



Lithuania Report

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Sustainable Governance Indicators 2022

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Executive Summary

Formal democracy is well developed in Lithuania. Participation rights, electoral competition and the rule of law are generally respected by the Lithuanian authorities. Lithuania has also actively supported the pro-democracy movement in Belarus. Substantive democracy, in contrast, suffers from several weaknesses. Despite recent improvements, party financing is insufficiently monitored and audited, while campaign-finance laws could still be better enforced. Voting participation rates are relatively low, especially in municipal elections (though a switch to the popular election of mayors seems to have increased voter interest). In addition, discrimination against certain societal groups continues. Most importantly, while anti-corruption legislation is well developed and being improved, the public sector continues to offer opportunities for abuses of power as the enforcement of anti-corruption laws remains insufficient.

Lithuanian policymakers have sought to establish and maintain social, economic and environmental conditions that promote citizens' well-being. Nonetheless, the country's policy performance remains mixed, with social policy outcomes lagging behind those of economic and environmental policies. Some observers attribute this to EU transition and integration processes, which have focused primarily on political, economic and administrative issues. Structural reforms in education, healthcare and the broader public sector are lagging behind technological developments, although the EU conditions related to the use of the Recovery and Resilience Fund (2021 –2026) might increase incentives for such reforms and ensure their continuity after the next parliamentary elections in 2024. The country's formal governance arrangements are well designed, yet these arrangements sometimes do not function to their full potential. There are significant gaps with regard to policy implementation and the proper use of impact assessments and stakeholder-consultation processes for important policy decisions. The current coalition government is well aware of those gaps, as indicated by provisions in its program intended to deal with them. However, it is far from clear whether it will be able to transform the practice of public administration and implement structural reforms, especially as it continues to face several crises at the same time. In addition, many governance practices are better developed on the central level than on the municipal level, or alternately can be found in the executive rather than in parliamentary legislative processes.

Overall, for most sustainable-governance criteria, little changed during the review period; this was in large part due to the ongoing crises related to the pandemic as well as illegal migrant flows from Belarus, which distracted political attention away from structural reforms. On an optimistic note, the country's governance arrangements and democracy remained robust despite significant crises.

The coalition government led by the conservatives (Homeland Union, which won 50 out of 141 seats during the 2020 parliamentary elections) has been in power since the end of 2020. Besides the conservatives, the coalition includes two liberal parties – the Liberal Movement (13 seats in parliament) and the Freedom Party (11 seats). During the 2020 election campaign, Ingrida Šimonytė led the party and subsequently became the new prime minister even though she had not formally joined the party (following the example of the previous Prime Minister Skvernelis).

Gitanas Nausėda, a bank economist and an independent candidate, won Lithuania's presidential elections in 2019. He received 66% of the votes cast during the second voting round. His electoral platform, entitled "Welfare State," focused on reducing economic inequality by increasing government expenditure as a share of the country's GDP, although his focus in the first two years in the office was mostly on increasing old-age pensions, with some initiatives focused on reducing the tax burden on low-income earners, helping people with disabilities and improving the country's environmental record.

Lithuania has achieved remarkable progress in terms of broad macroeconomic development. The economy has also been very resilient in the face of multiple shocks, such as the global financial crisis, Russian sanctions and the pandemic. In contrast to previous crises, the government enacted substantial fiscal stimulus to counter the effects of the pandemic. Rapidly increasing inflation rates, including spikes in heating prices, have emerged as a key short-term economic challenge. The World Bank ranked Lithuania 11th out of 190 countries overall in its 2020 Doing Business index, indicating that the country has become one of the most attractive locations in Europe (after Denmark, the United Kingdom, Norway and Sweden) in terms of the regulatory framework facing the private sector.

While significant progress has been made in reducing absolute poverty (mainly as a result of robust growth), the share of the population at risk of poverty or social exclusion remains high. There are also growing regional disparities. In addition, the country continues to perform relatively poorly in terms of life expectancy. The pandemic exposed deficiencies in the healthcare system, as the country registered one of the highest relative death rates in the

world. Up until recently, Lithuania has experienced significant emigration, and although the situation has stabilized, profound demographic challenges remain. Over time, these are likely to have negative effects on economic growth and the pension system, while increasing pressure to restructure the education, healthcare and public administration systems.

In 2018, Lithuania joined the OECD, a process which motivated reforms to state-owned enterprises as well as to a variety of regulatory and anti-corruption policies. In addition, the OECD has provided useful advice, for instance with its report on improving evidence-based policymaking presented in late 2021. However, power and authority remain centralized and are often affected by coalition party politics. Citizens and other external stakeholders rarely take part in government processes, and are not systematically consulted. Despite numerous electoral pledges to improve impact assessments, most major reforms are not accompanied by substantive assessments or stakeholder consultations. In particular, initiatives by members of parliament continue to be poorly prepared and lack proper impact assessments.

The current government has far-reaching structural reform plans, but to date has been largely preoccupied dealing with significant challenges related to the pandemic, the migrant crisis, and geopolitical tensions not only with Russia and Belarus, but also China following Lithuania's recent favorable stance toward Taiwan. The lack of cooperation between the government and the president, very low approval ratings, increasing societal tensions and polarization, and rising disagreements within the ruling coalition significantly reduce the probability of achieving the ambitious reform goals.

Key Challenges

The Skvernelis government (2016 – 2020) had some success in enacting structural reforms, although much less than had been initially hoped. The Šimonytė government (in office since late 2020) also has bold plans for comprehensive structural reforms in many fields but to date has been preoccupied with managing multiple crises. Given strong and arguably increasing polarization, strained relationships with the president, falling approval ratings, and tensions in the coalition, there is a high probability that the government will not be willing or able to implement its structural reform priorities.

To address key policy priorities (e.g., education and innovation, healthcare and public administration reforms), consensus between the government, the president and the parliament will be needed. The commitment to increase defense spending (which is very important given the increasing geopolitical tensions in the region) as well as the political accord between parliamentary parties on the issue of education demonstrate that consensus can be achieved even in the context of geopolitical tensions and confrontational politics. Likewise, policy implementation and institutional reform must be prioritized. The successful development of a liquefied-natural-gas terminal in Klaipėda, an electricity network linking Lithuania, Poland and Sweden, and the adoption of the euro in 2015 demonstrate the country's capacity to complete major political projects. The process of OECD accession created incentives for the reform of state-owned enterprises, and led to additional emphasis on the prevention of corruption.

Key challenges to long-term economic competitiveness include negative demographic trends, labor market deficiencies, inadequacies in education and healthcare systems, a lack of competencies in the civil service, high poverty and social exclusion rates, a lack of public trust, a lack of physical infrastructure (particularly in the energy system), tax system lacking in efficiency and fairness, a large shadow economy, low energy efficiency (especially in buildings), low R&D spending, and feeble innovation. To address these challenges, Lithuanian authorities should continue reforming the public administration and the labor market (including migration rules), the education system, the country's social inclusion policy and the energy sector. Furthermore, as a small and open economy dependent on exports, Lithuania is particularly sensitive to external shocks. To reduce the economy's exposure in this regard, the government must improve the national regulatory environment and increase business flexibility so as to reorient market activities. The performance of the country's schools and higher-education institutions should be improved through structural reforms, innovations in the public sector and institutional capacity-building.

A key problem with Lithuanian public finances is that tax revenues (one of the smallest shares of GDP in the EU) are not enough to provide sufficient funding for high-quality public services. This leads to low service quality, unattractive working conditions and sometimes corruption. This challenge must be addressed by increasing efficiency in the public sector and by reforming the tax system to broaden the tax base (there is a third way possible, of decreasing the public sector's commitments, but there is little political support for this option). Although Lithuania's public finances are currently solid, fiscal challenges will become more difficult in the medium and long term due to the declining population and increasing dependency ratios. The

complex causes of structural unemployment, high levels of inequality and social exclusion must be addressed.

Another challenge is to ensure that EU funds in the upcoming years are used in a way that is both smart and efficient. In total, EU-related investment in Lithuania during the 2021 – 2027 period will reach more than €15 billion. Lithuania has set several important priorities for the use of this funding, including increasing competitiveness and transforming the economic structure; fostering a green and sustainable economy; and investing in physical, digital and social infrastructure. While these goals and financial resources present a great opportunity, they also increase the need for strategic planning, thinking and analytical competencies – areas that currently require substantial improvements.

Democracy and governance arrangements could be improved by strengthening existing laws (e.g., media-ownership transparency) and enforcing other laws more strictly (e.g., anti-discrimination rules and the independence of the public broadcaster). Collaboration between the central government, local governments and civil society actors could be improved by encouraging citizen participation, by making wider use of impact assessments and through stricter adherence to the principle of proportionality within lawmaking processes.

Finally, it should be noted that external geopolitical threats have increased, and pose an increasingly significant risk not only with regard to addressing the abovementioned reform challenges, but also to the persistence of most of the achievements made in the last several decades. The deteriorating security situation in the eastern neighborhood, especially Russia's war against Ukraine and military integration of Belarus, the use of severe political suppression against any type of political opposition in either of these two states, and the growing tension between the United States and China will require additional resources and effective coordination between NATO allies and members of the EU. Dealing with those geopolitical challenges will also involve important tradeoffs, for example, between addressing issues such as climate change and economic development. One important issue will be reducing vulnerabilities related to economic interdependencies between democracies and autocracies, which have increasingly been weaponizing those interdependencies to exert pressure on the policies of EU member states.

Party Polarization

According to the index of ideological polarization in party systems, Lithuania had a medium-sized level of party polarization (4.31 out of 10) in 2018. Previous research found that the polarization and distrust between the two Lithuanian parliamentary blocs, the Homeland Union – Christian Democrats (conservatives) and the Social Democratic party, complicated the implementation of major policy reforms between 2008 and 2012. Additional efforts were often required to mobilize support within competing coalitions organized around conservatives and social democrats, making reforms more difficult.

Party polarization remains a major obstacle to finding cross-party agreements, and has increased since 2016 when the Lithuanian Farmers and Greens Union, which emerged as the surprise winner of that year's parliamentary elections, replaced the Social Democratic party as the main opponent of the conservatives. In the 2016 –2020 parliament, the main coalition party, the Lithuanian Farmers and Greens Union, launched several politically motivated parliamentary inquiry commissions to scrutinize the performance of the government led by conservative Prime Minister Andrius Kubilius during the financial crisis of 2008 – 2009. On the other hand, conservatives did not support most of the incremental structural reforms initiated by the 2016 – 2020 government of Saulius Skvernelis.

Public clashes have only intensified during the COVID-19 pandemic. In the run-up to the 2020 parliamentary elections, conservatives heavily criticized the management of the pandemic by the Skvernelis government. After the new conservative-led center-right coalition came to power in late 2020, the opposition was in turn extremely critical of the new government's approach, culminating in an attempt to force the resignation of the minister of health in autumn 2021. However, this effort, initiated by the Lithuanian Farmers and Greens Union, failed due to insufficient support in the parliament. The new government was also heavily criticized by the opposition for its handling of the migrant crisis on the border with Belarus as well as its foreign policy regarding Taiwan and China. The latter foreign policy issue has led to a highly unusual degree of politicization, featuring disagreements between the ruling coalition and most opposition parties.

Despite confrontational politics in the Lithuanian parliament, the main political parties managed to sign two accords on important issues – the defense

policy in 2018 and on education in 2021. These accords were driven by widespread recognition of the need to increase state financing allocated to these fields. This demonstrates that broad cross-party agreement can be mobilized on some issues. Similarly, no parliamentary party questions the country's membership in the EU and NATO. (Score: 4)

Citation:

Vitalis Nakrošis, Ramūnas Vilpišauskas and Egidijus Barcevičius, Making change happen: policy dynamics in the adoption of major reforms in Lithuania, *Public Policy and Administration*, 34 (4), 2019, p. 431–452.

Sustainable Policies

I. Economic Policies

Economy

Economic Policy
Score: 8

Lithuania has demonstrated remarkable economic progress in the last decades. In 1995, its GDP per capita was second-to-last of all countries surveyed in the SGI report. By 2021, Lithuania had surpassed 13 more countries on this measure, including Spain. Furthermore, the country has been surprisingly resilient in the face of numerous shocks, such as the global financial crisis, the Russian embargo against EU goods and the COVID-19 crisis. During the first year of the pandemic in 2020, Lithuania's GDP growth was second-best in the EU. Lithuania's economic policies have created a reliable economic environment, thus enhancing the country's competitive capabilities and improving its attractiveness as an economic location.

In its 2020 Doing Business report, the World Bank ranked Lithuania at 11th place out of 190 countries. The criteria receiving the most positive assessments included registering property (ranked 4th), enforcing contracts (ranked 7th) and dealing with construction permits (ranked 10th). Meanwhile, resolving insolvency (ranked 89th) was assessed least positively. Lithuania climbed three positions in the 2020 report, from 14th place out of 190 countries in 2019. This is attributable to the fact that obtaining electricity services was made simpler through the launch of an integrated digital application and a reduction in the cost of new connections, as well as to the fact that minority investor protections have been strengthened thanks to the clarification of ownership and oversight structures. In 2020, the government significantly reformed the insolvency regime, with Lithuania now having one of the most efficient insolvency regimes in the OECD. In the Global Competitiveness Report 2019, the World Economic Forum ranked Lithuania at 39th place out of 141 countries (up by one position), with the nation scoring particularly well with regard to its macroeconomic environment (ranked 1st) and ICT adoption (ranked 12th).

The European Commission has identified the following challenges to Lithuania's long-term competitiveness: unfavorable demographic developments, labor market deficiencies and high emigration rates, rising levels of poverty and social exclusion, a lack of competition and interconnections in the country's infrastructure (particularly its energy system), low energy efficiency (especially in the case of buildings), a low level of R&D spending, and poor performance with respect to innovation. Recent increases in energy prices and increasing wages in the labor market have raised potential concerns about the Lithuanian companies' competitiveness, although so far it has not hindered the very rapid expansion of exports. Lithuania has experienced a very rapid increase in prices – in November 2021, the annual inflation rate reached 9.3%, which was the highest rate in the euro zone.

The Šimonytė government has yet to start implementing substantial structural reforms, as its attention has been mostly focused on managing the twin crisis of the pandemic and the migrant flows from Belarus. Nevertheless, in 2022, it plans to start implementing significant reforms in the fields of education, taxation, the civil service and healthcare. Current discussions include increasing the rate and base of the real estate tax, eliminating certain personal-income tax exemptions, and restructuring automobile taxation to tackle pollution. Given that these reforms were postponed until the second half of the current parliament's term, there are doubts as to whether there will be enough resolve to push them through. The divergent positions on tax reform among even among the governing coalition partners is one sign of the potential difficulties ahead in implementing the planned reforms.

