



**Mykolas Romeris  
University**



**ICSW Europe  
Lithuanian National Committee of ICSW**

**International Expert meeting  
“Social Economy and Poverty Reduction”  
14-15 October 2010**

**Summary Report**

by Angele Cepenaite

**Mykolas Romeris University, ICSW Europe and the Lithuanian National Committee invited researches, practitioners, and NGO representatives to take part in an International Expert Meeting on social economy and poverty reduction issues that took place in Vilnius, at Mykolas Romeris university, on 14 and 15 October 2010.**

During three sessions the participants from Norway, Sweden, Poland, Latvia, Estonia and Lithuania had an opportunity to discuss issues of poverty prevention and diminishing social exclusion from the perspective of the goals for 2010 – the European year of combating poverty and social exclusion – and the role of social economy in this process.

The Expert Meeting was opened by *prof. Leta Dromantiene*, Dean of the Social Policy faculty of Mykolas Romeris University. Participants were welcomed by *dr. Eva Holmberg-Herrström*, President of ICSW Europe, *Elena Urboniene*, representative of the Lithuanian Social Affairs and Labour Ministry, and *Ieva Kromelyte*, representative of the Children’s Rights Ombudsman of the Republic of Lithuania.

The sessions were moderated by respectively *prof. Leta Dromantiene*, *dr. Eva Holmberg-Herrström*, *assoc. prof. Jolanta Pivoriene*, Faculty of Social Policy of Mykolas Romeris University, and *Solveig Askjem*, Vice-president of Norwegian

National Committee of ICSW Europe. The discussions were moderated by *dr. Eva Holmberg-Herrström* and *assoc. prof. Angele Cepenaite*, President of the Lithuanian National Committee of ICSW.

Two main topics were discussed in the meeting.

### **Theme 1: Outlining economic development and poverty situation**

*Expert presentations were made by prof. Romas Lazutka, Faculty of Philosophy, Vilnius University, Lithuania on “The Poor and Poverty Traps: Lithuanian Case”; Margo Kikas, Institute of Social Work, Tallinn University, Estonia on “The Poverty Situation in Estonia, Factors Influencing It and Developments in Poverty Alleviation”; by assoc. prof. Audrius Bitinas, Labour law and social security department of Mykolas Romeris University, Vilnius, Lithuania on “The Legal Environment of Social Sector Economy Reforms in Lithuania and Reforms”; by prof. Vida Kanopiene, Faculty of Social Policy, Mykolas Romeris University, Lithuania on “Accessibility of educational opportunities: situation and policies in Lithuania”.*

Discussions on these items addressed the following issues:

- Poverty traps in Lithuania;
- Analysis of poverty threshold in the last 20 years in Lithuania;
- Poverty development history in Estonia starting from the period of transitional reforms;
- Development of poverty during the high growth rate of economy and in the period of global economical crisis in Lithuania and Estonia;
- Social security system of Lithuania and reforms;
- Appearance of new untraditional poverty risk groups – youth and young families in Estonia;
- National priorities in alleviation of poverty in Lithuania and Estonia;
- Legal environment of social protection; income tested benefits in Lithuania and poverty traps reduction;
- Constitutional guarantees of pensions and social assistance in Lithuania;
- Tendencies in pension system model development in Lithuania;

- Higher education system reform in Lithuania and its influence on poverty alleviation;
- Accessibility of higher education for all in Lithuania.

**Prof. Romas Lazutka** stated that the at-risk-of-poverty threshold is 60 percent of median income - 818 LTL or 237 Euro per person per month. For a “standard family”, the average income is 1746 LTL or 506 Euro per month in 2009. Lazutka showed that the development of poverty in Lithuania during the high growth rate of the economy and the economic crisis almost didn’t change – the at-risk-of-poverty rate fluctuated around 20 percent of all households starting from 2005 till 2009 (Lithuania is among the countries with higher at-risk-of-poverty rates). In his opinion the Lithuanian social security system needs reforms. The existing system doesn’t help assistance beneficiaries to escape from the poverty traps. Through receiving assistance, very often families do not recognize the need to work. The existing system of social security in some cases (it depends on how many members a family has) doesn’t motivate them to work. A discussion is needed in Lithuania about replacement of income tested benefits with categorical benefits, and reduction of income tested benefits; there is a big need for increased earnings in Lithuania – the wages are very low.

