

LITHUANIA



Key policies to promote longer
working lives

Country note 2007 to 2017

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KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN LITHUANIA¹

(Situation 2007 to mid-2017)

According to the Late Career Scoreboard at the end of this report (Table 1), the employment rate of older workers is high in Lithuania (in 2016, 52.6% for older workers aged 50-74, compared with the EU average of 45.4%). Nevertheless, as synthesised in Table 2, Lithuania could do more to restrict the use of early retirement; prevent disability benefits from being used as alternative pathways to early retirement; take a balanced approach to employment protection by age; review the use of seniority wages; encourage social partners to implement better retention and hiring mechanisms targeted at older workers; and provide lifelong learning guidance services. That said, Lithuania has taken substantial action to target workers most at risk of long-term joblessness through employment services, and to strengthen workplace safety and health.

1. Rewarding work and later retirement

1.1. Enhancing incentives to continue working at an older age

Introduction

The old-age pension system in Lithuania consists of three pillars. The first has three types of public unfunded defined benefit (DB) pension schemes: the Social Insurance Pension, the Social Pension, and the State Pension. The most important of these is the Pay-As-You-Go (PAYG) Social Insurance Pension, covering those employed in the public and private sectors as well as the self-employed (European Commission, 2015). Coverage by this scheme has been enlarged since 2009 to include groups such as farmers. To supplement these pensions, State Pensions are paid mainly to post-war anti-Soviet resistance fighters as well as to categories such as military and police officers, judges, scientists and artists. Those who are not eligible for the Social Insurance Pension can claim a Social Pension. This minimum assistance pension is not means-tested.

The second pillar consists of a fully funded defined contribution (DC) scheme, managed by private pension funds.² The third pillar is a voluntary fully funded DC scheme.

As part of the New Social Model³, Lithuania implemented a major reform of its social insurance pension system in 2017-2018, which limits future spending.⁴

1. This note has been produced by the Ageing and Employment Policy Team with a contribution from Nicola Duell.

2. These second pillar pensions is not designed as an occupational pensions scheme.

3. In 2014, the Lithuanian government launched the “New Social Model”, which sought to reform various areas of labour market and social policy, including labour law, employment support, unemployment insurance and pensions (Government of Lithuania, 2016).

4. See Section 4.4 in OECD (2018).

Raising the statutory age of retirement

The Law on Social Insurance Pensions was amended in 2011 (entering into force on 1 January 2012), increasing the statutory retirement age by four months per calendar year for women and two months per calendar year for men until both reach 65 in 2026. Previous to this reform, the statutory retirement age was 62.5 for men and 60 for women. This reform has helped to stop the moderate increase in the total number of old-age pensions. Instead the number of pensioners decreased slightly between 2012 and 2015 (according to data of the State Social Insurance Fund Board). Although this reform is in the right direction, it does not foresee increasing the retirement age to 67, as is the case in many other European countries.

Amendments to the Law on Social Insurance Pensions adopted in 2016 increase from 2018 the obligatory record of contributions for old-age pensions from 30 to 35 years, by adding six months per calendar year until 2027. The Law on Officers and Soldiers State Pensions, adopted in 2015 and in force since 1 January 2016, renders eligibility requirements for that pension scheme somewhat stricter. The time that officers and soldiers have to be in service before claiming the pension has been lengthened from 20 to 25 years.

Facilitating phased retirement

Lithuania is in the middle range among European countries when it comes to the percentage of workers who reduced working time prior to retirement. In 2012, 6.8% of 55-69 year-olds reduced working time in approaching retirement compared with the EU average of 6.4% (Labour Force Survey – ad hoc module). There are however no specific schemes for phased retirement in place (Eurofound, 2016). The higher share of 65-69 year-olds in employment in Lithuania as compared with EU average may be one explanation for this middle position.

The new Labour Code, adopted in 2016 and in force since 1 July 2017, increases working-time flexibility through regulation of workplace-sharing contracts. Employees sharing a workplace will need to agree on the distribution of working time among them so as not to affect workflow. This type of employment contract can help to reconcile work and family obligations more easily, and could be used by older employees to begin working part time while sharing their experience with younger colleagues. Given the low level of part-time work and the low wage level in Lithuania, it remains to be seen whether this amendment will suffice to increase incentives for prolonging working lives through phased retirement.

Better combining of pensions and work income

From 1995, the Social Insurance Pension scheme allows combining work and a full pension without any restrictions from the moment the standard retirement age is reached. This rule and the low payment level of many pensions certainly explain why the employment rate of 65-69 year-olds is above the EU average.

Following the economic and financial crisis, pensions were reduced by an average of 4.5% from January 2010 to December 2011. In order to protect pensioners receiving low amounts, the reduction was made progressive and pensions were flattened. In this spirit, the Social Insurance Pension of working pensioners was reduced by 13% for low wage earners, 40-45% for average wage earners, and up to 70% for well-paid working pensioners. While in 2012 the Constitutional Court decided that in principle a temporary reduction in pensions in extremely difficult economic situations is not against the Constitution as long as it is paid back later, it declared that the cuts needed to be proportional (European Commission, 2015).

Rewarding longer careers

In 2007, the “supplement for lengthy insurance records” was introduced. This bonus ensures a supplementary pension for persons who have acquired a record of Social Pension insurance exceeding

30 years, and is calculated by multiplying 3% of the basic pension by the sum of every full year of the state Social Pension insurance record exceeding 30 years. From 2018, as the new Law on Social Insurance Pensions enters into force, the supplement for lengthy insurance records will be included in the general part of the pension, which will be calculated as a ratio of the insurance record to the obligatory old-age pension insurance record, multiplied by the basic pension.

