

### I. TAX REVENUE COLLECTION AND FINANCING OF SOCIAL PROTECTION

According to Eurostat, Lithuania's overall redistribution of GDP is very low compared to other EU countries. In 2021, Lithuania redistributed 32.3% of its GDP, while the EU average was 41.2%. Insufficient redistribution and a small budget negatively impact the financing of public services (healthcare, culture, education, social protection, etc.). A significant portion of the population finds these services inaccessible or of poor quality, and wages for public service workers are particularly low. Additionally, in 2021, Lithuania allocated only 18.5% of its GDP to social protection, compared to the EU average of 29.9%, despite having one of the highest levels of poverty risk and income inequality in the EU for many years<sup>3</sup>.

We urge policymakers to implement an ambitious tax reform to enable adequate public service funding, support state objectives to reduce poverty risk and income inequality, and facilitate the improvement of public services and benefit systems to ensure minimum consumption needs for residents.

#### **EAPN Lithuania proposes the following::**

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<sup>1</sup> <https://www.smtinklas.lt/wp-content/uploads/simple-file-list/Metin%C4%97-skurdo-ir-socialin%C4%97s-atiskirties-ap%C5%BEvalga/Skurdas-ir-socialin%C4%97-atiskirtis-Lietuvoje-2023.pdf>

<sup>2</sup> <https://ec.europa.eu/eurostat/databrowser/view/tessi180/default/table?lang=en>

<sup>3</sup> <https://ec.europa.eu/eurostat/databrowser/view/tps00098/default/table?lang=en&fbclid=IwAR0UM935akcwLNe4ftdkihucZS06tYGXidjz3VvyEYOv8Bu4x1HxPv8pl4g>

1. Thoroughly review and eliminate unjustified tax exemptions. According to the Ministry of Finance, the cost of all existing tax exemptions to the state and municipal budgets amounted to about €2.2 billion annually in 2021<sup>4</sup>. While some exemptions are necessary and increase disposable income for the lowest earners, others distort tax equity and are unjustified.
2. Reduce tax arbitration by aligning taxable income categories and standardizing income tax rates across activities. Taxes should reflect social justice principles, depending on income levels rather than types. The tax system must not encourage tax arbitration, where certain types of income are taxed more favorably.
3. Ensure greater progressivity in the tax system. The current Lithuanian tax system is insufficiently effective in reducing poverty, social exclusion, and income inequality. According to the latest World Bank report, Lithuania's income tax system is less progressive than those of other analyzed EU countries<sup>5</sup>. More targeted tax redistribution could significantly reduce income inequality and increase the state budget. Additionally, we urge implementing an additional tax tier for annual incomes exceeding 60 average wages, as suggested by the OECD and World Bank.
4. Tax luxury property and goods. Lithuania collects significantly less revenue from property taxes compared to the EU average: 0.3% of GDP in Lithuania versus 2.2% in the EU<sup>6</sup>. Wealthy individuals capable of affording expensive properties and luxury goods (e.g., private jets, yachts, luxury jewelry) should contribute to the common good through higher taxes. Introducing taxes on luxury properties and goods would generate additional revenue for the budget.
5. Increase control over VAT evasion and tighten penalties for shadow economy activities. Lithuania fails to collect about 25% of its VAT revenue, equating to approximately €1 billion annually<sup>7</sup>. Strengthening regulatory bodies' capacities, enhancing oversight, and increasing penalties are essential to combat VAT fraud.

## II. MINIMUM INCOME SYSTEM REFORM

The European Pillar of Social Rights establishes that everyone lacking sufficient resources for subsistence should receive adequate minimum income to ensure a decent life and access to necessary goods and services at all stages of life.

The Minimum Consumption Needs (MCN, €446 in 2024) measure indicates the minimum financial resources required for an individual or family to meet essential needs and subsist. In 2022, the income of social benefit recipients did not reach this threshold. According to the Ministry of Social Security and Labour (SADM), in 2022, the total income of social benefit recipients averaged 76.36% of the MCN<sup>8</sup>.

