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The Republic of Lithuania is the largest country among the three Baltic states in terms of the territory and population--its area is 65,300 sq. km and its population about 3 million¹-- and has undergone important economic and political transformation since the restoration of independence in 1990. This article highlights some salient features of the social security system of the country, including the reform of the pension system, as well as the emerging role of civil society organizations in the provision of services.

1. Establishing the social security system

The transition to a market economy entailed a need for a new legal basis for the organization of social security adapted to market conditions; as a result, key legal provisions were created from scratch, with European models in mind. A widely ranging health-sector reform was also implemented. The transition to a market economy with its entirely new rules and incentives also

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The age distribution of the population reveals the following picture -- 58.9% are of working age, 26.5% are above retirement age, and the youngest cohort (1-15 years of age) is 14.6%. The share of the urban population is 66.7 % of the total.

created an urgent need for Lithuanian specialists to study how social security could be adapted to the new situation. Studying the experience of the advanced market economies has been instrumental in that regard.

During the period of establishing an entirely different social protection system, Lithuanian NGOs were particularly active, seeking to strengthen contacts with their counterparts from abroad and using new training opportunities that emerged so as to improve their capacity to deliver services. Especially active in that regard were newly created NGOs, oriented toward closer work at the community level. The new knowledge acquired through donor support and the advice of foreign colleagues resulted in newly acquired skills and helped to better understand the role of NGOs in social policy implementation, while also improving their capacity to deliver specific services.

Today, the Lithuanian social security system consists of several pillars (or sub-systems), such as social insurance, social support and social services. It embodies the fundamental principles of universality and solidarity. *Social insurance* is the largest part of the system and is financed on a pay-as-you-go (PAYG) basis. It is administered by the Council of the State Social Insurance Fund Board and the State Social Insurance Fund Board (SODRA) under the Ministry of Social Security and Labor.

The *social support* pillar is oriented toward low-income families and individuals. *Social services* from the early days of the transition were oriented toward creating a community-based services system. The development of the system was fostered by the active participation of municipalities, as well as by contributions provided by NGOs. Several innovative schemes were conceived with the assistance of donors such as the Swedish SIDA; a World Bank loan was also obtained to facilitate community-based services.

2. Macroeconomic situation

In 2006 and 2007, when economic growth in Lithuania was robust, the shares of social protection expenditure in GDP were 13.4 % and 14.4 % respectively — still a relatively low level compared to the EU average of 29.4 %. The financial crisis dealt a further blow to the living standards of the population and necessitated additional social spending. As a result, by 2010, social protection expenditure of Lithuania reached 19.1 % of GDP. At the same time, the government in power at that time was facing criticism that social protection cannot be considered appropriate if the complex issues of social exclusion are ignored.

In the face of the crisis, the center-right government in power from 2008 to 2012 had to respond to new challenges. That government introduced a range of austerity measures, such as reducing pensions and cutting wages, in the hope that the pre-crisis level of growth would be restored when robust economic growth resumed. The introduction of austerity measures could not but affect negatively the living standards of vulnerable social groups; the need for social protection was widely recognized. Employment-creating efforts on the part of the government brought the unemployment rate to 12.3 % in 2013, but youth unemployment stayed very high at 23.2 %.

During the past decade, the population of Lithuania has decreased by 12.6% -- in absolute terms, 402 900 inhabitants migrated abroad. The highest number of people leaving Lithuania was recorded in 2010 - as many as 27 persons on average per 1000 inhabitants. In 2011, the number of emigrants decreased by 9.1 percentage points. The migration of youth became a new challenge for society – we lack sufficient previous experience in that field. It is argued that it is most important to collect evidence and do research on youth migration issues, identifying youth expectations as well as learning from good practices in other countries. It is also important to strengthen ties and active cooperation between the authorities and civil society.

3. Pension system reform

One of the most important changes in the system of social protection in the country was reform of the pension system; pension reform started in 2000. Its aim has been to increase the options available to workers, giving them an opportunity to increase their basic pension through a supplementary earnings-related component. The pension accumulation scheme provided an opportunity to accumulate part of the contributions collected through the state social insurance in the pension fund. Therefore, the old-age pension system consists of the basic pension and the earnings-related supplementary component. While the basic pension depends on a person's insurance period only to a small degree, the supplementary pension component depends on the accumulated contributions collected throughout the years when the insured person worked.