New amendments to the 1999 Law on State Civil Service came into force on 1 January 2016. The law established provisions that encourage career civil servants and statutory officers (e.g. police, state border guard service, fire fighters, customs officers) to stay in work longer by paying bonuses for length of service to the Republic of Lithuania. This bonus can be up to 30% of basic salary.

1.2. Towards restricted use of early retirement schemes

Restricting access to publicly funded early retirement schemes

Since 2004, early retirement has been possible up to five years before legal retirement age for persons with at least 30 years of contributions. Pensions are decreased by 0.4% per each early retirement month (i.e. 24% for five years). The average early retirement pension was EUR 185 in 2016, or 73% of the average old-age pension (Lazutka, Poviliunas and Zalimiene, 2016). Eligibility requirements preclude claimants from receiving other benefits paid from the state budget or the state social security fund, and from working either under an employment contract or as self-employed. After reaching the standard retirement age, the reduction is recalculated according to the number of months for which an early pension was paid.

The high unemployment rate during the financial and economic crisis led to a rapid increase in applications. The number of early retirement pension recipients has increased by more than 60% since 2008, but is still only about 2% of all old-age pensioners.

The rule for early retirees to be registered for at least one year at the Public Employment Service (PES) was removed in 2011. This was the result of a political compromise with the objective of counteract the effect of raising the retirement age by easing early retirement. The average number of early retirees over the period 2012-2014 remained almost the same. While clearly separating unemployment and job-search requirements from early retirement is understandable, this amendment contradicts in principle the objective of lengthening working lives.

Introducing specific provisions for arduous/hazardous work

From its Soviet past, the Lithuanian pension system inherited a special working conditions scheme: early retirement benefits are paid to people who have been employed in arduous/hazardous work (AHW). This compensation is paid only for work performed before 1995, but according to the principle of preservation of rights, it is also paid to those who have put in a number of years of service in AHW but were too young to be awarded a pension. These people receive temporal flat-rate compensations (150% of the basic pension (as of 1 January 2017, EUR 180 a month) for five years before the standard retirement age. The number of recipients has gradually been decreasing since 1995 (in 2007 recipients numbered 9 098, and in 2016 4 925).

As stated above, a range of public sector employees and civil servants receive supplementary pensions to top up those received from the Social Insurance Pension scheme. However, there are no specific provisions for AHW in the Social Insurance Pension scheme. It would be more effective to tighten the special pension rules by stringently linking them to AHW factors and aligning pensions for public and private sector employees.

1.3. Preventing welfare benefits from being used as alternative pathways to early retirement

Unemployment (insurance and assistance) benefits

Before the New Social Model came into force, the unemployment benefit system only provided weak protection for Lithuanian workers. Strict eligibility conditions limited access and resulted in low coverage of the unemployed. According to OECD (2018), the new Law on Unemployment Social Insurance, approved 21 June 2016 and in force since 1 July 2017, significantly strengthens the system by shortening the minimum contribution period⁵, extending the maximum benefit duration (from six to nine months for all recipients) and raising benefit levels in particular for jobseekers with higher previous earnings. The 2017 law has not changed the previous rule that extends unemployment benefit payment duration by two months for unemployed persons, who are not more than five years below the pension age.

Social aid

An income and wealth means-tested social assistance scheme now applies to poor people independently of their age. Amendments to the Law on Cash Social Assistance for Poor Residents came into force in 2016, with the objective of improving the coverage and adequacy of social assistance. The scheme of proportionate reduction of a social benefit, applicable to 38 000 people prior to amendment of the law, was changed.⁶ Previously, benefit reductions were not applied to persons who studied; looked after a disabled person; or cared for children under three years of age. According to the new law, the reduction is not applied in case i) the PES did not offer a job or participation in an active labour market programme (ALMP); or ii) an employable unemployed person who is not studying participates in a socially useful activity organised by the municipal administration). Further, incentives for social assistance recipients to take up work have been set. An additional social benefit is now granted to former social assistance recipients who register with the local PES for not less than six months and did not work during this period or worked in public works, if they take up employment (paid at least at the minimum wage level). This additional benefit is 50% of the average amount of social assistance paid during the past six months; it is paid for no longer than six months. Further, a training grant for an unemployed person is now excluded from the means test.

Disability benefits

The Disability and Working Capacity Assessment Authority (DWCA) is responsible for certifying both working capacity and disability levels. Ongoing from 2012, measures have been introduced to improve its capacities, including stricter job requirements for DWCA employees (in terms of education, work experience, training and qualifications), an enhanced quality-control mechanism; stricter sanctions for those doctors who provide incorrect medical data; and an improved capacity of data exchange between relevant institutions. In spite of these improvements, weaknesses remain. For instance, working capacity assessments rely often on medical certificates (e.g. whether the person has an health issue or not) rather than considering professional and functional capabilities, such as the number of hours a person with a disease can work, or the type of tasks they can perform based on their qualifications and experience (Pacifico, 2017). More could also be done to improve early detection of health problems and vocational rehabilitation (see more in Section 3.3 below).

5. The previous law had stipulated that a person was entitled to the unemployment benefit if they worked for at least 18 months during the past 36 months. The new law states that a person is entitled to the unemployment benefit if they have worked for at least 12 months during the past 30.

6. The reduction equaled to 20% if social assistance was paid from 12 to 24 months; to 30% if it was paid from 24 to 36 months; to 40% if it was paid from 36 to 48 months; to 50% if it was paid from 48 to 60 months. It was suspended for a period of 24 months if payment extended beyond 60 months.

As of 2018, benefit entitlements for those who have at least 45% of work incapacity will become proportional to the assessed degree of incapacity, with intervals of 5 percentage points from 45 to 100%. This new provision may strengthen work incentive for individuals (Pacífico, 2017).