Streamlining the regulatory environment for businesses is one of the few areas where some progress has been achieved, especially in terms of the number of procedures and days required to start a new business. However, inefficient government bureaucracy remains the second-most-problematic factor with regard to doing business in the country, according to surveyed business executives. In the Global Competitiveness Report 2019, the World Economic Forum ranked Lithuania at 85th place out of 141 countries with regard to the burdens imposed by government regulation, and 91st with regard to the efficiency of the legal framework in challenging regulations. Additional efforts are necessary to promote Lithuania's transition to a circular economy, as the country's economy remains very resource-inefficient, with landfill remaining the cheapest way of treating industrial waste.

A recent challenge has emerged as a result of Lithuania's stance vis-à-vis Taiwan. After Lithuania agreed in 2021 to let Taiwan establish a diplomatic

office in the country, and further said it intended to open a trade office in Taiwan, Chinese reaction was very harsh. China recalled its ambassador to Lithuania, and the Lithuanian ambassador to China was asked to leave. Furthermore, Lithuanian businesses started encountering problems exporting goods into China. While Lithuanian bilateral trade with China is rather modest, a potentially much more worrying tendency for Lithuania's economy is that China apparently has informally signaled that it would also target any company from other EU countries that is doing business in Lithuania. As a result, business representatives have expressed grave concerns about the negative effects on FDI and Lithuania's participation in global supply chains. This factor, together with growing geopolitical tensions caused by Russia's invasion of Ukraine, has contributed to higher uncertainty.

Citation:

OECD, OECD Economic Surveys, Lithuania, 2020, https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-lithuania-2020_62663b1d-en

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Stability Programme of Lithuania for 2021, April 2021: https://ec.europa.eu/info/sites/default/files/2021-lithuania-stability-programme_en.pdf

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The 2019 Global Competitiveness Report of the World Economic Forum: http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

Labor Markets

Labor Market
Policy
Score: 7

Though Lithuania's labor market proved to be highly flexible during the financial crisis, which could be due to low compliance with the Labor Code, very decentralized labor bargaining and high levels of labor mobility, persistent labor market challenges continue to undermine economic competitiveness. Prior to the pandemic, unemployment rates had been declining, but a mismatch between labor supply and market demand had become the main hurdle in the labor market. It is increasingly difficult for businesses to find suitable skilled labor. Although immigrant workers from Ukraine and Belarus increasingly fill job vacancies in sectors such as construction and transport, immigration procedures are complex and create significant barriers to employment. Skills shortages have emerged in some sectors of the economy, posing an increasing challenge in the tight labor market. In its 2019 report, the European Commission noted a number of challenges such as a shrinking labor force, skills shortages and territorial disparities. However, even as business organizations have increasingly called for a relaxation of immigration procedures, thus allowing for labor migration, policymakers have retained a cautious attitude on respect to this issue.

The pandemic brought its own challenges. The unemployment rate jumped significantly, especially in the “vulnerable” sectors such as accommodation and transport. However, wage growth also continued at a fast pace, supported by the government’s countercyclical policies, as noted by the IMF. For the first time, the average after-tax wage has exceeded the symbolic threshold of €1,000. At the same time, Lithuania currently performs worse than most of its SGI peers on measures such as the unemployment rate, the incidence of low pay and long-term unemployment rates. In the coming years, the labor shortage and structural mismatches between the supply and demand of skilled labor will be among the biggest constraints on the economy’s continued convergence to the EU average. An IMF staff report concluded in November 2021 that “(s)ustained productivity growth, supported by the implementation of politically difficult but needed structural reforms, is the only way to support high wage growth and convergence with Western Europe.”

In the Global Competitiveness Report 2019, Lithuania was ranked highest with regard to the flexibility provided in determining wages (ranked 5th out of 141 countries). However, rules for hiring foreign labor were considered very restrictive (ranked 112th out of 141 countries), and the reported noted that the tax system has a very negative effect on incentives to work (ranked 131st out of 141 countries). Implementation of the new Labor Code has made hiring-and-firing practices more flexible, thus improving the country’s position in this area (59th out of 141 countries in 2019).

In recent years, the minimum wage has been increased a number of times. The minimum monthly wage was increased from €642 to €730 (before taxes) at the beginning of 2022. Though the increase in the minimum wage has helped increase economic consumption, a high minimum-wage-to-average-wage ratio increases the risk of unemployment for low-skilled workers.

Citation:
 COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2019:
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 The 2019 Global Competitiveness Report of the World Economic Forum:
http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf
 IMF, STAFF REPORT FOR THE 2021 ARTICLE IV CONSULTATION, 2021,
<file:///C:/Users/Vytautas/Downloads/1LTUEA2021001.pdf>

Taxes

Tax Policy
 Score: 7

Lithuania has the third-lowest tax-to-GDP ratio in the EU, with tax revenues (including social contributions) at 30% of GDP in 2019 (compared with an EU average of 40%), although this ratio is forecast to increase by 0.7 percentage points by 2022 (highest growth in the EU).

A significant share of government revenue is generated from indirect taxes, especially the value-added tax (VAT), which remains relatively high at 21% (increased from 18% during the financial crisis a decade ago), while environmental and property taxes are relatively low. Taxes on labor (personal-income tax and social security contributions), although reduced somewhat in recent years, are a barrier to the competitiveness of Lithuanian businesses. Furthermore, there is significant tax evasion. According to the European Commission, the VAT gap (as a percentage of theoretical VAT liability) is significantly higher than the EU average – in 2018, it was the third-highest in the EU. Potential tax revenues are still influenced by the country's significant shadow economy, extensive tax avoidance, widespread tax exemptions and low tax morale. An improvement in VAT and excise-tax collection has been noted in recent years; this is attributed partially to improvements in tax administration and partially to a reduction in fuel and tobacco-product smuggling from Russia's Kaliningrad region and Belarus (due to the general decline in trade with Russia).

In terms of horizontal equity, there are mismatches between various groups of economic actors with similar tax-paying abilities. Labor is taxed somewhat more heavily than capital, while specific groups such as farmers and lawyers benefit from tax exemptions. Previous governments have reduced the number of exemptions provided to various professions and economic activities with regard to personal-income tax, social security contributions and VAT. Social security contributions were reduced after the 2019 reform (but the personal-income tax was increased). The ceilings for these contributions (reintroduced in 2019) start at a very high level, but are gradually decreased.

Overall, in terms of vertical equity, the tax system's ability to effect redistribution is relatively small in Lithuania. The tax system to a certain extent imposes a higher tax burden on those with a greater ability to pay taxes, insofar as large companies pay larger sums than do small companies. Moreover, while for many years, Lithuania had a flat income tax of 15%, it was changed to a progressive system with two brackets – 20% and 32%. A further element of progressivity is introduced through the use of an untaxed income threshold, thus favoring those receiving lower wages.

With regard to the competitiveness of Lithuania's tax environment, tax rates themselves – for example, the standard tax on profits of 15% – are not the primary challenge to businesses. Rather, the frequent changes to the tax code are a greater concern. Changes to tax rules are usually initiated when elections approach or when there are changes in the ruling coalition. The current ruling coalition of conservative and liberal parties, however, has been very cautious

with respect to tax reforms, with the reforms outlined in the government program aimed at the removal of remaining tax exemptions. It set up a working group after starting its work, but by late 2021 the working group had stopped its meetings due to disagreements among the coalition partners. In addition, in 2021 the government introduced temporary VAT reductions for the businesses most affected by the COVID-19 pandemic, and in early 2022 used similar measures to soften the sudden increase in heating prices for households resulting from an increase in natural gas prices in Europe.

Many analysts and several international institutions, such as the IMF and the OECD, have for many years been recommending both shifting and expanding the tax burden to somewhat reduce labor taxation and substantially increase property and environmental taxes. Lithuania's tax rates in these areas are among the lowest in the European Union. In 2021, Minister of Environment Gentvilas proposed a revamp to the auto taxes by abolishing the registration tax and introducing an annual one, which would be gradually increased in the coming years. He suggested this as a way of addressing negative externalities and reducing emissions, although the opponents criticized the tax for not targeting the precise externalities and for being regressive. The parliament rejected the proposal in early 2022 amid disagreement among coalition partners and criticism from the opposition.

Citation:

EU Commission, Taxation trends in the European Union 2021, <https://op.europa.eu/en/publication-detail/-/publication/d5b94e4e-d4f1-11eb-895a-01aa75ed71a1/language-en>

EU Commission, Study and reports on the VAT gap in the EU-28 Member States, <https://op.europa.eu/en/publication-detail/-/publication/48f32ee9-f3dd-11ea-991b-01aa75ed71a1>

Budgets

Budgetary Policy
Score: 8

Despite relatively high rates of economic growth, the government in power between 2012 and 2016 was only able to reduce the budget deficit toward the end of its political term. The goal of introducing the euro in 2015 preserved the government's determination to maintain the deficit at a level below 3% of GDP, while the fiscal-discipline law provided an incentive to maintain a balanced fiscal policy as the economy kept growing. In the 2016 – 2019 period, Lithuania actually registered budgetary surpluses. The pandemic contributed to a very significant growth in the fiscal deficit and overall debt in 2020, as a result of contracting tax revenue and increased expenditure. The deficit stood at 7.2% of GDP in 2020, but was projected by the European Commission to fall to 4.1%, 3.1% and finally 1.1% in the 2021 – 2023 period. Gross public debt jumped up by 10 percentage points in 2020 (to 47% of GDP), but is projected to remain rather stable until 2023. In contrast to all previous crises, Lithuania adopted an expansionary fiscal policy stance. Given

the Lithuanian economy's comparatively very good performance during the pandemic, some analysts have argued that fiscal policy was too loose, contributing to overheating and inflationary pressures.

Lithuania faces a number of challenges in terms of keeping its public finances sustainable over the long run. Factors such as projected expenditures (and potentially lower tax revenues) related to an aging population, a relatively restrictive immigration regime, and the vulnerability of the country's small and open economy to external shocks pose significant risks. The government is revising the state budgeting system, with the purpose of extending the time horizon for budgeting and strengthening the link between expenditure and overall economic policy. Economic growth during the pandemic that was better than initially forecasted, along with accelerating inflation, allowed the government to collect more tax revenues than planned; this in turn allowed it to increase funding for wages in the education and healthcare sectors as well as for pensions in 2022.

As noted by many observers and politicians, including current Prime Minister Šimonytė, there is a fundamental tension within the Lithuanian fiscal regime due to a mismatch between the extensive obligations the state has committed to on the one hand, and tax revenue that is insufficient to finance all those obligations adequately. The tax reform that came into effect in 2019 somewhat reduced government revenues due to the easing of the overall tax burden on labor. The Šimonytė government has halted any major tax reforms for 2021, but plans to introduce substantial changes starting in 2023. In particular, there are plans to eliminate certain exemptions, and to restructure (and increase) environmental taxation as well as property taxes.

Citation:

OECD, Economic Surveys: Lithuania, 2020

European Commission, Autumn 2021 Economic Forecast: From recovery to expansion, amid headwinds, 2021, https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2021-economic-forecast_en

Research, Innovation and Infrastructure

R&I Policy
Score: 6

Lithuania's economy is characterized by the exploitation of cheap factors of production rather than innovation-led growth. According to the EU Innovation Scorecard, the country performs below the EU average, falling into the "moderate innovators" group. At the same time, Lithuania has made very substantial progress over the years; for example, its innovation index score jumped from 61.2% of the EU average in 2014 to 92.1% in 2021. Moreover, the share of this sum spent by the business sector is low (totaling just 0.56% of GDP in 2020), as research and innovation policy is dominated by the public

sector and highly dependent on EU funds. Within the country's innovation system, research is oriented only weakly to the market, research products are not supported with sufficient marketing or commercialization efforts, investment is fragmented, funding levels are not competitive with other European states. Although some sectors of the Lithuanian economy are export-oriented and have strong potential for growth, Lithuanian industry is in general dominated by low- and medium-low-level manufacturing sectors.

Lithuanian authorities have used EU structural funds to improve the country's R&D infrastructure. So-called science valleys have been developed, integrating higher-education institutions, research centers and businesses areas that work within specific scientific or technological areas. However, using this new research infrastructure efficiently remains a major challenge, and cooperation between industry and research organizations remains rather weak. The government has also supported the sector through financial incentives (in particular, an R&D tax credit for enterprises) and regulatory measures. Demand-side measures encouraging innovation are less developed. Excessively bureaucratic procedures are still an obstacle to research and innovation, while the existing system of innovation governance is rather complex, with limited synergies between the several implementing agencies and support schemes. Due to the lack of funding and the rules for calculating the salaries of scholars participating in EU-funded programs such as Horizon 2020, incentives to apply to such programs are weak.

The 2012 – 2016 government developed a new smart-specialization strategy intended to focus resources in science and technology areas in which Lithuania can be internationally competitive, although it has been criticized for investing too heavily in the construction of new buildings and renovation of low-ranking universities' campuses. In 2016, the parliament approved new science and innovation policy guidelines, which were proposed by the president. The guidelines proposed restructuring the research and higher-education systems, supporting innovation development, improving coordination of science and innovation policy, and monitoring science and innovation policy implementation. In June 2017, the parliament approved a resolution to optimize Lithuania's state universities. The plan proposed merging the existing state universities into two comprehensive universities in Vilnius and Kaunas, and regional science centers (branches of other Lithuanian universities) in Klaipėda and Šiauliai. However, after intense lobbying by representatives of the existing universities, the initial plan was amended, and the government's ambitions of reducing the overall number of higher-education institutions were scaled back and delayed. By the end of 2019, the implementation of the optimization plan had produced results only in the city of Kaunas.

In its 2019 staff working document, the European Commission recommended the development of a coherent policy framework supporting science-business cooperation, and the consolidation of the various agencies that oversee research and innovation policies in Lithuania. In line with this, the Šimonytė government aims to implement an innovation-sector structural reform by consolidating several institutions into one agency responsible for innovation. Whereas salaries and stipends for researchers at universities are relatively low (in both international context and compared to average compensation in the country), one positive development has been the fact that both the Skvernelis and Šimonytė governments have been increasing funding, which has resulted in rather robust wage growth in the sector. Furthermore, although they still comprise a relatively low share in the total economy, Lithuania has seen very rapid growth in several high value-added sectors, such as biotechnology, lasers, and financial services and technologies. For instance, the biotech industry grew by more than 90% in 2020. Lithuania has also become one of the leaders in the EU in creating a fintech ecosystem.