Currently, the monetary social assistance system does not ensure minimum consumption needs. Social assistance is granted if the average income per person in a household is less than 1.1 of the State Supported Income (SSI) level. In 2024, 1.1 SSI equals €193.6. The amount of social assistance is calculated as the difference between 1.4 SSI per person and the individual's average monthly income,

<sup>4</sup><https://finmin.lrv.lt/uploads/finmin/documents/files/Mokes%C4%8Di%C5%B3%20lengvat%C5%B3%20per%C5%BEi%C5%ABra%202021.pdf>

<sup>5</sup> <https://documents1.worldbank.org/curated/en/099085002062334324/pdf/P17403105b9fdd0b085280ef6ec8857b91.pdf>

<sup>6</sup> <https://taxation-customs.ec.europa.eu/system/files/2023-04/Property-taxes.xlsx>

<sup>7</sup> [https://www.lrt.lt/naujienos/verslas/4/2111666/europos-komisija-2021-metais-pvm-atotrukis-lietuvoje-mazejo-iki-14-5-proc?fbclid=IwAR0toQN1dE\\_KdU8pLYlriOo8awn5o5uA8EWMQyQZalPAoL0cb7XbpofMU](https://www.lrt.lt/naujienos/verslas/4/2111666/europos-komisija-2021-metais-pvm-atotrukis-lietuvoje-mazejo-iki-14-5-proc?fbclid=IwAR0toQN1dE_KdU8pLYlriOo8awn5o5uA8EWMQyQZalPAoL0cb7XbpofMU)

<sup>8</sup> <https://qlik-public.socmin.lt/sense/app/3b7d2f59-5a02-4f21-87aa-e92332d457d7/sheet/4dc8db21-cd1c-4e1e-80e4-adc10f1be814/state/analysis>

which is then reduced. Consequently, the state-provided monetary assistance does not protect individuals from poverty and does not meet the MCN.

Moreover, the current monetary assistance criteria outlined in the Law on Monetary Social Assistance for the Poor restrict eligibility and fail to guarantee minimum income for residents.

We call for the adequacy, accessibility, and effectiveness of monetary social assistance and the implementation of a minimum income system reform based on the recommendations of the 2022 Ministry of Social Security and Labour commissioned Minimum Income System Adequacy Study<sup>9</sup>.

**EAPN Lithuania proposes the following:**

1. Set monetary social assistance at the MCN level per person. The eligibility for social assistance should be determined using the MCN instead of the current 1.1 SSI. People with incomes below the MCN live under the absolute poverty line; therefore, this increase would significantly ensure the basic needs of the lowest-income individuals.
2. Modify benefit calculation criteria and equivalence scales. Calculate social benefits using the following equivalence scales: 100% of the MCN for the first household member, 60% for the second member, and 30% for children. These scales would reduce absolute poverty, particularly among single individuals, by ensuring their minimum consumption needs through the social assistance system.
3. Eliminate the mandatory community service requirement. Instead of mandating community service, provide public services addressing individual needs, such as transportation, caregiving (children, elderly, disabled), and employment services. Social assistance recipients should participate in case management or other programs to integrate long-term unemployed individuals into the labor market.
4. Remove outdated requirements from the Law on Monetary Social Assistance for the Poor. For example, eliminate the requirement that an individual must work at least two-thirds of the maximum working hours or earn at least the minimum wage under an individual activity. This requirement became redundant when employers were mandated to pay social security contributions based on at least the minimum wage. Removing this stipulation would protect those unable to meet the working hours due to caregiving responsibilities or other reasons.
5. Support single mothers whose child's paternity is not established. Grant social assistance rights to reduce poverty among such families, enabling mothers to live independently of child-related social benefits. Provide legal aid to establish paternity and claim child support.

### **III. HOUSING POLICY**

#### **Housing quality and accessibility**

The 2023 report by the Organisation for Economic Co-operation and Development (OECD) highlights that while housing quality in Lithuania has improved over recent decades, progress remains insufficient<sup>10</sup>. Housing in Lithuania is aging, energy-inefficient, and of poor quality, with a significant lack of basic amenities. In 2020, 11.8% of residents lived in homes with at least one of the following issues: no flush toilet, no bath or shower, leaking roofs, damp walls, rotting windows or floors, or insufficient lighting.