The adjustments in the system introduced in 2012-2013 were aimed at increasing flexibility and providing some additional opportunities:

1. to stop diverting part of the state pension contribution for accumulation in the private pension fund and return that to the state-guaranteed pension;
2. to divert part of the contributions collected through the state social insurance for accumulation in the privately-owned pension fund;
3. to accumulate funds by making a supplementary contribution and receiving an additional contribution from the state budget.

The pension reform provided a possibility for private funds to become vital actors in the social security system. In order to increase the employment of older workers, bearing in mind the demographic changes -- improved longevity amid a decrease in fertility -- the retirement age in Lithuania has been gradually raised, since 2012, by two months a year (for men) and four months a year (for women) until reaching 65 by 2026.

4. The role of NGOs

From the methodological standpoint, the role of NGOs in the area of social protection could be described as ***implementers, catalysts and partners***.² Their role as implementers is connected with the mobilization of resources to make the provision of goods and services possible. The catalyst role describes NGOs ability to inspire, facilitate change or contribute to action aimed at better outcomes. Partnership could be defined as working together by sharing the risks or benefits from a joint venture.³

A lot of initiatives in Lithuania seeking to increase the social inclusion of vulnerable social groups were launched by NGOs. Being relatively small and oriented towards service provision, many NGOs raised their profile by working under umbrella organizations, thereby getting an opportunity to increase their impact as well as participate in shaping social policy. Two biggest cities of Lithuania—Kaunas and Vilnius—have witnessed the largest concentration of such organizations. To enhance their involvement in addressing the most important social issues, the Coordination Commission dealing with NGO activities within the Ministry of Social Security and Labor has been discussing the creation of a Civil Society Fund to facilitate such activities. In 2014, the decision was taken to set up the NGO Council, which is aimed at providing recommendations to government authorities on public policy issues.

Starting from 1990, the number of NGOs registered in the governmental *Registry Centre* kept increasing and reached 34 394 by 2010. There is a gap, however, between the formally registered and the actively functioning NGOs—according to data collected by the public opinion and market research company “Factus”, only 47% of the total number has been active. The same research

2
D. Lewis (2006)

3
Ibid

company estimated that in 2010 the value of volunteer services provided by civil society organizations was at least 1.5 % of GDP⁴.

There are very good examples of NGO partnerships and cooperation with the government at the national level. For example, the Ministry of Social Security and Labour has been supportive of NGO-run projects such as child day-care centers, local community self-government and national volunteer activities. The national program for youth policy development, created to cover the period 2011-2019, seeks to run child day-care centers, provide various kinds of support to families, integrate people with disabilities, and promote youth participation in the life of community and community development as a whole.

Despite the high quality of social services provided by NGOs at the local level, some municipalities are reluctant to recognize their contribution, because those services are cheaper compared to their own. In part, that attitude can be explained by a lack of knowledge about the real inputs made by NGOs in society and by misperceptions about their role and dependability in the system of social protection. According to National Development Institute research (2005), that confrontation between municipalities or central government bodies and NGOs is counterproductive; the situation could easily be improved and effective collaboration established with the help of better planning of social services provision, better education and better information⁵.

The recent Presidency of Lithuania in the European Council provided civil society with numerous new opportunities. A lot of international events, organized by international NGOs using their networks, together with Lithuanian NGOs, created a good platform for promoting the roles of NGOs in social policy implementation at the national and international levels.

The analysis of new factors in socio-economic development has revealed possibilities for more effective use of civil society organizations in this process, and the social protection sphere is not an exception. The participation of NGOs in social welfare activities at the state and local communities levels could be an important instrument in achieving sustainable and inclusive growth. The active engagement of NGOs can improve flexibility and effectiveness in the management of social security; it can also be a factor in promoting participatory democracy. Strengthening NGOs as key social policy actors gives additional developmental opportunities to the country.

⁴http://www.3sektorius.lt/docs/NVO_ATASKAITA_2011_2013-01-17_15_59_09.pdf

⁵http://www.3sektorius.lt/docs/analize_2005_2013-01-17_15_29_27.pdf

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➤ ***UNDP convenes the Third Conference on Measuring Human Progress***

The Human Development Report Office of UNDP convened a conference on measuring human progress in New York on 10-11 March. The key question that the participants—who came from a range of sectors, representing both the users and producers of statistical indicators-- sought to address was how human development measurement could inform the post-2015 agenda being discussed now at the United Nations, and what, in that context, could be done to improve new and emerging data sets for information on key human capabilities.