Citation:

The EU Innovation Scoreboard 2021 is available at https://ec.europa.eu/info/research-and-innovation/statistics/performance-indicators/european-innovation-scoreboard_en
COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2019:
https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-lithuania_en.pdf

Global Financial System

Stabilizing
Global Financial
System
Score: 8

Lithuanian authorities contribute to improving financial-market regulation and supervision. Lithuania joined the euro area and the single European banking supervisory system in 2015. The Lithuanian Ministry of Finance and the Bank of Lithuania (the country's central bank) are involved in the activities of EU institutions and arrangements dealing with international financial markets (including the European Council, the European Commission, the European Systemic Risk Board's (ESRB) Advisory Technical Committee, the European supervisory authorities, etc.). Lithuanian authorities are involved in the activities of more than 150 committees, working groups and task forces setup by the European Council, the European Commission, the ESRB's Advisory Technical Committee and other European supervisory authorities. Lithuanian authorities support inclusive euro area decision-making, which includes EU members that are not members of the euro area, as well as the completion of the banking union.

In addition, the Bank of Lithuania cooperates with various international financial institutions and foreign central banks, in part by providing technical assistance to central banks located in the EU's eastern neighbors. Lithuania's Financial Crime Investigation Service cooperates with EU institutions,

international organizations and other governments on the issue of money laundering. The country has lent its support to many initiatives concerning the effective regulation and supervision of financial markets. In recent years, the Bank of Lithuania has tightened regulation of short-term lending practices to target so-called fast-credit companies and attract foreign financial institutions. At the same time, the Bank of Lithuania has attempted to attract fintech companies to Lithuania in the context of the United Kingdom's withdrawal from the EU, although recently Lithuanian authorities have changed their approach by emphasizing risk control over expansion. An important goal was to foster competition in a banking sector heavily dominated by Nordic banks. Lithuania is regarded as having one of the world's most highly developed fintech-sector regulatory frameworks. Recently, the Bank of Lithuania initiated debates on making Lithuania a center of excellence for anti-money laundering activities. MONEYVAL assessed the bank in early 2019 as a supervisor that proactively implements anti-money laundering measures.

Citation:

The Bank of Lithuania, February 11, 2019: <https://www.lb.lt/en/news/bank-of-lithuania-acknowledged-as-a-supervisor-that-proactively-implements-anti-money-laundering-measures>

II. Social Policies

Education

Education Policy
Score: 7

The educational system in Lithuania is comprised of the following stages: 1) early childhood education and care (pre-primary and pre-primary class-based education); 2) compulsory education for children aged seven through 16 (including primary education, lower-secondary general education, vocational lower-secondary education); 3) upper-secondary and post-secondary education (for people aged 17 to 19); and 4) higher education provided by universities (undergraduate, graduate and PhD studies) and colleges (undergraduate studies). Lithuania has a very high and increasing level of tertiary attainment. Its rate of early school leaving is also below the EU average, at 5.6% in 2020. However, enrollment rates in vocational education and training programs are low.

The reputation of vocational education and training in Lithuania could still be improved. According to an OECD survey of education released in September 2016, only 15% of all students are expected to graduate from vocational training programs compared to an OECD average of 46% and EU average of

50%. Pre-primary education attendance is also low, with only 78.3% of Lithuanian children aged four to six attending pre-primary education programs, compared to the EU-27 average of 92.3%. Adult participation rates in lifelong learning programs are also comparatively low. Moreover, Lithuania needs to increase the quality of its education programs. According to the most recent PISA report, released in early December 2019, Lithuania's students continued to score lower than the OECD average in the areas of reading, mathematics and science. In addition, the share of students in Lithuania performing at the highest level of proficiency in at least in one subject was lower than the OECD average.

A 2017 OECD report on education in Lithuania stated that Lithuania's schools and higher-education institutions would benefit from clarifying and raising performance expectations, aligning resources in support of raised performance expectations, strengthening performance-monitoring and quality-assurance procedures, and building institutional capacity. Furthermore, the country must address mismatches between graduates' skills and labor market needs, as the country's youth-unemployment rate is partly associated with young people's insufficient skills and lack of practical experience. In a staff working document, the European Commission recommended improving quality and efficiency at all levels of education and training, including adult education.

In terms of equitable access to education, the country shows an urban-rural divide and some disparities in educational achievements between girls and boys. However, there are no significant gaps in access to education for vulnerable groups (with the exception of the Roma population and, to a certain extent, the migrant population). Spending on education in Lithuania has been above or around the EU average (4.6% of GDP in 2019 compared to an EU average of 4.7%). However, this expenditure is spread across a large number of institutions, and is often used to maintain buildings instead of to improve education quality. The salaries of researchers and teachers have been increasing in the last several years but still remain insufficient. While the country has a relatively high figure with regard to mean years of schooling (Lithuania was ranked 10th out of 141 countries in the Global Competitiveness Index 2019 in this area), it is relatively difficult to find skilled employees (in the same report, Lithuania was ranked only 124th out of 141 countries in this area). Therefore, Lithuanian authorities should improve the labor market relevance of education and training in order to increase the efficiency of resource allocation.

The total number of school graduates declined significantly in recent years due to demographic changes, from around 29,500 in 2010 to 14,100 in 2020 – a reduction by half compared to 2010. The absolute number of foreign students

studying in Lithuania has been increasing, but this population still makes up 6% of tertiary students. Decreasing student numbers have intensified pressure on the network of higher-education institutions, especially among less popular institutions. For example, in 2016, there were an estimated 2.9 higher-education institutions per 10,000 students in Lithuania, while there were 1.2 per 10,000 students in Finland and 1.1 in Ireland. In addition, more than 50 (out of 614) study programs in Lithuanian universities and colleges failed to attract enough student applications, and thus may be abolished in the future. Although this has led to proposals to consolidate the network of Lithuanian state universities, and vocational education and training institutions, progress in implementing this reform has been slow.

The Šimonytė government has laid out an educational reform plan, placing a priority on improving access and the quality of education. The government aims to reduce the number of secondary schools with an eye to increasing efficiency and, even more importantly, ensuring an adequate level of quality throughout the country. Furthermore, the government has rolled out a plan to create so-called Millennium schools. These schools would have modern infrastructure and emphasize state-of-the-art learning tools, such as leadership and informal education. By 2025, the plan is to have 150 such schools, which would in turn set a good example for others. Private schools and schools that select students by competition will not be eligible for the program. The national Recovery and Resilience Plan (to be financed by the EU economic recovery fund) foresees reform measures in the field of education, with goals including digitalization and improvement in educational performance. This may improve the chances of advancing those reforms and continuing them after the next parliamentary elections, which are scheduled for 2024.

Citation:

The Eurydice reports on Lithuania are available at https://eacea.ec.europa.eu/national-policies/eurydice/content/lithuania_en

COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2019: https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-lithuania_en.pdf

The 2019 Global Competitiveness Report of the World Economic Forum: http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

OECD, Education at a Glance 2021, OECD indicators: <https://www.oecd-ilibrary.org/sites/f9439e9e-en/index.html?itemId=/content/component/f9439e9e-en>

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OECD, Results from PISA 2018, http://www.oecd.org/pisa/publications/PISA2018_CN_LTU.pdf
Government of Lithuania

Council of the European Union, Council implementing decision on the approval of the assessment of the recovery and resilience plan for Lithuania, Brussels, 20 July, 2021, 10477/21, <https://data.consilium.europa.eu/doc/document/ST-10477-2021-INIT/en/pdf>

Social Inclusion

Social Inclusion
Policy
Score: 6

The issue of social exclusion is a key challenge for Lithuania's social policy. Although absolute poverty has been declining considerably, relative poverty rates remain high in the EU context, which is partially due to the limited ability of the existing social transfers to reduce poverty. Therefore, in its 2019 staff working document, the European Commission recommended addressing the issues of income inequality, relative poverty and social exclusion. In 2020, 24.5% of the Lithuanian population was at risk of poverty and social exclusion – down from 30.1% in 2016, but still the sixth-highest such level in the EU. Families with many children, people living in rural areas, youth and disabled people, unemployed persons and the elderly are the demographic groups with the highest poverty risk.

Both the Skvernelis and Šimonytė governments increased the minimum monthly wage and pensions. Nevertheless, disposable income inequality (measured with Gini index), which decreased during the global financial crisis, has again risen, and in 2020 was at the second-highest such level in the EU (after Bulgaria). Furthermore, regional income and opportunity disparities are substantial. Interestingly, however, according to newest research, the level of wealth inequality is one of the lowest within the EU (Bank of Lithuania).

A mix of government interventions (general improvements to the business environment, active labor market measures, adequate education and training, cash social assistance, and social services targeted at the most vulnerable groups) is needed in order to ameliorate Lithuania's remaining problems of poverty and social exclusion. Emigration trends, with young working-age people leaving for jobs abroad and older family members staying in Lithuania to care for grandchildren, have exacerbated the negative effects of social exclusion. However, as the country's economy has grown at rates above the EU average, a reversal of migration trends has recently been observed – in 2020, Lithuania's population increased for the first time since regaining independence.

Citation:

Bank of Lithuania, Tyrimas: kiek turto yra sukaupę gyventojai ir kokia yra turto nelygybė Lietuvoje, <https://www.lb.lt/lt/naujienos/tyrimas-kiek-turto-yra-sukaupę-gyventojai-ir-kokia-yra-turto-nelygybe-lietuvoje>

COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2019: https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-lithuania_en.pdf

Health

Health Policy
Score: 7

In Lithuania, some health outcomes are among the poorest in the EU. Lithuania has among the bloc's lowest expected years of healthy life at birth, as well as one of the lowest life expectancies. The situation for males is particularly bad – the gender life expectancy gap in 2020 was the largest in the EU (at nearly 10 years).

The Lithuanian healthcare system includes public sector institutions financed primarily by the National Health Insurance Fund, and private sector providers financed the National Health Insurance Fund and out-of-pocket patient costs. Government expenditure on healthcare was 7% of GDP in 2019, below the EU average of 9.9%. As a percentage of current healthcare expenditure, spending on preventive care and other related programs is quite low, while the share of spending on pharmaceuticals and other medical non-durables is quite high.

The provision of healthcare services varies to a certain extent among the Lithuanian counties; the inhabitants of a few comparatively poor counties characterized by lower life expectancies (e.g., Tauragė county) on average received fewer healthcare services. Out-of-pocket payments remain high (in particular for pharmaceuticals), a fact that may reduce access to healthcare for vulnerable groups. New prevention-focused programs were introduced by the National Health Insurance Fund. Furthermore, the scope of the new State Public Health Promotion Fund under the Ministry of Health was expanded to support additional public health interventions.

The 2012 – 2016 and 2016 – 2020 governments placed more emphasis on the accessibility of healthcare services and the issue of public health. More specifically, the Skvernelis government reduced the availability of alcohol and tightened regulations on pharmaceuticals in the market. Although the two liberal parties in the new coalition which came to power in 2020 have proposed relaxing alcohol consumption restrictions, the parliament and the government have refused to adopt the measures.

Despite this initiative, the potential for rationalizing the use of resources in the healthcare sector remains largely unfulfilled. There is a need to make the existing healthcare system more efficient by shifting resources from costly inpatient treatments to primary care, outpatient treatment and nursing care. According to the European Commission's 2019 report, the performance of the healthcare system could be improved by increasing the quality, affordability and efficiency of services, which would in turn improve health outcomes in the country. The current coalition government intends to reform healthcare networks to improve the sector's inclusiveness and cost efficiency, but it is

unclear whether these plans can gain the necessary support in the parliament. The government's plan to use some of the Recovery and Resilience Fund money allocated by the EU to Lithuania for reforms in the healthcare sector may provide an additional incentive to pursue reforms and maintain continuity after the next parliamentary elections.

Another major problem is corruption in the healthcare sector. The sector continues to be plagued by a culture of informal payments and "special connections." Furthermore, a case of suicide by a medical practitioner in 2021 led to public discussions of rampant mobbing in the system.

The COVID-19 pandemic resulted in massive challenges to the healthcare system. To some extent, the inefficiency of Lithuania's healthcare system has turned out to be a slight advantage due to the overcapacity of hospital beds. According to *The Economist*, Lithuania experienced one of the world's highest excess death rates during the pandemic. As for vaccination, Lithuanians have been more reluctant than most Western Europeans, but the country actually has one of the highest rates in Central Eastern Europe.

Citation:

The Economist, The pandemic's true death toll, <https://www.economist.com/graphic-detail/coronavirus-excess-deaths-estimates>

COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2019: https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-lithuania_en.pdf
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Families

Family Policy
Score: 7

Many Lithuanian families find it difficult to reconcile family and work commitments. According to the Flash Eurobarometer 470 released in October 2018, 47% of Lithuanian respondents indicated that there are no flexible work arrangements available in their organizations, compared to an EU-28 average of 31%. Interestingly, the rate of those indicating that flexible work arrangements were widespread was the same for both men and women. Nearly half of respondents (47%) disagreed that it was easier for women than for men to make use of such flexible work arrangements. However, more Lithuanians were taking parental leave (34%) than the EU-28 average (26%); 73% of Lithuanian women indicated taking parental leave compared to 30% of men. Among the factors that would encourage them to take parental leave, 51% of Lithuanian respondents preferred receiving additional financial compensation during parental leave (as compared to an EU-28 average of 41%).

The frequent incidence of domestic violence, divorce and single-parent families also present challenges. The country's fertility rate is low in the global context, but average compared to other country's examined in the SGI, and has also been gradually increasing over the last decade. The child poverty rate is average compared to other countries in the SGI report. The female labor force participation rate is very high – the highest among countries surveyed in the SGI report.

Lithuanian family policy is based on a set of passive (financial support to families) and active (social services and infrastructure) policy measures. The government provides some support for women seeking to combine parenting and employment, including family and social-welfare legislation (e.g., special conditions of the Labor Code applicable to families), financial assistance to families raising children (child benefits and partial housing subsidies), and social services targeted at both children and parents (including the provision of preschool education and psychiatric help for parents or children). Although access to kindergartens and other childcare facilities is still insufficient and there is a shortage of both full-time and part-time flexible employment opportunities in the labor market, a number of new initiatives emerged after 2015 municipal elections. The Vilnius municipal government has been among the most active groups in facilitating the establishment of private childcare facilities.

Overall, family policy is quite fragmented and focused on families facing particular social risks (especially through the provision of financial support to families with children). More attention should be paid to developing universal family services (with NGO engagement). The Skvernelis government gave substantial attention to family policy, and passed measures intended to help parents combine parenting and work as well as increases financial benefits for families with children. The Šimonytė government has continued increasing financial benefits, raised salaries for specialists in the field, and introduced some new services. For instance, from 2022, new preventive social services will be introduced; in addition, 250 individual care specialists will begin working to provide care services for families.