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<sup>9</sup> [https://socmin.lrv.lt/uploads/socmin/documents/files/Galutine%20ataskaita\\_20221223.pdf](https://socmin.lrv.lt/uploads/socmin/documents/files/Galutine%20ataskaita_20221223.pdf)

<sup>10</sup> [Policy Actions for Affordable Housing in Lithuania | OECD iLibrary \(oecd-ilibrary.org\)](https://www.oecd-ilibrary.org/policy-actions/affordable-housing-lithuania)

OECD data reveals that approximately 80% of residential buildings were constructed before 1993 and have been poorly maintained. Most multi-family residential buildings and single-family homes have very low energy efficiency ratings, with less than 2% achieving high ratings.

Low- and middle-income households frequently experience energy poverty, with levels significantly exceeding the EU average. In 2022, 17.5% of residents were unable to heat their homes adequately, compared to the EU average of 9.3%. While energy poverty remains one of the highest in the EU, not all Lithuanian residents can access housing heating subsidies due to issues like the shadow rental market. To qualify for subsidies, an official rental agreement must be registered for at least one year, but landlords often avoid formal agreements to evade taxes, leaving tenants unable to benefit from government support.

We urge political parties to seek solutions to promote housing modernization, improve quality, and enhance energy efficiency, especially directing support to the most disadvantaged households for housing and heating subsidies.

**EAPN Lithuania proposes the following:**

1. Increase the scope of renovations for energy-inefficient housing, including social housing. This would reduce pollution from inefficient heating systems, lower heating costs, and improve residents' health by ensuring clean air. Municipalities should more actively disseminate information about renovation subsidies and their benefits.
2. Expand access to heating subsidies. Review and adjust the tightened eligibility requirements for subsidies implemented in September 2023. For instance, households with assets exceeding the statutory value are ineligible, even if their incomes are insufficient. Additionally, expand awareness campaigns about subsidies and payments, especially targeting digitally excluded residents who lack internet access. Information should be accessible, simple, and available through a "one-stop-shop" approach.
3. Regulate the rental housing market. Establish tenant-friendly rental policies similar to those in Germany<sup>11</sup>, where rental laws protect tenants, regulate prices, and ensure quality standards. The government should subsidize housing construction and renovations to maintain affordability and quality in the rental sector.

**Social housing accessibility and quality in municipalities**

The availability of social housing remains a critical issue, with an average waiting time of three years, and in some cases extending to 5, 15, or even more years. An alternative to social housing could be housing rent subsidies. However, only about 9% of those on the social housing waiting list currently benefit from such subsidies<sup>12</sup>.

Focus groups conducted by EAPN Lithuania in June 2023 revealed that social housing residents often live in extremely poor conditions. Social housing units are frequently unsuitable for people with disabilities or health issues, and housing allocation often fails to account for household size. Common issues include mold, high humidity, and other substandard living conditions.

**EAPN Lithuania proposes the following:**

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<sup>11</sup> <https://publications.aston.ac.uk/id/eprint/33516/>

<sup>12</sup> <https://qlik-public.socmin.lt/sense/app/3b7d2f59-5a02-4f21-87aa-e92332d457d7/sheet/4dc8db21-cd1c-4e1e-80e4-adc10f1be814/state/analysis>

1. Allocate more funds for acquiring social housing. The existing social housing infrastructure is far below the actual demand, necessitating the expansion of the social housing stock.
2. Improve the availability and quality of social housing in municipalities. The waiting period for social housing remains a significant issue, averaging three years, with some cases extending to five, 15, or more years. Housing rent subsidies could serve as an alternative. However, only 9% of those on the social housing waiting list receive such subsidies.
3. Create a national-level social housing monitoring tool. This would help prevent cases of individuals being housed in extremely inadequate conditions and ensure that social housing is suitable for persons with disabilities and other specific needs.

## Homelessness

Homelessness is a pressing issue in Lithuania, affecting both large cities and smaller towns, with younger individuals increasingly at risk. In 2022, 4,317 individuals used temporary accommodation services, an 8% increase from 2021<sup>13</sup>. However, official statistics do not fully capture homelessness, as many people living on the streets or in unsuitable structures are not accounted for. Homeless individuals often face extreme poverty and social exclusion, losing their fundamental rights.