There is a need at the highest level to adopt a new complex reform of the entire social security system in Lithuania, the main goals of which according to **assoc. prof.**

**Audrius Bitinas** would be:

- to encourage employment (particularly) of young persons, women, elderly persons,
- to refuse privileged benefits,
- gradually increase a retirement age;
- revise all social security system benefits;
- revise social insurance contributions;
- to balance the budget of the social security fund;
- to relate the reform of the pension system to changes in labour law, introducing part-time or half-day employment, increasing flexibility in labour relations and employment;
- to encourage a voluntary pension security, assigning a certain part of liability for their own welfare to individual people.

Bitinas concluded that labour law (flexicurity) reform and social insurance reform have to be related, not separated reforms.

**Prof. Vida Kanopiene** stated that negative population development trends emerged in Lithuania over the last 20 years – the total population in Lithuania decreased by 9,9 %. The decreasing population caused changes in the educational system: decline of the number of school children / students; differentiation of society – over a ten years period (1996–2006) income inequality in Lithuania increased; the risk of poverty and income inequality in Lithuania is one of the highest in the European Union. The reform of higher education has legitimized the two categories of public higher education students:

- Those who are supported by the state;
- Those who study at their own expenses.

Answering the question how the reforms of the higher educational system ensure accessibility of all studies for all in Lithuania, prof. Vida Kanopiene stressed that differentiation of study costs by specialty in principle is wrong, because young people are encouraged to choose less expensive education. Publicly available information should provide objective information about the study programmes at Lithuanian higher education institutions. It's bad practice that very gifted young people (in music, arts) did not get so-called "student's baskets" – state financed study places – because of the lower results in school in general fields (state-financed study places are allocated to the institutions of higher education according to the preferences (choices) of the best secondary school graduates who receive the funding/"student's basket"). In 2009-2010, 11,019 university students and 10,151 college students received full tuition national scholarships, in 2010-2011 respectively 9,680 and 9,164. Many students could not afford the studies because of very high tuition fees.

Kanopiene stressed the exceptional efforts of Mykolas Romeris university (MRU) policy aimed at increasing the accessibility of studies through:

- Public information - informing the society about University activities;
- Collaboration with secondary schools: to introduce school pupils with study programmes at MRU and help them to prepare for the Bachelor studies there are 4 academies dedicated towards Career Planning, Young Lawyers, Young Financiers, and Leadership;
- Student friendly facilities and student support services, advice and guidance, information for all students about available jobs and offers consultations regarding employment;

- Organizing events relating to students' careers and employment, providing assistance to facilitate integration of disabled students into the labour market.
- Quality and flexibility of studies, research and educational projects aimed at social integration of various vulnerable groups. In the period of 2005-2008 year MRU implemented 12 projects funded by EU Structural Funds

**Margo Kikas** gave an overview of the history of poverty development in Estonia, distinguishing periods of transitional reforms (1989 -1994); stabilization (1995-1999); fast economic development and growth of welfare (2000–2007); global economic crisis (2008-today). Despite the rapid development during the last two decades, poverty still remains an issue in Estonia – although it became more shallow and less severe compared to the early 1990s. Unemployment remains the greatest social problem for present-day Estonia, increasing the number of people living at risk of poverty – the unemployment rate was 18,6 % in the second quarter of 2010, meaning that 127,700 people in Estonia still cannot find a job and are forced to change the habits and life-styles they got used to. Kikas stated that poverty affects people and families in different ways – poverty in Estonia continues to be high in rural areas, the major poverty risk groups include woman, children, the elderly, single, unemployed persons. People with accumulated poverty risks are particularly vulnerable (like children of single unemployed parents), but even full-time employment may be not enough to get people out of poverty. The danger of poverty he sees in alienation of people from society, aggravation of society and promotion of social exclusion. In his opinion, Estonia has given priority to economic growth, while alleviation of negative social consequences is considered to be a secondary target. It is challenging for social scientists to raise awareness for the problem of poverty and social exclusion in order to make alleviation of poverty a national priority, and to improve the implementation of the Estonian National Action Plan for Social Inclusion, which includes goals and activities related to poverty and social exclusion. The key issues in his view are systemic approach, specific objectives and quantitative targets, and detailed activities concerning management, analysis and monitoring. Kikas stated that in the period of economical crisis Estonia started its reforms earlier, that's why it is in a better situation than Lithuania.