Measuring progress has always been an important but challenging task for those involved in understanding and promoting human development. The post-2015 development framework is bound to give consideration to a number of areas that were not extensively covered in the Millennium Development Goals, such as aspects of extreme poverty and inequality, and the quality of education. Conceptually sound, technically solid and globally agreed measures of progress for those and other areas will therefore need to be found so as to provide the indicators and indices needed to monitor the set of development goals that will comprise the post -2015 agenda. There is also a common understanding that many of the goals and targets currently being discussed will be extremely challenging to collect in many – if not all - countries.

The use of globally comparable indices of development could stimulate human development policies and measurement at the national and subnational levels. A simple summary index used by the UNDP, the Human Development Index (HDI), measures average achievements in three basic aspects of human development – leading a long and healthy life, being knowledgeable and enjoying a decent standard of living.

Additional complementary composite indices in the Human Development Reports cover other important aspects of human development: gender equity and empowerment, inequality, and broad

measures of poverty that go beyond income alone. Those measures are widely recognized and are used as global measures of development. The participants discussed how the measures – and the thinking and experience behind them - can inform the conversation about the measurement of progress towards the post-2015 development goals and how they could be adapted.

Another topic for discussion was the growing interest worldwide in complementing “objective” statistics of human progress with subjective measures of people’s current well-being, such as life satisfaction and happiness. Interest in that aspect, which primarily began among academics, has now spread to governments, and several national statistical offices are doing serious work in that area. The UN has worked in that area, and the OECD has also recently released guidelines for national statistical offices on how to collect data on subjective well-being, which might provide a further spur to action. But the idea is gaining ground in Asia and Latin America governments as well, and several national human development reports have covered happiness in recent years. Subjective well-being is recognized as an important aspect of overall human development (and closely correlated to the HDI).

A third topic for discussion was related to the growing amount of non-official data now available, which offers the potential to provide new measures of development or strengthen existing indicators. The participants addressed the issue as to how new data sources could potentially strengthen the existing components of the indices already in use.

For more details: <http://hdr.undp.org/en/content/third-conference-measuring-human-progress>

➤ ***The study on world protests released—why do they happen?***

This study⁶ prepared by the *Initiative for Policy Dialogue* (based at Columbia University in New York) and the *Friedrich-Ebert-Stiftung* (New York) analyzes 843 protests occurring between January 2006 and July 2013 in 84 countries covering over 90% of the world's population. The paper focuses on: (i) major grievances driving world protests; (ii) who is demonstrating, what protest methods they use, and whom/what are they opposed to; (iii) achievements and the repression of social movements in the short term; and (iv) the main policy demands of world demonstrators. The study calls for policy-makers to listen, whether the messages are articulate or are communicated only through frustration and violence.

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Isabel Ortiz, Sara Burke, Mohamed Berrada, Hernán Cortés. World Protests 2006-2013, September 2013.

In recent years, the world has been shaken by protests. From the Arab Spring to the "Indignados" (outraged), from *Occupy* to food riots. There have been periods in history when large numbers of people have rebelled about the way things were, demanding change, such as in 1848, 1917 or 1968; today we are experiencing another period of rising outrage and discontent, and some of the largest protests in world history.

The analysis of the protest events reflects a steady increase in the overall number of protests every year, from 2006 (59 protests) to mid-2013 (112 protests events in only half a year). Following the onset of the global financial and economic crisis in 2008, there has been a major increase in protests, beginning in 2010, after the adoption of austerity measures in all world regions. Protests are more prevalent in higher income countries (304 protests), followed by Latin America and the Caribbean (141 protests), East Asia and the Pacific (83 protests) and Sub-Saharan Africa (78 protests). An analysis of the Middle East and North Africa region (77 protests) shows that protests were prevalent even prior to the Arab Spring. The majority of violent riots counted in the study occurred in low-income countries (48% of all riots), mostly caused by food-price and energy-price spikes in those countries. Interestingly, the period 2006-2013 reflects an increasing number of global protests (70 events), organized across regions.

The main grievances and causes of outrage are:

- a) Economic Justice and Anti-Austerity:** 488 protests on issues related to the reform of public services, tax/fiscal justice, jobs/higher wages/labor conditions, inequality, poverty/low living standards, agrarian/land reform, pension reform, high fuel and energy prices, high food prices, and housing.
- b) Failure of Political Representation and Political Systems:** 376 protests on the lack of real democracy; corporate influence, deregulation and privatization; corruption; failure to receive justice from the legal system; transparency and accountability; the surveillance of citizens; and anti-war/military industrial complex.
- c) Global Justice:** 311 protests were against the IMF and other international financial institutions (IFIs), for environmental justice and the global commons, and against imperialism, free trade and the G20.
- d) Rights of People:** 302 protests on ethnic/indigenous/racial rights; the right to the "commons" (digital, land, cultural, atmospheric); labor rights; women's rights; the right to freedom of assembly/speech/press; religious issues; the rights of lesbian/gay/bisexual/transgendered people (LGBT); immigrants' rights; and prisoners'

rights. A lesser number of protests has focused on the denial of rights to specific groups (eg. immigrants, gays).