Lithuania is obligated under the European Pillar of Social Rights and the UN Sustainable Development Goal 11.1 to ensure access to adequate, safe, and affordable housing for all by 2030. Yet, specific and ambitious measures to achieve this goal are lacking.

### **EAPN Lithuania proposes the following:**

1. Adopt a "Housing First" principle in national housing policy. This approach, proven effective in many European countries, prioritizes housing before addressing other needs. For example, Finland has constructed 7,000 municipal homes under the "Housing First" program, while France housed over 280,000 homeless individuals between 2018 and June 2021.
2. Provide specialized social services for homeless individuals. Services should not only address basic needs but also aim to reduce homelessness and empower individuals to reintegrate into society.

## IV. DEBT ISSUES

Approximately 10% of Lithuania's population has debts subject to forced collection by bailiffs. The current rules for garnishments from wages are among the strictest in the European Union. Such rules often create significant barriers to employment, pushing individuals into long-term unemployment or the shadow economy. Under the current rules: From the minimum monthly wage (MMW), 20% is garnished if the individual has one enforcement case. 30% of MMW is garnished if the individual has more than one case, or the debt involves alimony, damages for injuries, or compensation for the loss of a provider. For amounts exceeding MMW, 50% is garnished.

In 2023, after a 30% garnishment, individuals earning the MMW retained approximately €440, well below the poverty risk threshold (€566 in 2023). Those with one enforcement case retained about 89% of the poverty risk threshold, while those with multiple cases retained only 78%. Such financial strain means working individuals cannot meet basic needs, especially if they have dependents. As a result,

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<sup>13</sup> [Rodiklių duomenų bazė - Oficialiosios statistikos portalas](#)

people with debts often lose motivation to work, rely on welfare systems, seek illegal work, or depend on family support. Unable to cover essential expenses, these individuals may fall deeper into debt by taking out quick loans or accruing housing arrears, perpetuating a vicious cycle of debt and social issues.

**EAPN Lithuania proposes the following:**

1. Reduce wage garnishments to 10% for MMW. Exceptions should apply to debts involving alimony, damages for injuries, or loss of a provider. For wages between 1 MMW and 2 MMW, garnishments should be capped at 30%, and for amounts exceeding 2 MMW, at 50%.
2. Increase and index the threshold for seizing primary residences under the Civil Procedure Code. Replace the current €4,000 threshold with 15 MMW. Notably, the current bankruptcy threshold is 25 MMW, meaning individuals could lose their homes before qualifying for bankruptcy. For social justice, the bankruptcy threshold should also be reduced to 15 MMW, aligning with the revised seizure threshold.
3. Automatically collect small debts. Debts under 1 basic social allowance (€49 in 2023) should be automatically deducted from individuals' accounts without involving bailiffs, thus avoiding enforcement costs that often double or triple the original debt amount. However, such deductions must respect individuals' minimum consumption needs.
4. Offer specialized financial and debt management services. Based on international (e.g., PEPPI project<sup>14</sup>) and Lithuanian practices (e.g., Vilnius Archdiocese Caritas, VšĮ “Pactum”), establish effective mediation mechanisms between debtors and creditors/bailiffs. This would enhance debt repayment and help individuals re-enter the workforce and live socially active lives.
5. Expand the application of writing off uncollectible state debts. This measure should target low-income elderly individuals, people with disabilities, and families caring for disabled members. Financial and debt management services must accompany these actions.
6. Create a system for identifying income sources. Currently, bailiffs cannot distinguish between seizable and non-seizable income sources, forcing debtors to provide written proof. Automating this process by creating restricted-use accounts for non-seizable funds would alleviate administrative burdens and prevent undue deductions.
7. Reduce administrative burdens on employers. Historically, a single debtor's debts could accumulate with multiple bailiffs. Though the system has been updated, older debts still complicate administration. Establishing a unified system for garnishment payments to a single account would ease employers' workload and improve job prospects for indebted individuals.