## **Theme 2: Social market and social economy practice**

*Expert presentations were made by assoc. prof. Arvydas Guogis, Faculty of Policy and Management, Mykolas Romeris University, Lithuania on “Social Economy Notion: What's New in Social Sciences Approach“; by board member of National Anti-poverty Network Arunas Svitojus, Lithuania, on “NGOs in Poverty Reduction: Opportunities, Activities and Challenges”; by dr. Anna Wisniewska Mucha, Social Support Centre of Zoliborz district of Warszawa, Poland, on “Challenges of Social Service Institutions Management in 21st Century”; by dr. Eva Holmberg-Herrström, President of ICSW Europe, Sweden, on “Child poverty in the Nordic Countries: manifestations and solutions”; by assoc. prof. Olafs Bruvers, Faculty of Rehabilitation, Riga Stradina University, Latvia, on “Child poverty: causes, effects and possible solutions”; by Sigita Kanapeckaitė, lawyer of Lithuanian Welfare Society for People With Intellectual Disability ‘Viltis’, on “The reduction of poverty and social exclusion of persons with mental disabilities and their families”; by Assoc. Prof. Ph. D. Zina Gineitiene, Vilnius University, Faculty of Economics, Department of Business, Owner of Ecological Farm, on “New generation community”.*

In the discussions on these items the following issues were addressed:

- Current models of economy and the place of “social economy” in these models;
- Problems of needs and desires in postmodern capitalism;
- GDP and sustainable development;
- „Social economy“ and new governance;
- Social policy model in Poland;
- The ways leading to child poverty;
- Impact of poverty on children;
- Role of NGOs in poverty reduction

**Assoc. prof. A.Guogis** argued the problem of needs and desires in postmodern capitalism. He referred to Zygmunt Bauman who states that the present problem of postmodern capitalism is the relation between sellers and buyers. According to Guogis, as a result the free market economy is not interested in needs but only in desires. In his opinion, this makes the essence of present-day capitalism: the desires raised and supported by sellers in the market are the vehicles that move post-modern capitalism. The problem he sees is that market economy, not paying attention to needs but to desires, could create a situation in which desires give birth to new desires, instead of responding to more basic structural needs. He was worried by the situation where people’s desires move

forward economic development and increase of GDP, because a world aiming only at GDP increase for all and for everybody is not sustainable. At the same time he pointed out that the best possible solution for present-day economies is to use a combination of a high level of GDP and socially oriented programmes, as was successfully used in Nordic countries. He emphasized that in a country like Lithuania, where the basic needs of a large part of the population are not met, it is too early to speak about stopping GDP increase.

Guogis also made an interesting observation on Franco Bernardi's 3E social administration efficiency scheme (economy, efficiency, effectiveness), proposing a 4<sup>th</sup> E – equity, or social justice – bearing in mind the left wing political social justice discourse and the postmodern “sustainability discourse”. He argued that the social market economy would not be sustainable without social justice.

Guogis saw the “social economy” presence in the economic models of various countries in relation to New Governance which does not emphasize so strongly the economic interest of persons, but speaks more about interests of citizen – openness, transparency, democratization, absence of corruption, participation, NGO activities. He noticed, that the new public management that was popular during last 20-30 years showed its shortcomings: too much focus on quantification of results or the risk of misuse of public interest and pursuing the interests only of individualist “economical man” whose motivation is selfishness and greed. New Governance he saw as a practical instrument in the functioning of the economic model in order to decrease the enormous inequality and social polarization, as well as an instrument in the functioning of the social economy. Today shifts in political and economic models are required to respond to the actual needs of the community. He noted that, when speaking about “social economy” development, it is very important to respond to new challenges in public administration and the use of New Governance, which gradually could eliminate the distinction between state and civil society.

In the discussion, **Solveig Askjem** (Norway, ICSW, vice president ) doubted if New Governance could help to overcome bureaucracy in poverty reduction. Guogis mentioned the important role of citizenship participation and the subsidiarity principle in New Governance to overcome bureaucracy.

**Dr. Anna Wisniwewska Mucha** stated that the current social policy model in Poland has features of institutional and liberal models. Today people in Poland are witnessing the creation of a new model of social policy, which has not been decided yet. This new model is determined by a structure based on state decentralization and subsidiarity, its objective is social integration, it gives new meaning to the social economy units, promotes social cohesion and the activation of individuals, families and communities, the development of civil dialogue, extension of education, as an investment in people creates an active social assistance system as an important instrument of social policy.

Mucha noted that the new model of social policy should be adapted to market economy mechanisms, financial possibilities of the state and European Union trends. In her opinion a new model will activate social policy. The rationale for such a claim is to assess its achievements in the 1990's. She noticed that social policy in Poland has a very important role to play in the process of further transformation of the system. Its main objective should be to protect society from the negative effects of economic transformation.