In April 2017, the Skvernelis government approved a proposal to increase financial incentives and services for young families and those having children. In November 2017, the controversial Law on the Strengthening of the Family was signed. Although supporters argued that the law is needed to coordinate family policies and provide basic family support services, opponents dismissed it as a selection of declarations and criticized its allegedly discriminatory nature in terms of gender. Also, a new strategy on demographic, migration and integration policy for 2018 to 2030 prioritizes the development of a family-

friendly environment (through financial support to families and various public services) to increase the country's birth rate to 1.9 by 2030 (from a projected rate of 1.68 in 2017).

Citation:

European Commission, Flash Eurobarometer 470 Report on Work-Life Balance, October 2018: <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/survey/getsurveydetail/instruments/flash/surveyky/2185>

Pensions

Pension Policy
Score: 7

Lithuania's pension system does not adequately protect recipients against old-age poverty. The share of the population over 65 years of age who are poor or suffer from social exclusion is well above the EU average; in the 2011 – 2017 period, pension growth lagged behind average wage growth. During the financial crisis, the Lithuanian authorities were forced to cut social expenditures (including pensions), thus increasing the risk of poverty for some retired people. However, pensions were restored to their pre-crisis levels as of 1 January 2012 and policymakers later decided to compensate pensioners for pension cuts made during the crisis. The Skvernelis government decided to allocate an additional €371.8 million for old-age pensions in 2018 and to reform the pension system by shifting responsibility for contributions to the state social security fund from employers to employees and by increasing contributions to private-savings pillars.

In terms of intergenerational equity, Lithuania's three-pillar pension system, which mixes public and private pension programs, should ensure equity among pensioners, the active labor force and the adolescent generation. The 2004 pension reform added two privately funded pillars (a statutory pillar that receives a portion of mandatory state social-insurance contributions, and a voluntary pillar that is funded through private contributions) to the pay-as-you-go (PAYG) state insurance fund. However, this system as a whole suffered from instability and uncertainty; for instance, during the financial crisis, the government cut the share of social security contributions going to the second-pillar private pension funds from 5.5% to 1.5%. Beginning in 2013, this contribution was increased to 2.5%. Also in 2013, another change to the private-savings system was introduced that reduced the contribution level to 2%. Furthermore, it allowed individuals either to stop their private contributions or to gradually top up 2% from the social security contributions to the state insurance fund.

In 2016, the Lithuanian parliament approved a new "social model," which includes three major changes to the state social-insurance pillar. First, the

basic pension is state financed, with an individual share dependent on social security contributions and financed from the Social Security Fund. The Skvernelis government proposed going beyond consolidating the state budget and social security fund to reforming both the pay-as-you-go and private-savings pillars. On the basis of these proposals, the parliament adopted changes to the legislation governing the second pillar of the pension system in 2018. The reform abandoned the system whereby the State Social Insurance Fund Board transferred 2% of social-insurance contributions into the second-pillar pension funds. Instead, a new formula (4% + 2%) for pension accumulation was established. This means that pension-fund contributions comprise 4% of the participant's personal income and 2% of the national average salary as a supplementary contribution paid out of the state budget. Second, clear pension indexation rules link pension increases to average increases in the wage fund. Third, the mandatory period a person must work before qualifying for a pension is gradually being increased from 30 to 35 years by 2027. These changes took effect in 2018.

The Šimonytė government has also increased pensions substantially – they are set to grow by 11% on average in 2022. The new government has also introduced changes to the pension system – in particular, even persons who have not accumulated the necessary work years will also receive a base pension rate. This should help with poverty rates among the elderly, although some analysts have expressed concerns over increasing politicization of the issue and potential disincentive effects. The average pension, which amounted to €255 in 2016, increased to €413 in 2021, and is set to go up to €534 in 2024.

In terms of fiscal stability, Lithuania's pension system faces unfavorable demographic change ahead. The old-age dependency ratio is projected to more than double by 2060 as the working-age population shrinks by a projected 35.8%. The parliament approved a gradual increase in the age of pension eligibility to 65 years in 2011, and in 2012 changed the pension system's second pillar to provide for a possible gradual increase in the share of social contributions received by private funds (however, only 33% of those who participated in the previous pension scheme decided to join a new scheme). The unsustainable pay-as-you-go pillar continues to pose a risk to the sustainability of public finances overall.

Citation:

COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2019: https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-lithuania_en.pdf

Integration

Integration Policy
Score: 7

Lithuania remains a rather homogeneous society. According to the Department of Migration, there were 87,269 foreign-born residents living in the country on 1 January 2021. In total, foreign nationals represented around 3.12% of the country's population. The number increased by 18% during 2020. In the second half of 2020, after the repression of opposition and civil society figures in Belarus that followed presidential elections widely considered by the West not to be fair or free, Lithuania became one of the main destinations for citizens of Belarus fleeing their country, including key opposition figures. Political debates regarding the simplification of employment procedures and education opportunities for migrants from Belarus took place.

The year 2021 brought new substantial changes to the migration situation. In particular, following the political tensions, Belarus President Lukashenko's regime started encouraging and arguably actively organizing migration flows into Lithuania (as well as Poland and Latvia) from places like the Middle East, Africa and Afghanistan. The number of illegal migrants started increasing very fast in the summer of 2021. In total, more than 4,000 illegal migrants arrived in Lithuania during 2021. Importantly, Lithuania shares a long and poorly guarded border with Belarus.

Initially, Lithuanian authorities followed the established procedures, which meant that all migrants seeking asylum had to be let in, and their applications processed. Nevertheless, in response to rapidly increasing flows, public fears and anticipation that even higher migration flows were forthcoming, the authorities changed their strategy. They declared a state of emergency (supported by most of the members of parliament belonging to the parties in government and the opposition), expanded the powers of the armed forces in support of the Border Security Service and the Public Security Service, started building a physical barrier with Belarus, and began physically deterring migrants from entering the country's territory. There was a heated debate about the appropriate strategy, with some local and international observers, NGOs, and politicians criticizing the authorities for breaking international law and EU agreements and violating human rights, and others arguing that the nature of the challenge – perceived as “weaponization” of migration and hybrid war waged by Lukashenko – made this strategy indispensable. The latter position prevailed on the political level.

As part of the EU program to distribute asylum-seekers among member states, Lithuania had earlier committed to taking in 1,105 people over the course of two years, but this quota was later reduced to 1,077 people and extended to 1 October 2019. By late September 2018, 486 refugees had been relocated to

Lithuania from Italy, Greece and Turkey. However, the majority of refugees ultimately left Lithuania for Sweden, Germany or other EU destinations. In November 2019, five people who received asylum and 137 who had applied for asylum were living in refugee reception centers. A total of 192 people who had been granted asylum and 154 who had been reallocated from other EU countries were participating in municipality integration programs.

Most of the country's legal migrants, usually searching for jobs, come to Lithuania from either Ukraine or Belarus, both former republics of the Soviet Union. For this reason, their integration into Lithuanian society has not been very difficult, with most taking up jobs in sectors suffering a labor shortage, such as truck driving or construction. However, the majority of new asylum-seekers are from countries such as Iraq, the Republic of Congo, Syria, Cameroon or Afghanistan. This presents Lithuanian authorities with more complex integration challenges (unless the migrants decide to leave Lithuania). Furthermore, a number of developments call for the implementation of new integration measures, including the country's rising flows of legal and illegal immigration; the economic recovery, which helped contribute to the recent increase in the number of work permits granted to third-country nationals; and the language and cultural problems faced by foreign residents in Lithuania.

Migrants from other EU member states tend to integrate into Lithuanian society more successfully than do third-country nationals. Various cultural, educational and social programs, including the provision of information, advisory, training services and Lithuanian language courses are aimed at integrating migrants into Lithuanian society. However, labor market services are not sufficiently developed in this regard, and foreign residents' access to relevant education and training programs remains limited in practice. Moreover, new integration facilities and services are necessary in order to support the expected new surge of refugees.

Lithuania also arranged the arrival and integration of 14 Afghan families of translators who had helped Lithuanian military in the country. They were settled in the small town of Raseiniai, but most of them later left the town for bigger cities due to the lack of opportunities for work and study. After the military invasion of Ukraine by Russian forces in February 2022, it is likely that a wave of migrants from Ukraine might arrive in Lithuania, though the majority are likely to stay in Poland, where there is an estimated 1 million migrants from Ukraine.

Citation:

Joanna Hyndle-Hussein, Lithuania's reactions to the escalating migration crisis, <https://www.osw.waw.pl/en/publikacje/analyses/2021-11-10/lithuanias-reactions-to-escalating-migration-crisis>

Human Rights Monitoring Institute, REPORT ON ENSURING HUMAN RIGHTS AND FREEDOMS IN PLACES OF TEMPORARY ACCOMMODATION OF FOREIGNERS HAVING CROSSED THE BORDER OF THE REPUBLIC OF LITHUANIA WITH THE REPUBLIC OF BELARUS, <https://hrmi.lt/en/report-on-ensuring-human-rights-and-freedoms-in-places-of-temporary-accommodation-of-foreigners-having-crossed-the-border-of-the-republic-of-lithuania-with-the-republic-of-belarus/>

Safe Living

Internal Security
Policy
Score: 7

Lithuania's internal security has improved in recent decades, in part thanks to Lithuania's accession to the European Union in 2004 and to the Schengen zone in 2007. These relationships improved police cooperation with the country's EU peers and allowed the public security infrastructure, information systems and staff skills to be upgraded. Crime rates remain high compared to other countries in the SGI report, but have declined significantly over time, which is also reflected in surveys about feelings of safety. Road accidents have also declined substantially, whereas several years ago, one of the major policy problems was the so-called war on the roads. Another positive trend has been increasing levels of popular trust in the police and the legal system. In November 2021, 66% of respondents in Lithuania expressed confidence in the police (Vilmorus). The same amount of trust was expressed regarding the national military forces, and 54% trusted the border control services.

As a share of GDP, government expenditure on public order and safety has been gradually declining in the last decade, from 1.8% in 2011 to 1.4% in 2019 (below the EU average of 1.7%). Observers say that motivation, competence and stability within the police force (and other internal-security organizations) are among the most pressing challenges to improving public safety. The annual report of the Lithuanian Security Department highlighted threats linked to the activities of external intelligence services from neighboring non-NATO countries. The country has reconsidered its internal-security policies due to increasing threats associated with Russia's intervention in Ukraine. A new long-term Public Security Development Program for 2015 – 2025, which aims at increasing public safety in the country, was adopted by the parliament in May 2015. In addition, in response to Russia's aggression against Ukraine and increase in its Baltic Sea Region military exercises, Lithuania reintroduced compulsory military conscriptions in 2015. Budgets now consistently contain funding for defense that equals 2% of GDP, sticking to the NATO pledge; moreover, calls to increase this spending to 2.5% of GDP were made after Russia started its war against Ukraine. The government also faced a very significant and multifaced challenge of dealing with the migration crisis, but eventually managed to control it, although arguably at the expense of breaching certain conventions on human rights. Threats from Russia, including its heavily militarized Kaliningrad region, and from Belarus,

which hosted an estimated 30,000 Russian troops, thus acting as a base for their invasion of Ukraine, are currently by far the most important dangers to the country's security.

Global Inequalities

Global Social
Policy
Score: 7

Lithuania's government participates in international efforts to promote socioeconomic opportunities in developing countries through its development-aid policy. Lithuania has provided development aid to Belarus, Ukraine, Moldova and Georgia, as well as to Afghanistan until mid-2021 (where it was involved in the civilian-military mission). This has been implemented through the country's own development-aid and democracy-support program, as well as through the European Development Fund, to which it provides a financial contribution (representing 65% of the country's total development aid). Moreover, in 2011 Lithuania joined the World Bank's International Development Association, which provides loans and grants for anti-poverty programs. Although Lithuania committed to allocating 0.33% of its gross national income (GNI) to development aid by 2015 as part of its contribution to the U.N. Millennium Development Goals, actual levels of government expenditure remain under the target, reaching 0.14% of GNI in 2018 – an increase from 0.12% in 2019. In absolute terms, development aid increased from €63 million in 2018 to €70 million in 2020. The majority of the aid (around 80%) is multilateral. Lithuanians are less supportive of foreign aid than are many of their European peers. According to Eurobarometer, 16% of respondents in 2020 said that tackling poverty in developing countries was important (the EU average was 30%), an increase of three percentage points relative to 2019. A total of 10% said that tackling poverty should be among the main priorities for the national government (compared to an EU average of 21%), an increase of three percentage points compared to 2019.

According to a 2020 report, Lithuania's strengths included a clear and functioning institutional setup, good competencies, and the practice of sharing its reform experiences with other Eastern Partnership countries (Zubė/Mizgerytė). As for deficiencies, apart from aid levels failing to reach commitments by a wide margin, the report identified problems with long-term planning, feeble societal support, limited participation by representatives of the business sector, insufficient involvement in the international aid ecosystem, and a lack of synergies between bilateral and multilateral aid efforts.

As a member of the EU, Lithuania is bound by the provisions of the EU's common policy toward external trade. Although the EU generally maintains a position of openness with regard to trade and investments, it has retained some

barriers to market access and other measures that distort international competition. In rare cases, Lithuania has adopted measures within the EU's external trade regime that restrict trade (e.g., along with other countries, Lithuania prohibited import of a specific genetically modified maize, a measure related to consumer- and environmental-protection concerns, rather than being based on new or additional scientific information about the impact of GMOs). Despite being a small and open economy and officially advocating open global trade policies, Lithuania has often aligned itself in trade discussions with the EU's most protectionist countries, especially on the application of such instruments as antidumping duties. It has also supported trade protection in the farming sector, backing EU import duties on key agricultural products that hurt developing countries specializing in agricultural exports.

In late 2021, after Lithuania agreed to let Taiwan open a diplomatic office in the country, China started obstructing trade with Lithuania and exerting informal pressure on companies from other EU countries to avoid using components made in Lithuania. The Lithuanian government appealed to the EU and its member states to respond with the anti-coercion measures recently presented by the European Commission. This is a sign of potential future tensions with authoritarian countries that might increasingly inhibit EU's external trade relations, especially as the EU has responded with new sanctions against Russian officials, entities and sectors following that country's invasion of Ukraine in 2022.

Citation:

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European Commission, Special Eurobarometer 476 Report EU citizens and development cooperation, September 2018, <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/survey/getsurveydetail/instruments/special/surveyky/2202>

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III. Environmental Policies

Environment

Environmental
Policy
Score: 7

In 2016, Lithuania signed the Paris Agreement, in which it (along with other EU members) committed to reducing greenhouse emissions by 40% in comparison to 1990. Compared to 2005, Lithuania has committed to reduce emissions by 9% by 2030 (excluding sectors which participate in the EU Emissions Trading System).