## **V. SOCIAL SERVICES FOR CHILDREN AND THE INCLUSION OF SOCIALLY EXCLUDED CHILDREN**

One of the key measures for addressing persistently high poverty and social exclusion rates is ensuring equal opportunities for children by investing in education and high-quality, accessible services for children and their families. Although there has been progress in recent years, significant gaps remain in improving access to and quality of services for families, children, and youth. Non-governmental organizations (NGOs) also note a lack of inter-institutional cooperation in organizing and providing

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<sup>14</sup> [https://vartotojaujansas.lt/igyvendiname-projekta-peppi-pagalba-isiskolinusiems-gyventojams/?fbclid=IwAR1lbaumVDa5UaDhgoLVo9F7fSzzg\\_K5a5Wtv9IHhpwhhyB2HMnoYp3SUv4](https://vartotojaujansas.lt/igyvendiname-projekta-peppi-pagalba-isiskolinusiems-gyventojams/?fbclid=IwAR1lbaumVDa5UaDhgoLVo9F7fSzzg_K5a5Wtv9IHhpwhhyB2HMnoYp3SUv4)

services to these target groups. Institutional silos often result in neglected children receiving services too late or insufficiently tailored to their needs.

### **Accessibility of early childhood education and care**

The importance of early childhood education for reducing poverty and exclusion is widely acknowledged by researchers and practitioners. For children from disadvantaged backgrounds, early education fosters social skills, emotional intelligence, and readiness for school. For parents, particularly mothers, access to early childhood education allows a return to the labor market. However, the childcare network in Lithuania is underdeveloped, especially for children under three years old. This gap leaves parents unable to access childcare after parental leave ends, as preschool facilities either lack vacancies or only admit children at the start of the academic year<sup>15</sup>. This early gap entrenches inequality and restricts families' economic opportunities, perpetuating cycles of poverty

#### **EAPN Lithuania proposes the following:**

1. Legalize diverse childcare options, such as family daycare. Encourage private childcare providers, including NGOs, to expand service accessibility.
2. Promote the development of evening, overnight, and weekend childcare services, enabling parents to return to work and balance family and professional responsibilities.

### **Financial sustainability and operations of children's day care centers**

In May 2023, EAPN Lithuania surveyed managers of children's day care centers (CDCCs). The results<sup>16</sup> revealed that in 2022, the average annual budget for an NGO-run CDCC was €31,631. These funds cover social workers, activity specialists, special education teachers, psychologists, children's meals, and educational materials. CDCCs also use these funds to pay rent, heating, and other utilities. Due to limited budgets, most CDCCs cannot employ full-time social workers or specialists. On average, CDCC social workers work at half-time. As a result, service quality suffers, staff are overburdened, and individual plans for children and communication with parents are neglected. Limited funding prevents CDCCs from offering supervision or other incentives for staff, contributing to high turnover and disrupting the continuity of care.

#### **EAPN Lithuania proposes the following:**

1. Increase municipal funding for CDCCs. Since 2024, municipal funding per child has been tied to the Basic social benefit (BSB), ensuring indexation. However, this amount remains insufficient to cover operational costs. Allocate at least 3 BSB per month for children with disabilities, special educational needs, or case-managed families, and 2 BSB per month for other children.
2. Increase state funding to account for inflation and minimum wage growth. Despite inflation rates of 8.8% and a 12.5% increase in average wages between 2022 and 2023, state funding for CDCCs grew by only 4%. This disparity prevents many CDCCs from meeting operational costs, including staff salaries, utilities, and food for children.
3. Enhance mechanisms for assessing service needs. Currently, the distribution of CDCCs often does not reflect actual needs. In some municipalities, too many CDCCs compete for limited funding, while others, such as Palanga and Neringa, lack CDCCs entirely. Introduce regulatory

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<sup>15</sup> [https://socmin.lrv.lt/uploads/socmin/documents/files/pdf/Studija\\_Vaiku\\_prieziuros\\_paslaugos\\_docx.pdf](https://socmin.lrv.lt/uploads/socmin/documents/files/pdf/Studija_Vaiku_prieziuros_paslaugos_docx.pdf)

<sup>16</sup> [Skurdas-ir-socialinė-at skirtis-Lietuvoje-2023.pdf \(smtinklas.lt\)](#)

frameworks to ensure effective resource allocation and equitable service access across municipalities.