Mucha presented the Social Assistance Centre in Warsaw district as a specific public policy institution that combines features of public administration using administrative procedures, companies that are subject to market mechanisms, non-profit institutions operating in the social sphere realizing charitable goals aimed at people in need. What was especially interesting in Mucha's presentation is that the Centre uses strategy of branch diversification as a company with dominant role in the social welfare sector. One of the major elements of its strategic management (including its Mission, strategy objectives and competencies) is a marketing strategy. The objectives of the company's marketing strategy are realized by various sections and a special task team involving the Centre's specialists.

**Dr. Eva Holmberg-Herrström** reminded the participants of the discussions in the Nordic countries on the issue of child poverty. Discussions focused on the definition of child poverty and three different ways of looking at child poverty. Poverty could be absolute or relative, objective or subjective, economic or social. The poverty definition derived from the Convention of the rights of the Child compares the situation of children with the rights in the Convention and the dimension of poverty is then related to limited rights while the other definitions relate to income and material standards of the family. Article 12 in the Convention of the Rights of the Child points at the



importance for children to be able to express their opinion and to be listened to. It must be taken seriously in the discussions. In most of the research the voice of children is missing.

In the Nordic countries definitions of child poverty are mainly focusing on economic shortages. It is mainly so-called relative poverty. All countries have basic social benefits for people in need. The exception from the definition of relative poverty was Greenland where children in some remote areas are starving. The main groups of people at risk of being poor or actually poor were the same in all countries, namely immigrants and single parent families.

Holmberg-Herrström pointed out that the number of dropouts from schools in the Nordic countries is very high. Children who drop out from school are at risk of being poor as adults if society does not act fast to help them go back to school. The authorities have to prepare strategies how to handle child poverty, including school dropouts, like Norway did, preparing a strategy and action plan to fight the problem.

In the opinion of Holmberg-Herrström the best instrument to determine children's needs is the Convention on the Rights of Children, offering a common language for all countries.

**Assoc. prof. Olafs Bruvers** stated that children who live in extreme poverty or who live below poverty level for many years, appear to suffer the worst outcomes. Children who experience poverty during their pre-school years usually have lower grades at school than children and youngsters who experience poverty in their later years. He stressed that poverty touches not only the education level of children but many other aspects of their lives. Thus intervention during early years of childhood in order to minimize the poverty causes and later effects on children's lives is of the utmost importance.

Bruvers stated that poor children experience more risks than non-poor children. Poor children are more vulnerable to further negative influences than are children from families with higher incomes. Also stressful parent-child relationships, social isolation and shame, poor neighbourhoods, are examples of potential pathways through which poverty creates negative outcomes for children. Other ways leading to poverty are low quality child care, inadequate health care and the inability to provide a rich and stimulating learning environment at home, ongoing exposure to violence and crime, as well as poor parental mental health.

A number of policies and programmes could be helpful to diminish child poverty, for instance programmes designed to provide stimulating learning environments, programmes to strengthen and to improve the quality of child care available to low-income families and intensive childhood programmes with follow-up when children enter school, can have significant positive influence.

**Arunas Svitojus** presented the efforts of the Lithuanian Anti-poverty network to combat poverty, as well as the activities of the Heifer Baltic foundation that is working in Latvia, Estonia and Lithuania. The latter foundation implements 40 projects in rural communities to end hunger and poverty and supports families by giving them cows, beehives and other items in order to help them to survive in countryside and to have family activities. Svitojus stated that possibilities of NGOs united into international networks – EAPN, Social Platform, Spring Alliance – are much bigger than working separately. It makes NGOs stronger.

In the opinion of Svitojus the main problems in Lithuania are:

- High unemployment;
- Increase of absolute poverty;
- Social exclusion;
- Social mistrust;
- Human social development degradation.

As opportunities to change the situation he sees:

- Government level decisions (social sensitivity, transparency and balance);
- Education and learning (main goal effective integration, life-long learning);
- NGO activities

Svitojus is proud of the Lithuanian NGO network principles:

- Motivate - cooperation between the NGOs to ensure transparency and partnership;
- Cooperate with government agencies to effectively implement strategic plans and programmes for specific activities;
- Coordinate non-governmental organizations to contribute to the objectives of local and national levels;
- Monitor actions implemented to achieve not only accountability, but also efficiency.