2. Encouraging employers to retain and hire older workers

2.1. Preventing discrimination in employment on the basis of age

Implementing current or new legislation

The new Labour Code, in force since 1 July 2017, stipulates that the employer must implement the principles of non-discrimination. Any direct or indirect discrimination in the employment relationship, including discrimination on the basis of age, is prohibited. In implementing the principles of non-discrimination, the employer shall be obliged: i) to apply equal selection criteria and conditions when recruiting employees; ii) to provide equal working conditions and equal opportunities to career development and access to (re-)training; iii) to use equal work evaluation criteria and equal criteria for dismissal from work; iv) to pay equal remuneration for the same work or work of the same value; v) to take adequate measures to ensure that people with disabilities are provided work opportunities and career development. Companies with more than 50 employees must adopt and announce measures to ensure supervision of the implementation of these requirements. Further, the competencies of the Ombudsperson of Equal Opportunities were established.

The 2003 Law on Equal Treatment was amended accordingly for civil servants; the amendments came into force in January 2017. It will be important to monitor implementation of these new legal obligations by employers in the private and public sectors.

The Law on the Approval of Statute of the Internal Service was adopted on 25 June 2015 and entered into force on 1 January 2016. It stipulates that the internal service can be joined by a person that is not older than 60 rather than the previous age of 30. It is welcome that the age barrier for entering the internal services was levelled up. However, consideration should be given to abolishing any age barrier to employment.

Launching public awareness campaigns

An Action Plan for the Promotion of Non-discrimination for 2017-2019, approved in May 2017, focuses on implementing awareness-raising measures. The Ministry of Social Security and Labour has always been the core institution for developing and updating the inter-institutional Action Plan, the first of which was introduced in 2011.

In order to decrease negative age-related stereotypes and discriminative attitudes towards older people, the Action Plan on Motivating and Promoting Voluntary Activity for the Elderly for 2016-2020 was approved by the Minister of Social Security and Labour. The measures of the plan foresee including the elderly in voluntary activities, consulting and motivating them, increasing their self-esteem, organising general skills training, and arranging educational activities.

2.2. Taking a balanced approach to employment protection by age

Implementing age-neutral measures

Employment protection has tightened the rules regarding older workers. First, the 2002 Labour Code foresaw protection against the dismissal of employees who would be entitled to the full old-age pension in

not more than five years; persons under 18 years of age; disabled persons; and employees raising children under 14 years of age. Their contracts could only be terminated in case retaining them would substantially violate the interests of the employer. Second, in the case of redundancies on economic or technological grounds or due to restructuring of the workplace, employees who would be entitled to the old-age pension in not more than three years should be accorded priority when establishing the list of those workers to be retained. Third, in case of dismissals, employees who were eligible to the full old-age pension in not more than five years must receive a written notice from their employers four months in advance instead of two months. Fourth, in case of termination of an employment contract without any fault of the employee, that employee should receive severance pay in the amount of their two monthly average wages if they would have become entitled to the full old-age pension working in that company (Nurmela, Osila and Leetmaa, 2014). Finally, the law also protects employees who take care of old-age pensioners with an intermediate level of disability (more than 55% incapacity) (Gausas and Vosyliūtė, 2015).

Recent amendments to the law did not remove protection of workers near retirement age from being dismissed. The new Labour Code established the rule that in case of termination of the employment contract on the initiative of the employer without the fault of the employees, the criteria for selecting the employees to be dismissed shall be provided by a commission formed by the employer, which must include at least one member of the works council. In case there is no works council, trade unions need to be involved. In establishing the criteria for selecting the employees to be dismissed, according to the law the priority for job retention must be given to the following groups of employees with the same specialisation and the same location of employment: i) workers who had an injury or have an occupational disease; ii) employees who raise more than three children under the age of fourteen or are single parents, or who alone take care of disabled or retired family members at an average or high level of special needs; iii) employees with tenure of at least ten years, except for employees who have reached the statutory old-age retirement age and acquired the right to an old-age pension while working for the employer; iv) those who will reach the statutory old-age retirement age in not more than three years; v) employee representatives; vi) those for whom such a right is established in the collective agreement. The redundancy notice periods of one month shall be doubled for employees who would reach the statutory retirement age in less than five years, and tripled for employees who are raising a child; employees with disabilities; and employees who would reach the statutory retirement age in less than two years.

While stricter rules as regards employment protection for older workers are understandable in light of their higher risk of remaining unemployed, these rules are likely to reducing their hiring probabilities.

2.3. Discouraging mandatory retirement by employers

By law in general

The former Lithuanian Labour Code, which went into effect in 2003, allowed age to be a legitimate reason to terminate the employment relationship only in case the employee is already entitled to the full old-age pension, or is already benefiting from it. However, the dismissal of an employee of retirement age is only possible when there are important reasons and circumstances related to the employee's qualifications, professional skills or behaviour at work (Kaminskas and Fries-Tersch, 2016). The new Labour Code in force since 1 July 2017 does not allow age to be a legitimate issue to terminate the employment relationship.

By sector/occupation, private/public sector, region

According to the above-mentioned Statute of the Internal Service, in force since 1 January 2016, the age limit for officers to serve in the internal service has been prolonged by five years: from 50 to 55 for officers at the primary level, from 55 to 60 officers at the middle level, and from 60 to 65 for officers at the

high level. The mandatory retirement age for the officers at the highest level remains unchanged at the age of 65. While a higher retirement age of civil servants is in principle welcome, it could be aligned for all types of civil servants (unless they are exposed to arduous and hazardous work). Consideration should be given to abolishing mandatory retirement for all civil servants.