As noted in a recent OECD survey, there is a discrepancy between the country's ambitious medium- and long-run climate-change goals and existing policies, which are deemed insufficient to achieve them. In particular, taxation is used in a very limited way to tackle pollution and climate-change externalities. The Ministry of Environment has proposed a new (and higher) level of taxation on automobiles, but the proposals have met with considerable criticism, and were in fact rejected by the parliament in early 2022 (at least in their current form). Furthermore, Lithuania does not provide adequate financing for environmental needs – in fact, environmental protection expenditure as a share of GDP has been declining over recent decades, and is substantially below the EU average.

The proportion of energy produced from renewable sources in Lithuania reached 25.5% in 2019, above the country's Europe 2020 target of 23%. The National Strategy for Energy Independence (amended in 2018) includes further regulatory and financial incentives for the use of wind and solar energy, with the goal of having all domestic production of energy be based on renewables by 2050.

The OECD has emphasized the considerable progress made in reducing reliance on landfills, and shifting to recycling and composting. Nonetheless, it also pointed to increased wage generation, and the need to move to a cross-sectoral circular economy.

Water-supply and sewage infrastructures have improved substantially over the years thanks to the use of EU structural funds. However, the provision of adequate connections to the public water supply still remains a challenge in some areas. Moreover, wastewater treatment is inadequate in some respects, with significant differences evident between rural and urban areas. In 2019, only 79% of the population lived in facilities connected to wastewater

treatment plants, and this share has been rising only very gradually over the last decade. However, the government plans to raise this proportion to 85% by 2025 and 95% by 2030 (OECD). In February 2017, the European Commission initiated an infringement procedure against Lithuania for failing to comply with EU wastewater-treatment requirements. Furthermore, the OECD survey has emphasized that “water pollution is worsening across the country.” In particular, mineral fertilizers in agriculture and “insufficiently treated wastewater” are causes for concern.

In the Environmental Performance Index 2020, Lithuania was ranked 35th out of 180 countries (only 24th in the EU), with good rankings in the areas of biodiversity and habitat (9th), but mediocre or poor rankings in the areas of waste management (24th), pollution emissions (26th), agriculture (20th), ecosystem vitality (25th), air quality (33rd), water resources (37th), sanitation and drinking water (57th), heavy metals (57th), and especially ecosystem services (135th). Inadequate legislation and ineffective enforcement in the field of pollution control failed to prevent substantial damage to the environment when a major fire broke out in a tire-recycling facility in Alytus in October 2019. The country’s municipal-waste recycling rate was 45.1% in 2020 (EU average 47.8), down from 48.1% in 2017.

To sum up, while the goals of environmental policy are ambitious, particularly with regard to emissions cuts and the expansion of renewable energy capacities, supporting policies are not implemented consistently. The conservative-liberal coalition government formed after the parliamentary elections of 2020 devotes considerable attention to climate-change mitigation policies in its program. However, after one year, few actual measures have been implemented, though it is likely that the national plan for the use of the Resilience and Recovery Fund financed by the EU for 2021 – 2026, which prioritizes green policies, might act as an important incentive to advance in this area.

Citation:

OECD, OECD Environmental Performance Reviews: Lithuania 2021, <https://www.oecd.org/development/oecd-environmental-performance-reviews-lithuania-2021-48d82b17-en.htm>

COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2019: https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-lithuania_en.pdf
The Article 17 EU Habitats Directive Reports available at http://ec.europa.eu/environment/nature/knowledge/rep_habitats/

The Environmental Protection Index is available at <https://epi.yale.edu/>

Global Environmental Protection

Global
Environmental
Policy
Score: 6

Lithuanian policymakers do contribute to international efforts to strengthen global environmental-protection regimes, but this policy area is not perceived as a government priority. Lithuania has demonstrated commitment to existing regimes (especially those promulgated by the EU or promoted by its institutions) by incorporating international or European environmental provisions into national legislation or strategic documents and implementing them. For example, in 2012, the Lithuanian parliament approved a national policy strategy on climate-change management as a further step in implementing Lithuania's commitments in the area of climate change and energy. Although Lithuanian policymakers are not usually active in advancing global environmental strategies, Lithuania contributed to the Warsaw Climate Change Conference in 2013 as part of its presidency of the European Council. In addition, Lithuania successfully initiated the 2013 U.N. resolution on cooperative measures to assess and increase awareness of environmental effects related to waste originating from chemical munitions dumped at sea. In 2019, Lithuania approved a National Energy and Climate Action Plan for 2021 – 2030 as well as a National Progress Plan for 2021 – 2030, in accordance with the Governance of the Energy Union Regulation. The country's institutions are most active at the regional level, for instance addressing issues related to the Baltic Sea. In recent years, concerns about the safety of the Astravyets nuclear power plant, currently under construction in neighboring Belarus, have become an important issue. Lithuania has outlawed the use of electricity derived from Belarusian nuclear power plants, and is trying to dissuade other Baltic countries from buying it.

Citation:
National Energy and Climate Action Plan of Lithuania for 2021-2030
https://ec.europa.eu/energy/sites/ener/files/documents/lt_final_necp_main_en.pdf

Robust Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

Lithuania's regulations provide for a fair registration procedure for all elections. In general, neither individual candidates nor parties are discriminated against. Minimal requirements for establishing a political party and registering candidacies produced a large number of candidates, and a broad choice of political alternatives in the 2016 and 2020 parliamentary elections as well as the 2019 presidential elections. Independent candidates as well as party-affiliated candidates can stand for election. The so-called public electoral committees, which can take part in the elections and compete with political parties, but face less demanding requirements for registration, can participate in the municipal and European Parliament elections.

However, a few provisions should be noted. The provision that "any citizen...who is not bound by an oath or pledge to a foreign state...may be elected" does not conform to the evolving jurisprudence of the European Court of Human Rights on dual citizenship. The court also ruled that the lifetime ban on standing for elected office on impeached former President Rolandas Paksas was disproportionate. However, this ban has not been lifted, as votes in 2015 and 2018 in the Lithuanian parliament on his electoral eligibility failed. As a consequence, Paksas was unable to run in the 2016 parliamentary elections or the 2019 presidential elections. In 2021, the parliament agreed to consider changes to the constitution that would allow for an impeached person to run for a parliamentary seat after 10 years. Following the 2019 presidential elections, the Organization for Security and Cooperation in Europe (OSCE) suggested removing restrictions barring people with dual citizenship from standing as candidates.

In response to an inquiry initiated by a group of parliamentarians, the Constitutional Court ruled that the territorial boundaries of single-candidate constituencies should be redrawn to reduce population differences that had developed over time due to demographic changes and migration from the provinces to the capital. The decision of the Constitutional Court was implemented in December 2015, when the new constituencies were announced. One major change involved the establishment of two additional

constituencies in Vilnius, where the number of voters has been constantly increasing.

Due to demographic changes, in 2019, two additional constituencies were established – one in Vilnius and one for Lithuanians living abroad – and two rural constituencies were abolished. The decision to allow electoral committees to stand in municipal elections was a hotly debated issue during the 2015 and 2019 elections, as these committees are not regulated as tightly as political parties, and critics say their existence has contributed to the further decline of the already weak political parties.

Citation:

OSCE/ODIHR Lithuania, Parliamentary Elections, 11 and 25 October 2020: Final Report, see <https://www.osce.org/odihr/elections/lithuania/477730>

OSCE/ODIHR Election Assessment Mission Final Report on the 2019 presidential election in Lithuania, see <https://www.osce.org/odihr/elections/lithuania/433352?download=true>

OSCE/ODIHR Election Assessment Mission Report on the 2016 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/elections/lithuania/296446>.

ECHR judgment of Jan. 6 of 2011 on Case of Paksas v. Lithuania, [http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-102617#“itemid”:\[“001-102617”\]](http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-102617#“itemid”:[“001-102617”]).

Media Access
Score: 9

The publicly owned media are obliged to provide equal access to all political parties and coalitions. Debate programs on the state-funded Lithuanian Radio and Television are financed by the Central Electoral Commission. The media are also obliged to offer all campaigns the same terms when selling air time for paid campaign advertisements.

Newly introduced restrictions on political advertising, as well as restrictions on corporate donations to political parties, reduced the ability of the most-well-financed parties to dominate the airwaves in the run-up to the elections. Privately owned media organizations are not obliged to provide equal access to all political parties.

According to the Organization for Security and Cooperation in Europe (OSCE), Lithuania’s media environment in general demonstrated ample plurality of opinion during the 2016 and the 2020 parliamentary elections, with the freedom of expression generally respected. However, in its 2020 election report, the organization noted that “(a)lthough the public broadcaster organized candidate debates, their format did not allow for any substantial discussion that would help voters to make an informed judgment.”

The OSCE similarly concluded that the “media provided extensive coverage, which enabled citizens to make an informed choice” after the country’s 2019 presidential elections. At the same time, the OSCE recommended reviewing the rules governing media conduct during electoral campaigns, with the aim of

clearly distinguishing paid political advertising from other forms of campaign coverage. Currently, the vague definition of political advertising leaves space for arbitrary decisions, the organization indicated.

One of the rare recent controversies had to do with attempts in 2018 by the Lithuanian Farmers and Greens Party, which was then in government, to change the oversight of the state-funded Lithuanian Radio and Television. This was viewed by many analysts as an attempt to politicize its activities and influence the content of broadcasting (see also “Media Freedom”).

Citation:

OSCE/ODIHR Lithuania, Parliamentary Elections, 11 and 25 October 2020: Final Report, see <https://www.osce.org/odihr/elections/lithuania/477730>

OSCE/ODIHR Election Assessment Mission Final Report on the 2019 presidential election in Lithuania, see <https://www.osce.org/odihr/elections/lithuania/433352?download=true>

OSCE/ODIHR Election Assessment Mission Report on the 2016 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/elections/lithuania/296446>.

Voting and
Registration
Rights
Score: 9

All citizens who are over the age of 18 on election day are eligible to vote. Citizens living abroad may vote if they preregister. Several proposals for the introduction of internet-based voting have been rejected by the parliament, although this issue continues to reappear on the political agenda. Votes can be cast in person on election day, but provisions are also made for early voting, out-of-country voting, voting in special institutions and voting for those who are homebound. There are no specific disincentives to voting, although the absence of internet voting capabilities may limit participation rates for citizens living abroad, as overseas voting must be done in person in diplomatic missions that are usually located in the capitals or other major cities of foreign countries. After the 2016 parliamentary elections, alleged cases of vote-buying in rural electoral districts emerged, leading to police investigations and the removal of one elected member of parliament from the party list. No such major cases of suspected vote-buying came to light during the 2019 municipal, presidential or European parliament elections, or the 2020 parliamentary elections. The parliamentary elections in autumn 2020 took place amid the second wave of the COVID-19 pandemic. A longer period of early voting was allowed, with more polling stations established, and social distancing measures and drive-through voting for voters in self-isolation were enacted during the voting on election day. As observed by the OSCE, voters were afforded ample opportunities to cast ballots.

Citation:

OSCE/ODIHR Lithuania, Parliamentary Elections, 11 and 25 October 2020: Final Report, see <https://www.osce.org/odihr/elections/lithuania/477730>

OSCE/ODIHR Election Assessment Mission Final Report on the 2019 presidential election in Lithuania, see <https://www.osce.org/odihr/elections/lithuania/433352?download=true>

OSCE/ODIHR Election Assessment Mission Report on the 2016 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/elections/lithuania/296446>.

Party Financing
Score: 7

Political parties may receive financial support from the state budget, membership fees, bank loans, interest on party funds and through citizens' donations of up to 1% of their personal-income tax, as well as through income derived from the management of property; the organization of political, cultural and other events; and the distribution of printed material. State budget allocations constitute the largest portion of political parties' income, as corporations are no longer allowed to make donations to political parties or to election campaigns. Attempts by the ruling parliamentary majority in 2018 to change state budget allocation rules to secure funding for the newly established Lithuanian Social Democratic and Labor party, part of the ruling parliamentary coalition, failed after the president vetoed the parliament's effort to borrow additional funds.

Following the 2016 parliamentary elections, the OSCE suggested clarifying the term "third parties" for campaign-finance purposes, and extending regulations affecting donations, expenditure limits and reporting requirements to cover these groups. For instance, the Lithuanian Central Electoral Commission found the Liberal Movement guilty of gross violations of the law on campaign financing because of a financial donation received from a third party during the electoral campaign. Furthermore, implementation of the rules should be more closely monitored and enforced. For example, the Labor party, part of the 2012 to 2016 coalition government, was taken to court for failing to make public about €7 million in income and expenditure through the 2004 to 2006 period. After several years examining the case, the appeals court found two party members and one party official guilty of fraudulent bookkeeping, though they escaped prison sentences. The Lithuanian Prosecutor General's Office has appealed this ruling to the Supreme Court. Also, in November 2018, the Central Electoral Commission ruled that the Lithuanian Social Democratic party had seriously violated campaign-finance regulations by exceeding spending limit for political advertising during the 2016 parliamentary elections. As a penalty, regulators imposed a six-month suspension funding suspension on the party.

In 2020, several amendments were made to the regulation of political parties' financing. These included stricter sanctions in cases illegally attained funds, new limits on cash funding, and stricter controls on political campaign expenditures and advertising.

In its report on the 2020 parliamentary elections, the OSCE noted that Lithuania has taken into account some earlier recommendations (related to sanctions and expenditure reporting before elections), but that other recommendations have not been implemented, in particular those related to

third-party campaigning and raising the monetary threshold for donations that must be declared.

Citation:

OSCE/ODIHR Lithuania, Parliamentary Elections, 11 and 25 October 2020: Final Report, see <https://www.osce.org/odihr/elections/lithuania/477730>

OSCE/ODIHR Election Assessment Mission Final Report on the 2019 presidential election in Lithuania, see <https://www.osce.org/odihr/elections/lithuania/433352?download=true>

OSCE/ODIHR Election Assessment Mission Report on the 2016 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/elections/lithuania/296446>.

Popular Decision-Making
Score: 8

Lithuanian citizens can propose policies and make binding decisions on issues of importance to them through referendums and petitions. Since the reestablishment of Lithuania's independence in 1990, there have been 14 referendums, although only five of these have been successful in terms of attracting sufficient number of voters (including the 2004 referendum approving Lithuania's membership in the European Union and the 2012 consultative (advisory) referendum on the construction of a new nuclear power plant). A referendum to amend the constitution to introduce dual citizenship was held in conjunction with the 2019 presidential elections, but this failed to attract the number of votes necessary to change the constitution. Today, to call a referendum, a total of 300,000 signatures of Lithuanian citizens with the right to vote must be collected within three months. For the referendum to be valid, more than one-half of all voters must participate. Citizens also have the right to propose a legislative initiative (by collecting 50,000 signatures within two months) that, if successful, must be addressed in parliament. Only three citizens' initiatives secured the necessary signatures to be debated during the 2012 to 2016 parliament. One initiative proposed to control alcohol consumption, a second proposed a ban on use of electricity supplied from the newly built nuclear power plant in Belarus, and the third was related to the use of foreign-language characters in official documents. No initiatives have been attempted since 2016. A right to petition also exists, giving individuals the ability to address the parliament's Petition Commission.