## VI. UNIVERSALLY ACCESSIBLE HEALTHCARE SERVICES

According to the State Health Insurance Fund, 98.9% of Lithuania's population was covered by compulsory health insurance in 2022. However, Lithuania ranks among the highest in the EU for out-of-pocket healthcare expenses. Eurostat data shows that in 2021, Lithuanian households paid 30.16% of all healthcare costs directly, compared to the EU average of 14.52%<sup>17</sup>. This disparity arises mainly from partial reimbursement for medications and medical supplies, as well as limited coverage for dental services.

No caps exist on household out-of-pocket healthcare expenses, as seen in countries like Sweden. In 2021, households spent an average of 6.3% of their income (€25.8 per month) on healthcare, equating to €310 per person annually<sup>18</sup>. Approximately 4% of individuals reported skipping necessary doctor visits at least once a year due to cost<sup>19</sup>. Among those at risk of poverty, this figure rises to 7%.

People experiencing poverty are significantly more likely to report poor health. In 2022, 27% of the lowest-income individuals described their health as bad or very bad, compared to a national average of 12.9%<sup>20</sup>. Without access to timely and affordable healthcare, individuals risk becoming partially or entirely unfit for work, deepening poverty cycles. Effective and timely healthcare prevents complex health and social problems and ensures better integration into the labor market.

### **EAPN Lithuania proposes the following:**

1. Expand telemedicine services. Enable remote consultations for certain health conditions, reducing the need for travel to large medical centers. Patients should have access to teleconsultations with qualified professionals at nearby healthcare facilities.
2. Increase agreements between regional health insurance funds and private healthcare providers. Private providers should be able to offer services at rates set by the funds, without additional out-of-pocket charges.
3. Empower local municipalities to make decisions on obstetric services. Municipalities should have more authority to maintain obstetric care in local healthcare facilities, tailored to regional needs.
4. Expand the list of reimbursable medications and medical supplies. For example, ensure accessibility to contraceptives, hygiene products, and optical items. Expedite the introduction of medications already approved in the EU into the Lithuanian market.

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<sup>17</sup> [https://ec.europa.eu/eurostat/databrowser/view/tepsr\\_sp310/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/tepsr_sp310/default/table?lang=en)

<sup>18</sup> <https://osp.stat.gov.lt/lt/statistiniu-rodikliu-analize?hash=a68d0428-b384-4da9-b9b0-9a154a722ce3>

<sup>19</sup>

<https://osp.stat.gov.lt/documents/10180/10786513/Lietuvos+gyventoj%C5%B3+pajamos+ir+gyvenimo+s%C4%85lygos+%282022+m.+leidimas%29.pdf/d55a12bd-f435-4828-9fa0-660693d9da9a> 40 p.

<sup>20</sup> <https://osp.stat.gov.lt/lt/statistiniu-rodikliu-analize?hash=20ea6c92-2212-4f70-9a16-datb3c18d605>



## VII. FOOD SECURITY AND FOOD WASTE REDUCTION

In 2022, 10.4% of Lithuania's population could not afford a balanced diet, including meat, fish, or equivalent vegetarian meals every other day—a 1.5% increase from the previous year<sup>21</sup>. Rising food prices have forced many to rely on discounts, cheaper products, or cut food spending entirely.

Meanwhile, Lithuania discards 393,800 tons of food annually, according to a study commissioned by the Ministry of Agriculture<sup>22</sup>. This food is wasted across households, catering establishments, retail and wholesale outlets, logistics companies, and farms. Charitable organizations rescue tons of food each year, feeding thousands of disadvantaged people. However, with stronger state regulation, municipal involvement, and retailer cooperation, much more food could be saved and redistributed to those in need.