2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers

For all older workers

Trade union membership in Lithuania is low and decreasing, and it is primarily concentrated in the public sector. Employers are rarely members of employers' organisations and show limited interest in social dialogue. As a result, collective bargaining is limited, with less than 10% of employees covered by a collective agreement, mostly at the company level. The Tripartite Council established since 1995 plays an important role in trying to reconcile the interest of social partners on labour and social issues and providing recommendations to the government. It would be advisable that this Council also tackle the issue on how to implement better retention and hiring mechanisms targeted at older workers. According OECD (2018), by and large the most challenging group for labour market policy in Lithuania is that of the older workers, who represented almost 40% of the registered unemployed in 2016.

New legislation passed as part of the New Social Model significantly reformed labour institutions. The purpose was to make labour relations more flexible to encourage employment creation while at the same time providing greater guarantees for employees, following the so-called flexicurity approach. After a long and at times conflictual process, a new labour law and a new law on employment were enacted in July 2017, with significant implications for workers and firms.

Review of the use of seniority wages

Seniority rules are in place in some enterprises. Salaries are paid in some enterprises (mainly in the public sector) for years of service along with a system of longer annual leave (Gausas and Vosyliūtė, 2015).

Amendments to the 1999 Law on State Civil Service that came into force on 1 January 2016 established provisions that encourage career civil servants and statutory officers to stay longer in service by paying bonuses for the length of service to the Republic of Lithuania. This bonus amounts to 3% of salary for every three years of service, and can amount to up to 30% of the basic salary. Instead of linking wages in the public sector to the length of service, long careers could be better rewarded in calculating the pension level.

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce

Sharing knowledge and experience across different age groups and adjusting work responsibilities of older workers

No specific action relevant to older workers has been taken. Individual employers may have implemented this type of measures.

Adjusting the working-time arrangements of older workers

Certain working-time rules are in place when it comes to protecting workers' health. Workers who are exposed to occupational risk factors have a shorter working time. In cases where workers operate in an

environment with a high concentration of hazardous factors, the working time cannot exceed 36 hours per week (Lazutka, Poviliunas and Zalimiene, 2016).

However, there are no specific rules in place allowing older workers to adapt working time more generally to their needs. Different studies showed that insufficient flexible work arrangements represented one of the main barriers to extending working life (Gruževskis, 2013). Recent amendments to the law are likely to dampen this barrier. The 2017 Labour Code obliges employers to take measures to help the employee meet their family commitments. The employer may refuse to satisfy the request of the employee to temporarily work part time only for valid reasons. The employer should consider rendering remote work accessible and allowing for flexible daily or weekly working-time schedules in order to improve the balance of work and family duties. Research should determine whether this option of flexible working time is taken up by older workers.

Other issues such as internal job mobility, further training, workplace adjustment, age discrimination, mandatory retirement

While the general stance of employers towards older workers in Lithuania is found to be negative (Nurmela, Osila and Leetmaa, 2014), single employers have indeed implemented age management measures. This is confirmed by the results of a survey carried out for Eurobarometer in 2014: 33% of employed people and people with working experience indicated that adaptation measures accommodating older people had been put in place at their workplace (compared with the EU-28 average of 31%).⁷ However, it seems that most employers have not implemented these types of measures.

A number of Lithuanian companies participated in the “Best Agers Lighthouse Project” implemented in the Baltic Sea Region in 2013-2014, funded by the Interreg Baltic Sea Region Programme.⁸ The project conducted age management interventions in selected companies and public organisations in the participating countries. Interviews with managers and employee questionnaires helped to shape interactive advice. The project increased the sensitivity to age management issues of both employees and employers (Nurmela, Osila and Leetmaa, 2014).

Social dialogue on issues that could be relevant to older workers, such as health and safety issues, is however very limited. Nevertheless, two initiatives were implemented (Kaminskas and Fries-Tersch, 2016):

- i. The Lithuanian Trade Union Confederation (LPSK) implemented a project funded by the European Community Initiative EQUAL that aimed to develop and implement the re-integration of older people into the labour market. A mix of different measures was implemented, including organising training of pre-retirement-age persons; creating new techniques for adult learning; and including protective provisions in collective agreements.
- ii. The project “Support Network for Reintegration into the Labour Market in the Regions of Utena and Vilnius”, involving trade unions, employers, public organisations and vocational schools, addressed policies and initiatives that would encourage employees to participate in lifelong learning processes and that would reduce age-based discrimination and social exclusion of persons at pre-retirement age. The project analysed existing collective agreements and showed that many companies and organisations currently do not have any policies or programmes in place that address adult education and training.

7. European Commission, Flash Eurobarometer on Working Conditions – Fact Sheet for Lithuania, 2014, http://ec.europa.eu/public_opinion/flash/fl_398_fact_lt_en.pdf (accessed 28 February 2018).

8. www.best-agers-lighthouses.eu (accessed 28 February 2018).

- iii. In 2017 the project “Trade Unions’ and Employers’ Cooperation Model Seeking to Develop Social Dialogue” was launched. The project is financed from European Union structural funds. Its aim is to promote co-operation between trade unions and employers through social dialogue, while ensuring proper co-ordination of the social partners’ interests.

In 2016, the Programme to Strengthen Social Dialogue for 2016-2020 was approved by the Minister of Social Security and Labour. The programme aims to strengthen the representation of trade unions; encourage employers and employees to develop social dialogue in companies; increase the involvement of social partners in collective bargaining, which could promote signing of more collective agreements; encourage the active participation of social partners in efforts to improve labour relations, social security and labour market; and promote more active involvement of employees in the company’s management, and employers in corporate social responsibility.

3. Promoting the employability of workers throughout their working lives

3.1. Enhancing participation in training by workers in their mid- to late careers

Providing guidance services

There are no vocational guidance services specifically targeting older people.