Access to Information

Media Freedom
Score: 9

Lithuania's media is not subject to government influence. Private newspapers and independent broadcasters express a wide variety of views and freely criticize the government. Though the media's independence is generally respected by the incumbent government, there have been a few recent attempts to restrict media freedom.

In Reporters Without Borders' 2021 Press Freedom Index, Lithuania was ranked 28th out of 180 countries on the issue of press freedom, an increase of two positions compared to 2019. Despite this generally positive situation,

court decisions and prosecutors' orders are sometimes a threat to media independence. The parliament is alleged to have meddled in the operations of the public broadcasting service, Lithuanian Radio and Television, by setting up a special parliamentary inquiry commission to investigate the activities of the broadcaster. The commission found ineffective and opaque operations and suggested changes to the governance of the state-funded Lithuanian Radio and Television that could politicize appointments to its Council and a new Board whose establishment was proposed in the recommendations. The conclusions of the committee were not approved by the parliament during its plenary vote in November 2018, but new legislative proposals were later introduced to implement them. In September 2018, Lithuanian authorities discontinued the practice of providing free data from the Center of Registers for requests from journalists, but this decision was later reversed after reporters appealed to government officials. In addition, media independence could be compromised as the government remains a key advertiser, and that a large proportion of media outlets are owned by a small number of domestic and foreign companies. Similarly, regional media is dependent on local government for advertising and other types of support, which might restrict their ability to criticize local government.

With the aim of combating hostile propaganda and disinformation, the Lithuanian authorities introduced modifications to the Public Information Law that impose a penalty of up to 3% of a broadcaster's annual income for spreading information that is deemed war propaganda, encouragement to change the country's constitutional order, or an encroachment on the country's sovereignty. This national security decision restricted the broadcasts and rebroadcasts of some Russian TV channels in Lithuania. In March 2015, the Vilnius Regional Administrative Court issued a three-month ban on broadcasts by two Russian television channels that violated Lithuanian broadcasting regulations. The European Commission backed the Lithuanian authorities.

In 2020, the courts ruled in favor of journalists' rights to access information in an important case. The Skvernelis government had refused to provide information about a government meeting, and had deleted the recordings. "This set a very important precedent, giving journalists right of access to all non-classified information," wrote Reporters Without Borders about the case.

During the pandemic, the state provided financial assistance to the media, but according to Reporters Without Borders, this aid "was not distributed fairly and transparently." In addition, the group said, "hospitals, municipal councils, courts and other state institutions restricted journalists' access to information" during the pandemic.

Citation:

2021 WORLD PRESS FREEDOM INDEX, see <https://rsf.org/en/lithuania>

Media Pluralism
Score: 7

Lithuania's electronic and print media markets are characterized by a mix of diversified and oligopolistic ownership structures. Ownership structures are not transparent. Publicly owned electronic media (the state-funded National Radio and Television) to some extent compensate for deficiencies or biases in private sector media reporting. According to Transparency International (the Vilnius office), some media entities are more transparent than others. In 2014, the Journalists' and Publishers' Ethics Commission criticized print publications Respublika and Lietuvos rytas for failing to comply with professional ethics in publishing public information; however, these media companies have continued to show serious, regular violations of professional ethics, without being penalized. In some cases, business conglomerates own multiple newspapers and TV channels. Media-ownership concentration has been increasing over the last several years due to the purchase of media outlets by domestic and foreign companies. Five groups of media companies (Delfi, 15min, Lietuvos rytas, Verslo žinios and Alfa) dominate the media market. In addition, although state and municipal institutions cannot legally act as producers, the Druskininkai municipality finances a newspaper that is freely distributed to locals by working through an educational organization. In 2014, the Vilnius district court ruled that the Druskininkai municipality broke the law by publishing this newspaper. Between 2015 and 2016, other news of ruling municipal politicians limiting the independent reporting of regional media or close connections between ruling parties and regional media outlets surfaced, evidencing that on the municipal level pluralism of opinions is limited. According to Transparency International's Vilnius office, about 25 Lithuanian politicians and civil servants have stakes in the country's media companies. Ramūnas Karbauskis, the co-leader of the ruling Lithuanian Farmers and Greens Union, sold his shares in the newspaper Ūkininko patarėjas. In its 2020 report, Freedom House noted growing risks to media freedom due to increasing ownership concentration, which often leads to self-censorship on the part of journalists and editors. Furthermore, the group pointed out the detrimental effects of the pandemic's economic effects, as well as the danger of potential restrictions on media freedom due to "a vaguely worded law restricting the dissemination of information that 'abases family values.'" Freedom House consequently lowered Lithuania's score on the freedom of expression and belief.

The population shows relatively low levels of trust in the media, with only 25% of respondents indicating that they trust media organizations, and 34% stating that they do not, according to a December 2021 survey by Vilmorus. This represented a significant deterioration since 2019.

Access to
Government
Information
Score: 9

Citation:

See information by the Journalists' and Publishers' Ethics Commission
<http://www.lzlek.lt/index.php?lang=1&sid=371&tid=400>

Vilmorus survey:

<http://www.vilmorus.lt/index.php?mact=News,cntnt01,detail,0&cntnt01articleid=2&cntnt01returnid=20>

Freedom House, Freedom in the World 2021, Lithuania,
file:///C:/Users/Vytautas/Desktop/SGI/Lithuania_%20Freedom%20in%20the%20World%202021%20Country%20Report%20_%20Freedom%20House.pdf

The principle of freedom of information is upheld in Lithuania's constitution and legislation. For instance, the Law on the Provision of Information to the Public states that, "Every individual shall have the right to obtain from state and local authority institutions and agencies and other budgetary institutions public information regarding their activities, their official documents (copies), as well as private information about himself." Appeals can be made to an internal Appeals Dispute Commission and to administrative courts. Legal measures with regard to access to government information are adequate, and do not create any access barriers to citizens; however, citizens often fail to take advantage of their right to use this information.

Information-access provisions in Lithuania apply to all levels of the executive, yet exclude the legislative branch. The right to request information is held by citizens of and legal residents within Lithuania and European Economic Area states, as well as foreign nationals with a residence permit (in contrast to most OECD countries, where there are no such legal restrictions concerning the status of participants). Following a complaint by 10 media organizations to the parliamentary Ombudsman regarding difficulties in accessing information, the Ombudsman issued a recommendation to the Ministry of Culture asking that journalists' right to acquire information be promptly respected. The OECD has recommended helping the country's civil service better understand the added value associated with access to information.

OECD data shows that in comparative terms, Lithuania performs very poorly in the area of government data access. In 2019, it was last in the OECD in terms of data availability and government support for reuse, and fifth from the bottom in terms of data accessibility. Its overall index score was also the worst in the OECD, although it did increase very slightly compared to 2017. The conservative-liberal coalition government formed in late 2020 has a number of provisions in its program relating to open data, and has expressed the intention of improving transparency and citizens' access to data.

Citation:

OECD, Open, Useful and Re-usable data (OURdata) Index: 2019, 2020,
<https://www.oecd.org/countries/lithuania/open-useful-and-re-usable-data-ourdata-index-2019-45f6de2d->

en.htm

OECD, Public Governance Review Lithuania- Fostering Open and Inclusive Policy Making Key Findings and Recommendations. 2015.

<http://www.opengovpartnership.org/blog/ogp/2014/02/12/three-cohort-2-countries-will-not-receive-irm-reports>.

Civil Rights and Political Liberties

Civil Rights

Score: 7

It is relatively easy for all residents to gain Lithuanian citizenship, and civil rights are officially protected by the constitution and other legislative provisions. However, there are some problems regarding effective protection of citizens' rights. According to the U.S. Department of State, Lithuania's most significant human-rights problems include poor prison conditions, intolerance of sexual and ethnic minorities, and the lengthy detention of people awaiting trial. Additional problems include interference with personal privacy, domestic violence, child abuse, and libel and anti-discrimination laws that limit the freedom of expression. Lithuanian authorities do seek to prosecute or otherwise punish officials who committed abuses, and Lithuanian courts provide legal protection against illegitimate or unjustifiable interventions into personal life. On the Civic Empowerment Index, produced by the Civil Society Institute since 2007, Lithuania scored 41.3 out of 100 in 2020 – a relatively low level, and yet its highest to date. In the 2021 Freedom House report, Lithuania was given a score of 52 out of 60 on the issue of civil liberties.

Lithuanian society shows only an average interest in public affairs, while the social environment remains unfavorable for civic engagement. A total of 18% of the Lithuanian population indicated in 2014 that they had experienced violations of their rights, and again only 18% said they had taken action to protect themselves, indicating an insufficient degree of awareness of human rights.

The migrant crisis has brought difficult challenges for Lithuania. After essentially allowing free entry into Lithuania for migrants entering from Belarus claiming asylum status, the authorities changed their policy and in practice began denying access to migrants by erecting physical barriers and pushing back people who were trying to enter the country. This was done due to the perception that elevated migrant flows were being specifically engineered by Belarusian President Lukashenko as a form of “hybrid warfare,” in a response to Lithuania's active stance promoting the democratic opposition in Belarus. Furthermore, the sheer number of actual and potential migrants led the authorities to believe that strict action was necessary, as it was feared that the situation would soon become physically unmanageable. At the same time, NGOs and several international organizations expressed concerns about both

the strategy and tactics pursued, which in several respects were considered to be in violation of certain international agreements and human rights.

Citation:

Country Report on Human Rights Practices for 2011 on Lithuania is available at <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>

The Index of Civil Power measured by the Civil Society Institute is available at <http://www.civitas.lt/en/research/civic-empowerment-index/>

Survey on the situation of human rights in Lithuania, <http://www.hrmi.lt/musudarbai/tyrimai/178/visuomenes-nuomones-apklausa/>

Freedom House Report on Lithuania 2021, available at <https://freedomhouse.org/country/lithuania/freedom-world/2021>

Human Rights Monitoring Institute, REPORT ON ENSURING HUMAN RIGHTS AND FREEDOMS IN PLACES OF TEMPORARY ACCOMMODATION OF FOREIGNERS HAVING CROSSED THE BORDER OF THE REPUBLIC OF LITHUANIA WITH THE REPUBLIC OF BELARUS, <https://hrmi.lt/en/report-on-ensuring-human-rights-and-freedoms-in-places-of-temporary-accommodation-of-foreigners-having-crossed-the-border-of-the-republic-of-lithuania-with-the-republic-of-belarus/>

Political Liberties
Score: 9

Lithuanian institutions generally respect the freedoms of assembly and association. Lithuania obtained a very high score on the issue of political rights (38 out of 40) and a high score on civil freedoms (52 out of 60) in the Freedom of the World Report published by Freedom House. Lithuanian political parties operate freely, with the Communist party being the only banned grouping. Non-governmental organizations may register without serious obstacles, and human-rights groups operate without restrictions. In 2010, an appeals court ruled that Lithuania's first gay-pride parade could go ahead on the basis of the right to peaceful assembly. This parade (a controversial issue in this majority Roman-Catholic country) was initially banned by a lower court due to concerns over potential violence. Another gay-pride parade was allowed to be held in the center of Vilnius in 2013. The freedom of religion is also largely upheld in practice, but certain government benefits are granted only to traditional religious communities. Workers may form and join trade unions, strike, and engage in collective bargaining, but slightly less than 10% of the country's workforce is unionized. According to the Freedom House report, "strikes are relatively uncommon due to strict regulations, a lack of strike funds and the absence of a culture of industrial action." The Supreme Court has ruled that the right to strike can be used only after other measures provided for in the Labor Code have been exhausted. A new labor code that came into force in 2017 provides additional instruments for the organization of strikes.

In 2021, there was a substantial uptick in protest activities. In May of that year, around 15,000 people protested against the country's vaccination policy and plans to introduce legalize same-sex partnerships. In August, protests against pandemic management policies in front of the parliament turned violent – a policeman was injured, and members of parliament had to be evacuated. The city of Vilnius refused to grant permission to hold several

protests in defense of traditional family values and against pandemic policies, citing concerns over public health and safety, but courts overruled these decisions.

In September 2021, an LGBTQ+ march took place in the municipality of Kaunas. Kaunas' mayor stated that in his opinion, an event of that nature should not take place on the main avenue of the city, but the courts stated that the organizers had the right to organize the march.

Citation:

The 2021 freedom rating of Lithuania by the Freedom House is available at <https://freedomhouse.org/country/lithuania/freedom-world/2021>

Non-
discrimination
Score: 7

Lithuania legislation is largely consonant with European non-discrimination standards. The country's Criminal Code regulates racially motivated and xenophobic incidents and discriminatory acts. In 2013, Lithuania made it possible to conduct investigations into and prosecute domestic-violence offenses without the victim's consent, and simplified the procedure for legal gender recognition based on the submission of medical proof of gender-reassignment surgery.

A number of state institutions are tasked with preventing various forms of discrimination, but their activities lack coordination. Furthermore, NGOs implement activities aimed at strengthening the participation and representation of specific vulnerable groups (e.g., the small Roma population and members of the LGBTQ+ community). Some awareness-raising campaigns have sought to prevent racial discrimination and promote tolerance, but these have been fragmented.

The impact that criminal cases, special-representation measures and awareness-raising campaigns have had on the elimination of discrimination is unclear due to the limited evidence available. Lithuania's human-rights organizations, particularly the Lithuanian Center for Human Rights, claim that a lack of attention from state institutions, disproportionate budget cuts during the financial and economic crisis, and policy-implementation failures have undermined anti-discrimination and anti-racism efforts.

Despite the adoption of anti-domestic-violence legislation, spousal and child abuse remain problems, as illustrated by a woman's death in 2013 (due to a lack of response from the police emergency-response center). According to Eurobarometer surveys, combating discrimination effectively in Lithuania remains difficult due to a lack of public support. In addition, political opposition occasionally forms a significant barrier to the implementation and enforcement of equality legislation.

Lithuania ranks 20th in the EU on the Gender Equality Index, with 58.4 points out of a possible 100 (up by one position and 2.1 points compared to 2020). Since 2010, Lithuania's score has increased by 3.5 points, but its relative ranking has deteriorated by three positions. According to the European Institute of Gender Equality, Lithuania performs best when it comes to work (11th place in the EU) and lags most in the domain of power (18th) which reflects "gender equality in economic decision-making." Currently, 73% of parliamentarians are men, but only 57% of the government's members are men. Furthermore, all three leaders of the ruling coalition are women, with two of them serving as the prime minister and as speaker of the parliament.