As opportunities of NGOs Svitojus stressed:

- Identify community priorities and cooperate with communities
- Create, develop and implement community activity strategies
- Identify training need and establish network of experts on various educational topics
- Discuss strategic partnership opportunities, develop projects with partners

- Assist in mobilizing community groups
- NGOs in Baltic countries are becoming good project partners for implementation of EU projects.

**Sigita Kanapeckaite** presented the experience of the Lithuanian Welfare organization for mentally Disabled Persons and Their Families. In her opinion the biggest problems of the above mentioned families are:

- Social exclusion;
- Lack of services and care;
- Unemployment.

She stressed that society is afraid of people with mental disability, and avoids their parents or carers; society knows too little about these people and seldom meets them.

Kanapeckaite emphasized the lack of community based services:

- Absence of short-term care services
- Undeveloped transport services
- Family support services (self-help groups, psychologists, specialist consultations) are not developing
- Temporary respite services do not exist at all.

Kanapeckaite formulated proposals and goals for the future. She stressed the need for equal participation of people with disabilities, their legal representatives or organizations. They need to participate on an equality basis in organizing and providing support and services.

- The main principle - “Nothing for people with disability without people with disability” .
- Social services organizations need to apply flexible work schedules, to provide services after evaluating individual needs of a person.
- Service users participate in evaluation of quality of services and support.
- Expand and enhance the already existing community based services for people with disability, their parents or carers.
- Ability and disability diagnosing procedures shall not be related to determination of working capacity level;
- To involve persons with developmental disorders, their parents or carers, in decision making processes.

- To create a positive attitude towards people with disability, their family members, parents or carers.
- To pursue correspondence of government legal acts with European Union requirements, particularly in the field of non-discrimination.
- To expand the net of family services

**Assoc. prof. Zina Gineitiene**, owner of an ecological farm near Vilnius, presented her new project „New generation community“. Owning a big area of land, she decided to invite people to come to this place to create a new generation community and to live an interesting life. In her opinion, a New Generation (Socio-economic) community is an organization that operates within defined territory; the community has the authority, statutes and governing bodies are formed by members of the community, natural and legal persons involved in the socio-economic system.

The essence of community activities combines comprehensive social services which integrates assistance for "socially marginal" people: unemployed, disabled, elderly people without caring children, poor families, persons addicted to drugs or alcohol, suffering from mental illness and so on. Practical economic activities enable community members to create added value, sell products and earn income to enable the community to maintain and develop itself.

Gineitiene hopes step-by-step to create this new community, which is involved in developing a crafts workshop, organic agriculture, and cultural tourism. In her opinion, it has to be an organization that accepts responsibility and takes initiative to develop the community and its administration – a cluster / incubator with experience and tailored to the establishment of social-economic community enterprises (in social services, trades or artisanal products). The main output of such a company is expertise and synergy. The company is for-profit, but applies the rule of a so-called "greed limit" (limits to greed), which apply socially responsible companies in Scandinavian countries apply.

The international expert meeting participants continued their discussions at Seimas – the Lithuanian Parliament – where they had a meeting with **Jonas Liesis**, member of Seimas Education, Science and Culture Committee. He told about the latest plans of Seimas in relation to its poverty reduction policy and asked NGOs to be more active by giving proposals to Seimas on these issues. **Prof. Leta Dromantiene, dr. Eva Holmberg-Herrström, Michal Byliniak, Solveig Askjem, Ellen Therese Sørensen, Margo Kikas** and other participants discussed the practice of NGOs in society

in poverty reduction presenting interesting experiences of NGOs in coping with poverty in the community. The experts emphasized that social capital, especially in the Baltic countries, has to be developed more. NGOs through their activities have to remind the communities that we all are Europeans, members of the European Union, who are eager to strengthen our communities.

## **Conclusions**

The international expert meeting noted that poverty manifests itself in many ways and there are many ways to alleviate poverty. Strategy, strategic thinking and acting, are effective modern tools in social policy to tackle poverty issues. The last world-wide economic crisis demonstrated that society needs other values besides the “economical man”. Experts from Lithuania, Estonia, Latvia, Sweden, Poland and Norway presented the poverty situation in their countries and defined common aims, different policies, and structural risks of poverty. The discussions related to proposals for effective tackling of poverty, especially child poverty, positive examples of how to tackle bureaucracy, but also to the wider role of NGOs, and the increasing importance of the social economy that is showing more and more strength in the market economy model .

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