Providing access to training adjusted to the experience and learning needs of older workers

The new Labour Code stipulates that an employee who has enrolled in a non-formal adult education programme shall be given a study leave of up to five working days per year to participate in the programme. Further, an employee whose employment relationship with the employer lasted for more than five years shall receive at least one-half of their average wage for the study leave lasting up to ten working days during one working year, provided that participation in the non-formal adult education programme is related to the development of the employee’s qualifications.

An Order came into force in January 2016 allowing officers of internal service to take educational leave if they are studying on their own initiative and have less than five years before receiving officers’ and soldiers’ state pension. During this educational leave, they receive their average monthly wage. During their studies, they can acquire a qualification that is not related to the internal service.

Adapting teaching and learning methods and content to the needs of older workers

The development of non-formal education services that create new learning opportunities for older learners is foreseen within the framework of the currently implemented national project “Development of the Adult Education System by Providing Generic Competences to Learners” (carried out by the Ministry of Education and Science and the Education Development Centre). These activities for older people are mainly implemented by the Universities of the Third Age (UTA), first established in 1995 and one of the fastest growing organisations in Lithuania. Among the initial objectives of this broader social and cultural organisation for older people were the promotion of active ageing and longer participation of older people in the labour market.

At the end of 2012, the total number of students was around 6 000 (twice as much as in 2008). Women aged 60-75 with at least vocational education attainment account for most of the UTA students. It seems that older people are more willing to participate in non-formal training sessions focused on personal development rather than in education and training related to improvement of their professional competencies. UTA activities contribute to older people’s learning longer, not necessarily to working

longer. UTA channels are underused in promoting labour market skills among older people (Gaugas and Vosyliūtė, 2015; Nurmela, Osila and Leetmaa, 2014).

The project “Development of the Adult Education System by Providing Key Competencies to Learners” (Phase II) 2012-2014, targeted adult learners (especially aged 55 and above), adult education institutions, management representatives and adult educators. The project aimed not only to train older workers but also to strengthen the capacity of adult education institutions to provide innovative educational programmes in the regions; to create new regional development guidelines; and to improve substantially adult education planning and monitoring (Gaugas and Vosyliūtė, 2015).

Promoting lifelong learning and development of the adult vocational education and training system

The impact of the Lithuanian lifelong learning strategy, implemented since 2004, on older age groups has been assessed as being relatively low. According to the National Audit Office of Lithuania in 2013, financial support to non-formal adult education increases the supply of this type of education, but does not ensure inclusion of the population groups who can benefit most from such education (e.g. older people, 55-74) (Nurmela, Osila and Leetmaa, 2014).

Adult education and lifelong learning are priorities in the State Education Strategy for 2013-2022, adopted in 2013. The 2014 Law on Non-Formal Adult Education and Continuing Learning indeed clearly defines major aspects of adult education and continuing learning – planning, organisation, financing and quality monitoring, and remedying weaknesses in the system. It is aimed at providing legal guarantees to implement the inherent right of personal development at all ages – guaranteeing the opportunity to acquire knowledge and skills, promoting the improvement of professional skills, and enhancing active participation in a democratic society.

The Ministry of Economy has prepared several new measures in the area of further training for the Programme for Investment Promotion and Industrial Development for 2014-2020, co-financed by European Union Structural Funds. These funds are used for implementing skills upgrading and competency development initiatives using a “competency voucher”. These vouchers should increase employees’ access to opportunities for upgrading their skills and developing competencies, and provide support for projects to develop competencies at the sectoral level. Further, the vouchers will make the acquisition of competencies available to small and very small enterprises. The scope of these actions includes older workers.

Setting up mechanisms for recognising and validating skills

No specific action relevant to older workers has been taken.

3.2. Providing effective employment assistance to older jobseekers

Spending on ALMPs is relatively low, at 0.3% of GDP in 2015, and participation in ALMPs is low by international standards. OECD (2018) recommends to increase support for jobseekers by boosting resources in the PES and increasing participation in training programmes, especially for older workers.

Promoting an all-age mainstreaming activation approach

Age plays no role as regards the meeting of job-search requirements of unemployment benefit recipients; older workers have access to the same services. However, according to the Law on Support for Employment, persons over 50 years of age who are capable of work are entitled to additional support in the

labour market, i.e. active employment support measures in addition to usual labour market services (Gruzevskis and Blaziene, 2012).

Targeting workers most at risk of long-term joblessness

In 2003 the Lithuanian PES started the first specific ALMP measure “55+” targeting people aged 55 and above. The years 2005 to 2013 saw implementation of the National Strategy for Overcoming the Consequences of Ageing. Measures included entrepreneurship training for persons 50 and older; special vocational training modules and opportunities for distance training; and the creation of a senior contact database for retired persons who are willing to work (Bank of Seniors). Employers have direct access to this database. From 2007 to 2012, only about 4 000 pensioners were registered in the Bank of Seniors. In 2013 approximately 1 000 older jobseekers were registered (of whom nearly one in five was over 60 years of age and looking for a low-skilled job). For comparison, in 2013 there were 34 408 unemployed persons aged 55-64 registered with the PES. According to employer surveys carried out by the PES, 90% of employers co-operating with the PES do not use the Bank of Seniors (Nurmela, Osila and Leetmaa, 2014).

In 2011, data of ALMPs for older workers indicated that six months after participation in ALMPs, the share of employment of all participants is as follows: 70% are employed after participation in subsidised employment; 47% after participation in vocational training; and 20% after carrying out public works (job creation programmes) (Lithuanian Labour Exchange, 2012). Likewise, persons over 50 account for a major share of those starting activities under a business certificate: in 2013, they accounted for 22% of the total number of unemployed persons who started employment this way (Nurmela, Osila and Leetmaa, 2014).