Citation:

Report on racism and related discriminatory practices in Lithuania can be found at http://cms.horus.be/files/99935/MediaArchive/publications/shadow%20report%202010-11/ENAR%20Shadow%20Report_Lithuania_2011_FINAL_CONFIRMED.pdf

Information on Lithuania by the Committee on the Elimination of Racial Discrimination is available at <http://www2.ohchr.org/english/bodies/cerd/followup-procedure.htm>

The 2021 freedom rating of Lithuania by the Freedom House is available at <https://freedomhouse.org/country/lithuania/freedom-world/2021>

European network of legal experts in gender equality and non-discrimination, Lithuania country report 2016: <http://www.equalitylaw.eu/downloads/3737-2016-lt-country-report-nd>

The 2021 Gender Equality Index available at <https://eige.europa.eu/gender-equality-index/2021/LT>

Rule of Law

Legal Certainty
Score: 7

Overall, the regulatory environment in Lithuania is regarded as satisfactory. Its attractiveness was increased by the harmonization of Lithuanian legislation with EU directives in the pre-accession period, as well as by good compliance with EU law in the post-accession period. In the World Bank's 2020 Worldwide Governance Indicators, Lithuania scored at the 82nd percentile with respect to the rule of law – a rank that has not changed appreciably throughout the 2015 – 2020 period. The Lithuanian authorities rarely make unpredictable decisions, but the administration has a considerable degree of discretion in implementation. Although administrative actions are based on existing legal provisions, legal certainty sometimes suffers from the mixed quality and complexity of legislation, as well as frequent legislative changes. For instance, during its 2012 to 2016 term, the parliament passed more than 2,500 legislative acts. An OECD report in 2021 noted a problem with the "inflation of legal norms." A substantial number of laws (e.g., 40.4% of all laws adopted by the parliament between 2012 and 2016) are deliberated according to the procedure of special urgency, which limits the ability to discuss proposals thoroughly during the legislative process.

The unpredictability of laws regulating business activities, especially the country's tax regime, increased at the start of the financial crisis in 2008 –

2009, when taxes were raised to increase budget receipts. Since that time, successive governments have put considerable focus on creating a stable and predictable legal business environment. The 2015 OECD report on regulatory policy in Lithuania recommended several measures to improve the regulatory environment for businesses. In addition, the previous coalition government had pledged to introduce more predictable policies. However, in late 2019, business associations criticized the debates over potential new tax-code changes as being chaotic, and as violating a two-year-old agreement with the social partners in which the government had promised to ensure the stability of the tax regime.

The pandemic introduced profound levels of unpredictability and has – arguably inevitably – resulted in frequent and substantial regulatory changes. Nevertheless, it would be inappropriate to conclude that the quality of the rule of law or the regulatory regime has deteriorated, as the pandemic itself represented a major exogenous shock. Furthermore, its management required balancing predictability on the one hand and acting flexibly in adapting governmental rules and responses to the rapidly changing circumstances on the other. However, the use of government decrees instead of laws adopted by the parliament for managing the pandemic and in introducing important restrictions on citizens’ activities has been criticized.

Laws are often amended during the last stage of parliamentary voting, generally due to the influence of interest groups, a process that increases legal uncertainty. In addition, state policies shift after each parliamentary election (e.g., in autumn 2016, the adoption of the new Labor Code was suspended), reducing predictability within the economic environment. This is particularly true for major infrastructural projects and social policy. For example, pension system rules are frequently amended, increasing uncertainty and reducing trust in the state. In addition, as parliamentary elections approach, legislators frequently become more active in initiating new, often poorly prepared legal changes meant to attract public attention rather than being serious attempts to address public issues. Although most such initiatives are rejected during the process of parliamentary deliberations, they often cause confusion among investors and the public.

The Worldwide Governance Indicators of World Bank are available at <http://info.worldbank.org/governance/wgi/#home>
OECD, Regulatory Policy in Lithuania: Focusing on the Delivery Side, OECD Reviews of Regulatory Reform, OECD Publishing, Paris, 2015 http://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania_9789264239340-en.

OECD, Lithuania: Indicators of Regulatory Policy and Governance 2021, <https://www.oecd.org/gov/regulatory-policy/lithuania-country-profile-regulatory-policy-2021.pdf>
OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development. Paris: OECD 2021.

Judicial Review
Score: 9

Lithuania's court system is divided into courts of general jurisdiction and courts of special jurisdiction. A differentiated system of independent courts allows monitoring of the legality of government and public administrative activities. The Constitutional Court rules on the constitutionality of laws and other legal acts adopted by the parliament or issued by the president or government. The Supreme Court reviews lower general-jurisdiction court judgments, decisions, rulings and orders. Disputes that arise in the sphere of public administration are considered within the system of administrative courts. These disputes can include the legality of measures passed and activities performed by administrative bodies, such as ministries, departments, inspections, services and commissions. The system of administrative courts consists of five regional administrative courts and the supreme administrative court.

The overall efficiency of the Lithuanian court system, in terms of disposition time and clearance rate, was assessed by the EU Justice Scoreboard as good. This indicates that the system is capable of dealing with the current volume of incoming cases. Lithuania is one of the leading countries in the European Union in terms of the length of proceedings. The consolidation of district and regional administrative courts will distribute cases more evenly.

According to Vilmorus opinion surveys, public trust in the courts is low. Between 2016 and 2018, these levels showed some modest increase, but an October 2019 Vilmorus survey indicated renewed decrease to about 20%. This was associated with a major corruption probe in which numerous judges were alleged to have taken bribes during criminal proceedings. In December 2021, the public trust level stood at 22% (with 31% expressing distrust). Public trust in the Constitutional Court is higher (47% in May 2021). The OECD has noted that confidence in the judiciary over the last decade was the highest level among OECD members.

Citation:

The EU Justice Scoreboard, see http://ec.europa.eu/justice/effective-justice/scoreboard/index_en.htm

For opinion surveys see <http://www.vilmorus.lt/en>

OECD, Government at a Glance 2021, Lithuania Factsheet, 2021, <https://www.oecd.org/gov/gov-at-a-glance-2021-lithuania.pdf>

Appointment of
Justices
Score: 9

The country's judicial appointments process protects the independence of courts. The parliament appoints justices to the Constitutional Court, with an equal number of candidates nominated by the president, the chairperson of the parliament and the president of the Supreme Court. Other justices are appointed according to the Law on Courts. For instance, the president appoints district-court justices from a list of candidates provided by the Selection

Commission (which includes both judges and laypeople), after receiving advice from the 23-member Council of Judges. Therefore, appointment procedures require cooperation between democratically elected institutions (the parliament and the president) and include input from other bodies. The appointment process is transparent, even involving civil society at some stages, and – depending on the level involved – is covered by the media. In a recent World Economic Forum survey gauging the public’s perception of judicial independence, Lithuania was ranked 53rd out of 141 countries. Based on the EU Justice Scoreboard, the perceived independence of courts and judges among the general public is around the EU average. Around 50% of Lithuanian respondents assessed the independence of courts and judges as being very good or fairly good, a share that has gradually increased over the 2016 – 2021 period. Companies’ assessments were even more positive.

Citation:

The 2019 Global Competitiveness Report of the World Economic Forum: http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

The EU Justice Scoreboard, see http://ec.europa.eu/justice/effective-justice/scoreboard/index_en.htm

Corruption
Prevention
Score: 6

Corruption is not sufficiently contained in Lithuania. In the World Bank’s 2020 Worldwide Governance Indicators, Lithuania scored at the 80th percentile on the issue of corruption control, up from 69th in 2018. In the new Index of Public Integrity, Lithuania was ranked 35th out of 114 countries overall, but only 87th on the issue of budget transparency.

One of Lithuania’s key corruption prevention measures is an anti-corruption assessment of draft legislation, which grants the Special Investigation Service the authority to carry out corruption tests. According to the Lithuanian Corruption Map of 2020, measured by the Special Investigation Service based on surveys, the institutions viewed as most corrupt were hospitals, the court system, the parliament and local authorities. A total of 35% of the general population indicated that corruption was a very serious problem. However, there are some positive trends. Compared to previous surveys, the general population, civil servants and business people were for the most part less likely to claim that corruption has become worse, and were more optimistic about the future. For instance, 33% of the general population and as much as 77% of civil servants think that corruption has decreased over the last five years.

In September 2017, the Special Investigation Service investigated allegations of corruption involving Lithuania’s Liberal Movement and Labor party. The parties are suspected of accepting bribes and selling political influence. For instance, two Liberal Movement members are alleged to have accepted bribes of more than €100,000 on behalf of the party from a vice president of a major

business group in exchange for political decisions that benefited the corporation. The Special Investigation Service has also launched a high-profile corruption probe into the alleged illegal activities of 48 people (mostly judges and lawyers) suspected of various crimes involving around 110 individual criminal acts.

In 2020 and 2021, the Special Investigation Service launched several prominent corruption investigations targeting the judicial and healthcare sectors, along with government institutions responsible for granting building permits and territorial planning.

According to a 2019 World Economic Forum report, Lithuanian firms still perceive corruption as one of the most important problems for doing business in the country (with the country ranked 36th out of 141 countries in terms of the incidence of corruption). Since state and municipal institutions often inadequately estimate the risk of corruption, not all corruption causes and conditions are addressed in anti-corruption action plans. The European Commission has suggested that Lithuania develop a strategy to tackle informal payments in healthcare and improve the control of conflicts of interest declarations made by public officials.

In 2020, a major scandal broke out when two lobbyists – the heads of the Lithuanian Business Confederation and the Lithuanian Banks Association – were detained as part of an investigation into large-scale bribery. The allegations were related to the use of illegal influence to change legislation. Following the scandal, laws on lobbying were amended, “although their implementation and efficacy are still uncertain” (Nations in Transit 2011). According to the OECD, Lithuania currently has “has good structures in place to monitor and report on integrity and lobbying.”

At the end of 2018, the Lithuanian government created a new Commission for the Coordination of the Fight Against Corruption, which will provide a cross-institution forum to steer implementation and monitoring of the National Anti-Corruption Program. Lithuanian authorities also increased penalties for corruption-related crimes, linking these to the damage caused or benefits obtained from the illegal activities. President Nausėda devoted attention to the reduction of corruption by bringing public attention to the new initiatives and to good practices. Laws on corruption prevention were amended in 2021 with the aim of making corruption prevention efforts more comprehensive.

Citation:

OECD, Government at a Glance 2021, Lithuania Factsheet, 2021, <https://www.oecd.org/gov/gov-at-a-glance-2021-lithuania.pdf>

The Worldwide Governance Indicators of World Bank are available at <http://info.worldbank.org/governance/wgi/#home>

The Lithuanian Corruption Map is available at <https://www.stt.lt/analitine-antikorpucine-zvalgyba/lietuvos-korupcijos-zemelapis/7437>

The 2019 Global Competitiveness Report of the World Economic Forum: http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

The European Commission. Annex 15 to the EU Anti-Corruption Report: Lithuania. Brussels, 3.2.2014. COM (2014) 38 final.

the Transparency International Corruption Perception index for Lithuania is available at <https://www.transparency.org/country/LTU>

The Index of Public Integrity is available at <http://integrity-index.org/>

The European Commission. Annex 15 to the EU Anti-Corruption Report: Lithuania. Brussels, 3.2.2014. COM (2014) 38 final.

Good Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 8

Lithuania's strategic-planning system was introduced in 2000 and has been updated several times since. At the central level of government, the planning system involves all stages (planning, monitoring and evaluation) of managing strategic and operational performance. The main strategic documents include the long-term Lithuania 2030 strategy and the medium-term National Progress Program, which is in turn linked to short-term strategic-performance plans and budget programs. The planning system in general is well-institutionalized; its functioning is supported by a network of strategic-planning units within each ministry and a governmental Strategic Committee that was reintroduced in 2013. However, the strategic-planning system suffers from unnecessary complexity. About 250 strategic documents exist, while strategic action plans include 1,800 monitoring indicators. The 2016 – 2020 government developed guidelines and an action plan for restructuring the strategic-planning and budget-formulation system to focus more on results and ensure fiscal sustainability. A new draft law on strategic management is intended to regulate the results-oriented strategic-management system. Implementation of this legislation would reduce the number of strategic-planning documents from 290 to 100; however, many types of strategic-planning documents would remain. In 2020 the Act of Strategic Planning was adopted with the aim of reducing the overall number of strategic documents and goals, and creating a more efficient planning and monitoring system. Furthermore, in 2021 a new strategic-management methodology was approved by the government.

A State Progress Council composed of politicians, public and civil servants, academics, business leaders, and other representatives of Lithuanian society was established to help design the Lithuania 2030 strategy and monitor its implementation. The Council's composition was updated after the 2012 to 2016 government came to office and meetings were held on a regular basis

until 2016. Although the 2016 to 2020 government was initially reluctant to employ this governance arrangement, after almost two years of putting Council activities on hold it decided to update its composition. The Šimonytė government that came to power in 2020 has promised to prepare a long-term strategy called “Lithuania 2050” by the end of 2023. In early 2022, the government approved new members for the State Progress Council, and it started its work on preparing this strategy.

More generally, although these strategic and advisory bodies take a long-term perspective and offer viable policy solutions, their influence on governmental decision-making varies by policy issue. There is a certain gap between the long-term policy aims contained in various strategic documents and both the outcomes of concrete legislative decisions and the actual practices of individual public sector organizations, especially during the times of crisis. The persistent problems in properly applying impact assessments in the legislative process to a large extent explain this gap. In addition, politically important decisions are sometimes made without due consideration of strategic priorities and performance-monitoring, with strategic-planning documents and performance reports often playing little role in daily decision-making processes or the activities of street-level bureaucrats.

Expert Advice
Score: 6

Lithuanian decision-makers are usually quite attentive to the recommendations of the European Commission and other international expert institutions. They are also receptive to involving non-governmental academic experts in the early stages of government policymaking. The governments led by Andrius Kubilius and Algirdas Butkevičius set up expert advisory groups (including the so-called Sunset Commission, which involved several independent experts). The Skvernelis government, however, did not renew the mandate of the Sunset Commission. Instead, the Skvernelis government decided to develop a Government Strategic Analysis Center (STRATA) tasked with generating new evidence for policymaking, using the government’s reformed Research and Higher Education Monitoring and Analysis Center (MOSTA) as a basis.

However, major policy initiatives are usually driven by intra- or interparty agreements rather than empirical evidence provided by non-governmental academic experts. In many cases, expert recommendations are not followed when the main political parties are unable to come to a political consensus. In addition, the rarity of ex ante impact assessments involving experts and stakeholder consultation contributes to the lack of timely evidence-based analysis. For example, debates on the amendments to the Alcohol Control Law, which was adopted by the parliament in 2017, were affected by the lack of timely evidence-based analysis. Some initiatives publicly discussed by the government in 2018 – 2019 (e.g., the introduction of vouchers for buying food

from small retailers, or the relocation of the Ministry of Agriculture from Vilnius to Kaunas) were not accompanied by impact assessments.