Although the breadth of the demand for economic justice is of serious consequence, the most sobering finding of the study is the overwhelming demand (218 protests), not for economic justice per se, but for what prevents economic issues from being addressed: a lack of “real democracy”, which is a result of people’s growing awareness that policy-making has not prioritized them—even when it has claimed to—and frustration with politics as usual and a lack of trust in the existing political actors, left and right. That demand and the crisis of political representation it expresses are encountered in every kind of political system, not only authoritarian governments but also representative democracies, which are failing to listen to the needs and views of ordinary people.

A profile of the demonstrators reveals that not only traditional protesters (e.g. activists, unions) are demonstrating, but also - and in significant numbers - the middle classes, youth, older persons and other social groups are actively protesting in many countries because of lack of trust and disillusionment with the current political and economic system. They are increasingly joining activists from all kinds of movements, not only in marches and rallies (the most common methods of civil protest, in 437 events), but also in a new framework of protest that includes civil disobedience and direct actions, such as road blockages and the occupation of city streets and squares to raise awareness about their demands (a total of 219 occupations of public spaces). The period covered by the study also captures the advent of a new era of civil disobedience/direct action carried out by computer hackers and whistleblowers, who “leak” massive amounts of government and corporate data. Contrary to public perception, violence and vandalism/looting appeared in only 75 events, or 8.9% of world protests. Though used by only a few, 33 events record desperate methods, such as hunger strikes and self-inflicted violence (eg. self-immolation or protesters sewing their own lips shut).

Whom do protesters oppose? An analysis of the main protests in the period 2006-2013 shows that demonstrators mostly address their grievances to national governments, as they are the legitimate policy-making institutions that should respond to citizens. Protestors demand that policy-makers take public responsibility for economic, social and environmental policies, which should benefit all, instead of just the few. However, protests against an inadequate political and economic system appear second in importance, reflecting significant discontent with the working of current democracies and demands for real democracy.

Not only is the number of protests increasing, but also the number of protestors. As of 2013, as many as 63% of the protests covered in the study achieved neither their intended demands nor their expressed grievances in the short-term. That outcome is not necessarily negative, since many of the protests involved long-term structural issues, which may yield results in time. Some 37% of protests resulted in some kind of achievement, mostly in the areas of political, legal and social rights—global issues and economic justice appear to be the most difficult areas in which to achieve change.

The set of policies needed at the national and global levels to address the grievances described in this paper cross over virtually every area of public policy, from jobs, public services and social protection to taxation, debt and trade. Governments need to listen to the messages coming from protestors. However, policy reforms will be insufficient if governments fail to guarantee democratic participation and curtail the power of elites—not only in local and national governments but also in the institutions of global governance. Leaders and policymakers will only invite further unrest, if they fail to prioritize and act on the one demand raised in more of the world's protests between 2006 and 2013 than any other—the demand for real democracy.

For more details: http://policydialogue.org/files/publications/World_Protests_2006-2013-Final.pdf

➤ ***Useful resources and links***

With the debate on the post-2015 development framework in full swing, the third international ***Chronic Poverty Report 2014-2015*** addresses one key question: what needs to be done to get to (or close to) zero extreme poverty by 2030 – the new goal for global poverty reduction? The Report presents a new analysis of what it takes to sustain escapes from poverty, based on countries that have succeeded in tackling chronic poverty, and new projections of poverty. It presents a tripartite challenge to the world: in order to get close to zero extreme poverty, countries need to tackle chronic poverty, stop impoverishment and ensure that those who manage to escape from poverty sustain their escapes (the poverty 'tripod'). The bulk of the report focuses on the policies needed to get to zero.

For more details: <http://www.odi.org.uk/events/3901-road-zero-chronic-poverty-report-launch-2014>

The Report on the World Social Situation 2013: Inequality Matters issued by UN DESA brings renewed attention to inequality. The report places a special focus on the impacts of inequality and highlights policies for disadvantaged and marginalized populations. The ultimate purpose is to

remind world leaders and the international community at large that in addressing inequalities, policy matters.

For additional details please

see: <http://undesadspd.org/ReportontheWorldSocialSituation/2013.aspx>

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