In 2015 the Action Plan of Motivation of Elderly People and Promotion of Voluntary Activities 2016–2020 was adopted. The aim of the plan is to increase the participation of older people in the labour market and voluntary activities. The target group of the action plan includes persons aged 55 and older up to pensionable age. Implementation will consist of involving target group representatives in voluntary activities; providing consultations for target group representatives; motivating them and boosting their self-esteem; developing target group representatives’ generic competencies necessary for their active citizenship, social integration, employment and greater possibilities of remaining in the labour market. Key to the plan are organisation of training, educational activities and information dissemination. The plan is financed by the European Social Fund (ESF) within the framework of the Operational Programme for European Union Structural Funds Investments 2014–2020. The funds allocated for implementation of the plan amount to EUR 6 million.

The activities of non-governmental organisations representing older people are regularly supported from state budget funds (a total of EUR 69 000 in 2016). These activities were carried out to strengthen support between generations, to create a positive image of older people, and to promote active and healthy lifestyles. Over 600 different activities were organised through implementing financed projects.

The “Programme on Employment Growth during the 2014-2020 period” aims to create favourable conditions for working beyond retirement age. It also aims to increase the participation of disabled people in the labour market (Kaminskas, and Fries-Tersch, 2016).

In January 2015 the PES launched a new project, “Support of Older Unemployed Persons”, co-funded by the ESF. In addition to employment subsidies, the project proposes an option for the vocational training and retraining of those aged 55 and above, and tackles the issue of lack of mobility of older unemployed people in the labour market by reimbursing their commuting costs (Gaugas and Vosyliūtė, 2015).

Since July 2016, the PES and ten territorial labour offices have been carrying out an evaluation of a new customer service model. According to this new model, every long-term unemployed person is referred to

an individual counsellor who performs social work functions and provides employment services. The objective of this individualised service is to reduce the duration of vacancy filling and job-search. The delivery of integrated services is promoted in order to implement the Council Recommendation on the integration of the long-term unemployed into the labour market. At-risk groups (those out of work for more than 18 months, the registered long-term unemployed and people with poor social skills, long-term health problems or openly expressed addictions) are referred to local PES counsellors. The latter co-operate with a social counsellor and find support from other institutions or organisations implementing alternative programmes, including projects for socially excluded persons or for other persons with difficulties. More than half of the older unemployed are long-term unemployed, and they are likely to have long-term health problems more often than younger age groups. The services provided by various organisations and institutions shall include advice on benefits and social support, recognition of prior non-formal learning, tackling personal barriers to employment (health, long-term family care, financial issues, etc.).

Providing employment/hiring subsidies to firms

Employers who take on older unemployed persons aged 50 and over are entitled to receive a subsidy for up to six months, to compensate for 50% of the wage as well as 50% of the compulsory state social insurance contributions.

Job rotation can be organised by the employer by giving employees special leave, or through other rules set in collective agreements temporarily replacing them with jobseekers. Although no thorough impact assessment has been made, research on the efficiency of ALMPs carried out by the Institute of Labour and Social Research in 2007 indicated that among ALMPs, subsidised employment and job rotation represented two of the most effective measures for increasing return to employment in Lithuania. However, due to low take-up, job rotation was recently abolished.

Recently a Law on Employment was prepared addressing the efficiency of all ALMPs. Inefficient measures that were removed included public works, as only around 10-15% of the unemployed went on to be hired for a permanent job (the placement rate in permanent jobs was doubly high for socially useful activities that were implemented by municipalities); job rotation; and business measures compensating for the costs of issuing a business licence.

Providing other active labour market policies

To enhance incentives to continue working at an older age, the “Description of Procedure on the Integration into the Labour Market and Medical Rehabilitation Measures of the Retired Officers and Soldiers” was approved by the government in 2016. The new measures set in place for statutory officers (police, state border guard service, fire fighters, customs officers) and soldiers who retire and are entitled to the state pension aim to reduce the impact of psychological stress and health problems caused by the service. In accordance with the needs of the retired statutory officers and soldiers, the PES and its territorial labour offices provide labour market services (consultation, information, intermediation on employment, development of an individual occupation plan, etc.) and support for employment measures (e.g. vocational training, subsidised employment). Further, medical rehabilitation and psychological support measures are available.

Start-up incentives as an ALMP are provided to disabled unemployed persons with 0-40% reduced working capacities as well as to young people. They are not generally provided to the older unemployed.

3.3. Enhancing job quality for older workers

Strengthening workplace safety and physical and mental health

The Law on Safety and Health at Work of 2003 stipulates that an employer shall design workplaces that protect workers from risk factors harmful or dangerous to health, and take workers' physical capabilities into consideration. To help employers fulfil this requirement in 2006, the Ministry of Social Security and Labour has made an agreement with Kaunas University of Medicine to draft Methodological Recommendations on How to Adapt Workplaces, Working and Rest Regime to Senior People. These recommendations, issued at the end of 2006, were presented to the Safety and Health at Work Commission and disseminated among enterprises.

Since 2002, employees who are likely to be exposed to occupational risk factors must undergo a pre-entry medical examination, followed by further periodic medical examinations in the course of their employment, in accordance with an approved medical examination schedule for employees.

The Occupational Safety and Health Strategy for 2009-2012 was implemented in two phases; a first plan of measures was approved for 2009-2010 and a second plan for 2011-2012. In particular the plans covered i) company occupational safety and health services, which should contribute to health maintenance and enhancement; and ii) development of occupational safety and health research on accidents at work and occupational diseases prevention. The strategy also emphasised occupational health and safety education throughout working life. It has not been renewed since 2012 (Kaminskas and Fries-Tersch, 2016).