### **EAPN Lithuania proposes the following:**

1. Reinstate stricter rules on selling near-expiry food. Amendments to the Food Act in 2023 allowed "best before" products to be sold beyond their expiration date. This may delay the donation of such food to NGOs, reducing the time available for distribution. Revert to the prior rule prohibiting such sales while encouraging timely donations.
2. Monitor food waste systematically. Require retailers to disclose data on wasted food and donations to NGOs. Develop a framework to regulate this process, including performance indicators and oversight mechanisms.
3. Amend VAT regulations on expired but edible food. Food that retailers fail to donate in time should be classified as waste due to their inaction, making them ineligible for VAT refunds.
4. Index the €75 monthly VAT exemption for donated food. This limit, unchanged for over a decade, restricts the amount of food organizations can distribute. Adjust it to reflect inflation and increased living costs.
5. Mandate sustainability reporting for food producers and processors. Include metrics on donated food and waste quantities in their reports to promote accountability and transparency

## VIII. INVOLVEMENT OF PEOPLE EXPERIENCING POVERTY IN PUBLIC POLICY DECISION-MAKING

International research indicates that social policy decisions are often ineffective because the target groups themselves are not involved in the decision-making process. As a result, these decisions fail to address poverty effectively and, in some cases, may even exacerbate it.

People facing poverty and social exclusion often lack the capacity or opportunities to express their views, represent themselves, or exercise their rights. Poverty undermines dignity and fosters feelings of helplessness, creating greater barriers to participation than those faced by other citizens. Experience from other countries demonstrates that this issue can be addressed through various methods. Many European nations host meetings with people experiencing poverty and social exclusion to engage them in decision-making processes. EAPN Lithuania's extensive experience organizing such meetings reveals that involving residents in policy formation empowers them, fosters a sense of citizenship, and contributes to the development of society. It also helps create more effective anti-poverty and anti-exclusion policies.

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<sup>21</sup> [https://ec.europa.eu/eurostat/databrowser/view/ilc\\_mdcs03/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_mdcs03/default/table?lang=en)

<sup>22</sup>

[https://zum.lrv.lt/uploads/zum/documents/files/LT\\_versija/Veiklos\\_sritys/Mokslas\\_mokymas\\_ir\\_konsultavimas/Moksliniu\\_tyrimu\\_ir\\_taikomosios\\_veiklos\\_darbu\\_galutines\\_ataskaitos/2021/Maisto%20%20C5%A0vaistymas%20Praradimai%202021%20Ataskaita.pdf](https://zum.lrv.lt/uploads/zum/documents/files/LT_versija/Veiklos_sritys/Mokslas_mokymas_ir_konsultavimas/Moksliniu_tyrimu_ir_taikomosios_veiklos_darbu_galutines_ataskaitos/2021/Maisto%20%20C5%A0vaistymas%20Praradimai%202021%20Ataskaita.pdf)

Those facing poverty should not be seen as passive recipients of assistance but as partners, knowledge holders, and agents of change. Recognizing this dynamic and fostering cooperation between citizens and public servants can achieve better outcomes than control and management.

We call for proactive decision-making policies where public participation is considered essential for effective policymaking.

**EAPN Lithuania proposes the following:**

1. Strengthen processes involving citizens, including those experiencing poverty, in all stages of policy development. Public participation should be ensured at every stage, from policy formation (data collection, social analysis, and problem definition) to setting goals, designing measures, and conducting impact assessments.
2. Include NGOs in decision-making processes. NGOs play a critical role in local governance, as they work closely with various population groups, understand their needs, and effectively advocate for and address their issues.
3. Provide clear and accessible information about political processes. Special efforts should be made to reach groups that are hardest to engage through conventional communication channels.

For a deeper understanding of poverty and social exclusion challenges, we invite stakeholders to review our annual reports and publications from meetings with people experiencing poverty<sup>23</sup>.

We are open to cooperation, discussions, and presentations on the proposals outlined.

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*The Lithuanian Anti-Poverty Network (EAPN Lithuania) is a non-governmental umbrella organization uniting over 60 organizations across Lithuania that focus on reducing poverty and social exclusion. EAPN Lithuania members work with children and families facing challenges, seniors, economically inactive individuals, people with disabilities, those with mental health issues, the homeless, individuals with addiction disorders, former prisoners, victims of human trafficking, and other vulnerable groups. The organization advocates for sustainable social policies, empowers at-risk communities, and ensures their inclusion in society.*

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<sup>23</sup> <https://www.smtinklas.lt/dokumentai/?eeFolder=Skurdo-patirt%C4%AF-turin%C4%8Di%C5%B3-%C5%BEmoni%C5%B3-susitikimai&eeListID=1&ee=1>