Since 2006, Lithuania has implemented training courses for occupational health and safety professionals. These courses focus on fitting the work system components (work equipment, tools used, the environment) to the individual, particularly with regard to older workers' abilities in order to preserve their employability throughout their working lives. Despite these activities, the European Agency for Health and Safety points to the country's need to strengthen the role of occupational health and safety services in detecting work-related health problems early to allow intervention. The agency points to research showing an alarmingly small number of occupational physicians (3.6%) in occupational health and safety services staff.

The Occupational Health Centre of the Institute of Hygiene is responsible for research, training, expertise, consultation and information in the field of occupational health. The centre is implementing the project "Professional Patient History and Physical Health Problems in Interface with the Work" in order to draw attention to the patient's health status in relation to their working conditions. The objectives of this study are i) to prevent the development of disability and to maintain the patient's ability to work and to extend their working life; ii) to assess the factors that may complicate the course of the disease and pose serious obstacles to recovery; and iii) to recognise occupational disease in a timely fashion and report it. Further, a group of scientists from various academic institutions⁹ is carrying out research in areas such as ensuring working capacity throughout working life, adaptation of the workplace to individuals, the mix of older people and young people, and rehabilitation and return to work.

The National Public Healthcare Development Programme for 2016-2023 includes measures aimed at:

- i. improving the prevention of work-related health problems, accidents at work and occupational diseases, by identifying more cases; eliminating current, new and arising risks; reviewing and

9. This group includes the Institute of Hygiene, the Lithuanian Ergonomics Association, Vilnius University, the Kaunas University of Technology, Vilnius Gediminas Technical University, Aleksandras Stulginskis University, the Lithuanian University of Health Sciences, and the Institute of Labour and Social Research.

improving the legal acts that regulate working environment factors and occupational risk assessment; and creating a mechanism of monitoring work-related health problems and a system for ensuring the quality of employee health checks

- ii. improving the mental health of working age persons by minimising the impact of psychosocial risk on employee health, by paying attention to the importance of psychosocial stressors and the effect of psychological resilience on employee health
- iii. developing occupational healthcare services, monitoring and evaluating occupational healthcare activity
- iv. creating financial and economic mechanisms that would encourage employers to take care of the employees' health
- v. supporting healthy ageing by fostering social ties, developing health education in order to avoid health problems and early disability as well as health differences related to social, economic and environmental factors.

Implementation of this ambitious plan should be timely monitored as it has the potential to improve working conditions and the employability of older workers.

The Action Plan on Healthy Ageing for 2014-2023 aims to enable healthy ageing by improving older employees' accessibility to occupational health services. Measures contained in the action plan include i) the financing of education for older people on health preservation; ii) awareness-raising campaigns; iii) preventing occupational and work-related diseases and ensuring that occupational healthcare services are of high quality as well as accessible; iv) training courses to help professionals identify and prevent occupational diseases.

The Labour Code allows the inclusion of provisions for a safe and healthy working environment and the granting of compensatory allowances. However, collective agreements are not widespread in Lithuania; thus it is rare to find collective agreements with such additional work environment conditions (Lazutka, Poviliunas and Zalimiene, 2016).

Since 2013, it is mandatory for all employers to prepare and submit a declaration on occupational safety conditions in their enterprises to the State Labour Inspectorate. Regional inspectorates monitor whether or not employers are in compliance with the requirements of collective agreements in relation to contract award, execution, and completion. Their task also includes checking for discrimination related to older and disabled workers and ensuring equal opportunities for development (Kaminskas and Fries-Tersch, 2016). The State Labour Inspectorate is also putting an increased focus on prevention, advice and consultation. This is important since Lithuania suffers from a very high rate of fatal accidents at work. However, sanctions in case of law infringement appear limited. In particular, fines are low in international comparison (OECD, 2018).

Reducing the incidence of arduous/hazardous work

Jobs involving AHW are treated as jobs with higher occupational risk. In 2002 the government of Lithuania approved the list of jobs entailing AHW. The list, renewed in 2004, 2007 and 2010, now contains 21 categories of jobs. The Law on Occupational Safety and Health defines occupational disease as an acute or chronic disturbance to health that is diagnosed as an occupational disease and caused by AHW aspects of the job environment.

Balancing professional and family responsibilities

The above-mentioned amendments to the new Labour Code also include the obligation of the employer to allow an employee to take unpaid leave in case the application for leave will be filed by:

- i. A disabled employee or an employee raising a disabled child under 18 years of age or caring for a disabled person for whom a necessity of permanent care has been established (in this case there is a right to unpaid leave of thirty calendar days per year).
- ii. A person caring for a sick family member. The unpaid leave shall be given for a period recommended by the healthcare institution.

Further, in these cases the employee can choose part-time work or remote working. Such regulations can be expected to have a positive impact on balancing professional and family responsibilities for older workers as well.

The planned expansion of the health system and hospital network consolidation includes the development of nursing, long-term care, palliative care, geriatric services, more intensive development of day patient facilities, day surgeries and monitoring services (Government of Lithuania, 2016). The improved availability of elderly care should help reconcile work and family life for older workers.

Table 1. Late Career Scoreboard, Lithuania, 2006 and 2016

	Lithuania		EU28 ^a		OECD ^a	
	2006	2016	2006	2016	2006	2016
Demographic situation						
-- Old-age dependency ratio ^b	0.28	0.32	0.28	0.32	0.23	0.28
-- Effective labour force exit age ^c (years) Men	62.9	62.4	62.0	63.4	63.6	65.1
Women	58.7	61.4	60.5	62.0	62.3	63.6
Employment						
-- Employment rate, 50-74 (% of the age group)	40.1	52.6	38.3	45.4	47.0	50.8
of which 50-54	74.9	80.9	73.1	77.9	73.8	75.7
55-64	49.7	64.6	43.3	55.3	52.7	59.2
65-69	10.5	19.2	9.1	12.1	20.3	25.5
70-74	3.1	6.5	4.4	5.5	12.0	14.6
-- Gender gap in employment, 55-64 ((men-women)/men)	0.19	0.06	0.34	0.21	0.32	0.25
Job characteristics						
-- Incidence of part-time work, 55-64 (% of total employment in the age group)	15.3	8.9	22.1	22.2	20.3	21.1
of which voluntary 55-64 (% of part-time work in the age group)	63.0	64.8	85.4	78.9	87.3	85.2
Average number of weekly hours worked	20.8	19.8	17.1	17.5	16.6	16.9
-- Incidence of temporary work, 55-64 (% of employees in the age group)	2.7	1.0	6.9	6.7	8.9	7.9
-- Incidence of self-employment, 55-64 (% of total employment in the age group)	23.4	6.5	24.1	19.7	38.0	32.8
-- Full-time earnings, ^d 55-64 relative to 25-54 (ratio)	1.01	0.98	-	-	1.09	1.10
Dynamics						
-- Retention rate ^e after 60 (% of employees t-5)	20.1	55.6	37.1	48.8	40.3	50.3
-- Hiring rate, ^f 55-64 (% of employees in the age group)	7.1	12.3	6.1	5.8	9.2	9.1
Joblessness						
-- Unemployment rate, 55-64 (% of the labour force aged 55-64)	6.1	7.7	6.1	6.4	4.3	4.6
-- Incidence of long-term ^g unemployment, 55-64 (% of total unemployment in the age group)	51.9	49.7	49.8	63.7	26.3	44.3
-- Marginally attached workers, ^h 55-64 (% of population in the age group)	1.2	0.8	2.4	1.9	1.2	1.2
Employability						
-- Share of 55-64 with tertiary education (% of population in the age group)	18.2	30.7	17.2	22.9	20.0	26.2
-- Participation in training, ⁱ 55-74 (% of all employed in the age group)	-	4.5	-	8.5	-	-
Relative to employed persons aged 25-54 (ratio)	-	0.60	-	0.66	-	-

a) Weighted averages with the exception of the share with tertiary education.

b) The ratio of the population aged 65 and over to the population aged 20-64.

c) Effective exit age over the five-year periods 2001-2006 and 2011-2016. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first year, using absolute changes in the labour force participation rate of each cohort as weights.

d) Mean gross hourly earnings. Year 2016 refers to 2010.

e) All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 five years previously.

f) Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.

g) Unemployed for more than one year.

h) Persons neither employed, nor actively looking for work, but willing to work and available for taking a job during the survey reference week.

i) Participation in formal and non-formal training in the last four weeks.

Source: OECD estimations from the *OECD Employment Database*, the *OECD Earnings Distribution Database*, *OECD Education at a Glance* and the *Eurostat Database on Education and Training*.

Table 2. Implementing ageing and employment policies in Lithuania, 2017 to mid-2017

1. Rewarding work and later retirement	
1.1. Enhancing incentives to continue working at an older age	
<i>Raising the statutory age of retirement</i>	+
<i>Facilitating phased retirement</i>	+
<i>Better combining of pensions and work income</i>	✓
<i>Rewarding longer careers</i>	+
1.2. Towards restricted use of early retirement schemes	
<i>Restricting access to publicly funded early retirement schemes</i>	?
<i>Introducing specific provisions for arduous/hazardous work</i>	/
1.3. Preventing welfare benefits from being used as alternative pathways to early retirement	
<i>Unemployment (insurance and assistance) benefits</i>	+?
<i>Social aid</i>	+
<i>Disability benefits</i>	/
2. Encouraging employers to retain and hire older workers	
2.1. Preventing discrimination in employment on the basis of age	
<i>Implementing current or new legislation</i>	+
<i>Launching public awareness campaigns</i>	+
2.2. Taking a balanced approach to employment protection by age	
<i>Implementing age-neutral measures</i>	/
2.3. Discouraging mandatory retirement by employers	
<i>By law in general</i>	✓
<i>By sector/occupation, private/public sector, region</i>	+
2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers	
<i>For all older workers</i>	+
<i>Review of the use of seniority wages</i>	/

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce	
<i>Sharing knowledge and experience across different age groups and adjusting work responsibilities of older workers</i>	/
<i>Adjusting the working-time arrangements of older workers</i>	+
<i>Other issues such as internal job mobility, further training, workplace adjustment, age discrimination, mandatory retirement</i>	+
3. Promoting the employability of workers throughout their working lives	
3.1. Enhancing participation in training by workers in their mid- to late careers	
<i>Providing guidance services</i>	/
<i>Providing access to training adjusted to the experience and learning needs of older workers</i>	+
<i>Adapting teaching and learning methods and content to the needs of older workers</i>	/
<i>Promoting lifelong learning and development of the adult vocational education and training system</i>	+
<i>Setting up mechanisms for recognising and validating skills</i>	/
3.2. Providing effective employment assistance to older jobseekers	
<i>Promoting an all-age mainstreaming activation approach</i>	/
<i>Targeting workers most at risk of long-term joblessness</i>	++
<i>Providing employment/hiring subsidies to firms</i>	+
<i>Providing other active labour market policies</i>	+
3.3. Enhancing job quality for older workers	
<i>Strengthening workplace safety and physical and mental health</i>	++
<i>Reducing the incidence of arduous/hazardous work</i>	/
<i>Balancing professional and family responsibilities</i>	+
<p>++ = Substantial action taken. + = Some action taken, but more could be done. +? = Some action taken, but requires further assessment. ? = Some action taken with negative impact. / = No relevant action taken. ✓ = No action needed.</p> <p>Source: Assessment based mainly on answers by Lithuania to the 2016-2017 OECD questionnaire.</p>	

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