During the COVID-19 pandemic, governments started relying much more on expert advice in selecting measures to tackle the spread of the virus and address challenges in the healthcare system. However, this for the most part concerned experts in medicine and epidemiology, and to a lesser extent data scientists. Experts in the social sciences were much less involved. Medical experts were not initially involved systematically, but a more comprehensive approach emerged with the creation of the Medical Experts Council as an initiative of the president.

The conservative-liberal coalition government formed in late 2020 stated in its program that it intends to devote more attention to the conduct of impact assessments and consultations with stakeholders, including experts. The government also received a set of recommendations from the OECD, which prepared a policy study on how to better utilize evidence for policymaking purposes. In November 2021, STRATA and the European Commission jointly organized a workshop on the use of science to inform policymaking, in which other ways of improving the use of science for policymaking purposes were also discussed. After the 2020 elections, the parliament established a Committee for the Future, which regularly invites experts to its discussions. However, consultations with experts on concrete legislative initiatives proposed by members of the parliament are rare, and depend on the personal initiative of specific committee chairpeople.

Citation:

Bortkevičiūtė et al., Nuo greitų pergalių prie skaudžių pralaimėjimų: Lietuvos viešosios politikos atsakas į COVID-19 pandemiją ir šios krizės valdymas 2020 m, 2021, Vilnius: Vilnius University.

OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development, Paris: OECD, 2021.

European Commission, Science for policymaking in Lithuania workshop, November 23, 2021, https://knowledge4policy.ec.europa.eu/event/science-policymaking-lithuania_en

Interministerial Coordination

GO Expertise
Score: 7

Under Prime Minister Kubilius (2008 – 2012), the Office of the Government was reorganized into a Prime Minister's Office and given the task of assisting in the formulation and execution of government policies. This reform increased the capacities of the core government to assess the policy content of draft government decisions, at the expense of its capacity to review their legal quality. However, this latter function was moved to the Ministry of Justice. Shortly after taking power, the Butkevičius government (2012 – 2016) reversed this organizational reform, reorganizing the Prime Minister's Office

once again into the Office of the Government. Under Prime Minister Skvernelis (2016 – 2020), the Office of the Government was again reorganized to better support the formulation of strategic reforms and centralize efforts to exert quality control over draft legal acts. It commissioned a study conducted by the OECD on increasing the use of expertise. The Šimonytė government (in office since 2020) is also aiming to increase capacities at the center of the government and within the ministries, with the goal of increasing the quality of the draft bills prepared and submitted by ministries, as well as of the reviews conducted by the government office. Overall, the Office of the Government has sectoral-policy expertise and evaluates important draft legal acts.

Over the last 10 years, the development of evidence-based decision-making instruments (e.g., a monitoring information system, a budget-program assessment system, and an impact-assessment system) has increased the capacity of the core government to monitor and evaluate draft policy decisions based on the government's political agenda. However, the degree of effectiveness has varied by instrument, as well as with the relevance and quality of the empirical evidence available for decision-making. After assessing the coordination of regulatory policy in Lithuania, the OECD recommended establishing an integrated strategic plan for better regulation, a high-level coordination body and a better-regulation unit within the central government.

In 2021, STRATA and the Office of the Government launched a project designed to create an interinstitutional competence network, with the aim of better coordinating the various public sector institutions and organizations with analytical competences. Implementation was set to start in 2022.

Citation:

OECD, Regulatory Policy in Lithuania: Focusing on the Delivery Side, OECD Reviews of Regulatory Reform, OECD Publishing, Paris, 2015 http://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania_9789264239340-en.

OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development, Paris: OECD, 2021.

Line Ministries
Score: 7

The government adopts multiannual political priorities, coordinates their implementation and regularly monitors progress. As a result, it focuses on policy proposals and strategic projects related to these annual priorities. The majority of policy proposals are initiated by ministries and other state institutions, but the Office of the Government is kept informed with regard to their status and content. The fact that all policy areas are legally assigned to particular ministers, coupled with the fact that since 2000 governments have been formed by party coalitions rather than a single party, has meant that line ministries enjoy considerable autonomy within their policy areas. The Office

of the Government is sometimes called upon to mediate policy disagreements between line ministries. The Šimonytė government, which took office in 2020, has aimed to increase coordination capacities, with the prime minister often personally devoting her attention to the legislative proposals of line ministries. In 2021, the government compiled a list of top-priority initiatives for which ex ante impact assessments were to be conducted by line ministries, with advice provided by STRATA experts. STRATA also conducted a number of training sessions for line ministries, with the goal of increasing their skills in conducting ex ante impact assessments.

A recent survey of the Lithuanian regulatory system described the ex post regulatory assessment process as “nascent,” and in the process of institutionalization. Currently, the Ministry of Justice is responsible for coordinating the ex post evaluation framework. The survey noted that “while the Ministry of Justice has a high level of legal expertise, it is not appropriately equipped in terms of analytical capacities for providing a leading function for ex post regulatory assessments.” It was therefore suggested that the coordination function be transferred to the Office of the Government, “while mandating STRATA to provide methodological and analytical support for ex post evaluation.” The Ministry of Justice should continue to be responsible for “ex ante legal conformity,” the report said, while the Office of Government “would focus exclusively on the overall quality of higher impact legislation.” The OECD also recommended that analytical skills be cultivated within line ministries by establishing a separate track within the civil service for policy analysts and evaluators.

Citation:

STRATA/OECD, Evidence at the Centre of Government in Lithuania : Strengthening Decision-Making and Policy Evaluation for Long-term Development, <https://strata.gov.lt/lt/apie-mus/projektai/irodymais-gristos-politikos-formavimas-ir-politikos-vertinimas-vyriausybes-centre>

OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development, Paris: OECD, 2021.

Cabinet
Committees
Score: 7

Although Lithuania’s government can create advisory bodies such as government committees or commissions, the number and role of such committees has gradually declined since the beginning of the 2000s, when coalition governments became the rule. Top-priority policy issues are frequently discussed in governmental deliberations organized before the official government meetings. The Strategic Committee is composed of several cabinet ministers, the chancellor and a top prime-ministerial deputy who manages the government’s performance priorities, policy and strategy. Another government committee, the Crisis Management Committee, advises the government on crisis management. A Governmental European Union Commission continues to act as a government-level forum for discussing Lithuania’s EU positions; made up of relevant vice-ministers and chaired by

the minister of foreign affairs. Separately, a new commission established at the end of 2018 has been tasked with developing a strategy for sustainably increasing the wages of public sector employees through 2025. In 2019, another commission was created to advise the government on issues related to technology, science and innovation. Furthermore, there is a commission focusing on the monitoring of national human resources, as well as a petitions commission. However, these coordination processes are often detached from the daily political agenda, and paid little attention by ministers, who are often driven by their party agendas; for example, this means that some policymakers show little interest in the EU agenda and its connection to Lithuania's national policies.

Ministerial
Bureaucracy
Score: 7

The process of drafting laws and resolutions requires consultation with the ministries and state institutions affected by the issue. The coordination process is led by the ministry responsible for a given issue area. Coordination takes place at various levels of the administrative hierarchy: coordination at the civil-servant level is followed by that of ministerial representatives (junior ministers and ministerial chancellors) representing the ministries at the government level. The latter meetings, which had been initially discontinued under the Skvernelis government, were later reintroduced in the form of inter-institutional meetings after a change of the government chancellor.

Coordination is a lengthy, well-documented process. Joint working groups are sometimes established, while interministerial meetings are used to coordinate the preparation of drafts and resolve disagreements before proposals reach the political level. All draft legislation must be coordinated with the Ministry of Justice and/or the Office of the Government. However, the substance of coordination could be improved if the initiators of draft legislation were to use consultation procedures more extensively in assessing the possible impact of their proposals. The importance of coordination should be recognized not only during the planning phase, but also during the implementation, monitoring and evaluation phases of the policy process.

Informal
Coordination
Score: 7

Formal mechanisms of interministerial coordination still dominate the decision-making process, despite the emergence of new informal coordination mechanisms and practices at the central level of government. Political councils have at times been created to solve political disagreements within the ruling coalition, though this practice was not continued under the Šimonytė government that took office in 2020. In addition, the leadership of political parties represented in the government is often involved in the coordination of political issues. Informal meetings are sometimes called to coordinate various issues at the administrative or political level. Since the Skvernelis government

decided at the end of 2018 to make all government meetings public (official government sessions had already been public before this decision), cabinet ministers have more frequently engaged in informal policy discussions.

Furthermore, the 2012 to 2016 government planned to develop a senior civil service stratum, which could actively engage in policy coordination at the managerial level. However, these politically sensitive provisions were later withdrawn from subsequent drafts of the Civil Service Law. New civil service legislation adopted in 2018 did not establish a higher civil service. In addition, by making ministerial chancellors into political appointees, Lithuanian authorities have further politicized the ministry administrations.

Digitalization for
Interministerial
Coordination
Score: 8

Lithuanian authorities use digital technologies frequently quite effectively to support interministerial coordination during policy development and monitoring. Various document management systems track the execution of activities set out in the Government Program's Action Plan and other documents, while the MIS (Monitoring Information System) supports the preparation of strategic (action) plans and budget programs. There are two systems and IT tools for monitoring the implementation of EU-financed and national interventions (the Structural Funds' MIS and MIS). Also, there is a special information system that enables online cooperation among state institutions and external stakeholders in the negotiation of EU legislation, while a new system for the coordination of systemic projects is under development within the framework of managing government priorities.

Although Lithuanian authorities rely strongly on IT systems during interministerial coordination, the application of collaborative knowledge management tools (e.g., shared spaces and collaborative learning) is underdeveloped. New IT solutions are being developed centralizing support services in a newly established National Center of Shared Services that will provide accounting and personnel management services to more than 100 institutions associated with the central government. Digital technologies do support policy coordination, but their potential is not exploited for jointly improving policy content during policy formulation, or to take corrective management actions during policy-monitoring processes. Several new laboratories have been established (PolicyLAB and GovTech) that may promote the development of innovative digital solutions in the public sector.

In the E-Government Development Index, Lithuania was ranked 20th in the world in 2020, up 20 places compared to its 2018 ranking. In addition, in the 2019 International Civil Service Effectiveness (INCISE) index, Lithuania scored quite well in terms of digital services (eighth place among surveyed countries, which included high-income countries). Nevertheless, digital

competencies and digital resources are still insufficient, as revealed in part by the challenges faced in managing the COVID-19 pandemic. The planned investments for economic transformation under the Recovery and Resilience Fund (2021 – 2026) include measures to further upgrade the use of IT and advance digitalization within the public administration.

Citation:

United Nations, E-Government Development Index, 2019, <https://publicadministration.un.org/egovkb/Data-Center>

International Civil Service Effectiveness (INCISE) index, 2019, <https://www.bsg.ox.ac.uk/about/partnerships/international-civil-service-effectiveness-index-2019>

Evidence-based Instruments

RIA Application
Score: 7

Although impact assessments became mandatory for draft government decisions in 2003, high-profile regulatory initiatives are in most cases not in fact subject to in-depth assessment. The OECD argued that impact assessment in Lithuania remains a largely formal exercise intended to justify choices that have already been made (with a strong preference for the regulatory option). A recent OECD study concluded that “most RIAs are conducted as a formality, with limited impact.” The principle of proportionality, under which important legislative initiatives with far-reaching possible effects would be given more detailed impact assessments, is often ignored. Consequently, this instrument is generally disregarded by ministers and especially members of parliament.

The insufficient use of RIAs is a function of both demand and supply problems. On the supply side, there is a dearth of skilled policy analysts, both due to the low attractiveness of work in the civil service, as well as general characteristics within the labor market and education system. Moreover, “in most Lithuanian ministries, analytical capacities are dispersed through line departments and understaffed policy units.” In general, “skills and capacities to supply robust and credible evidence remain low” (OECD). On the demand side, the problems are related to a lack of a developed culture fostering evidence-based policy, as well as the very high number of legislative proposals – what is referred to as legislative inflation. In addition, policymakers themselves at times do not possess the necessary skills to understand and use the results of policy evaluations.

In 2019, the Government Strategic Analysis Center (STRATA) was created (on the basis of the Research and Lithuanian Science and Education Monitoring and Analysis Center (MOSTA)). The goal of the new center is “to strengthen evidence-informed decision-making mechanisms from a center-of-government perspective” (STRATA, 11). STRATA has been granted a much broader mandate, but its current analytical and staff capacities are inadequate

to address this enlarged scope of activity. In 2020 and 2021, STRATA organized training sessions for line ministries and civil servants from the parliament on how to conduct ex ante impact assessments. Its experts also provide advice to line ministries on high-priority impact assessments as they are being conducted. The program of the Šimonytė government (which took power in late 2020) contains provisions on improving the conduct of impact assessments and focusing on the quality rather than the quantity of new legal initiatives. In late 2021, OECD presented a set of concrete recommendations on improving RIA skills, advising that quality be more closely monitored and that the government pay greater political attention to the issue. However, it remains to be seen how those recommendations will be implemented by the government. Moreover, there is little interest among the members of the parliament in using impact assessments more systematically for their own legislative initiatives. Although the statute has provisions describing its use, there is no specific methodology on how RIAs should be conducted, and the use of external expertise depends on the particular chair of each committee.

The recent developments with government's policy vis-a-vis Taiwan and China is a good case in point. It appears that little in the way of impact assessment was carried out before significant foreign policy steps were taken, with profound implications for the country's geopolitics, businesses and economy.

Citation:

OECD, Lithuania: Indicators of Regulatory Policy and Governance, 2021 <https://www.oecd-ilibrary.org/sites/6f5c1860-en/index.html?itemId=/content/component/6f5c1860-en>

STRATA/OECD, Strengthening Decision-Making and Policy Evaluation for Long-Term Development, 2021, <https://strata.gov.lt/lt/apie-mus/projektai/irodymais-gristos-politikos-formavimas-ir-politikos-vertinimas-vyriausybes-centre>

OECD, Regulatory Policy in Lithuania: Focusing on the Delivery Side, OECD Reviews of Regulatory Reform, OECD Publishing, Paris, 2015 http://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania_9789264239340-en.

OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development, Paris: OECD, 2021.

Quality of RIA
Process
Score: 5

The process of regulatory impact assessment does not ensure sufficient participation by relevant stakeholders. External stakeholders in Lithuania do not see impact assessment as a useful tool, because it provides little room for their feedback or contributions. Although four institutions are tasked with overseeing the quality of impact assessment, the quality of impact assessments is not in fact systematically monitored. Therefore, draft government legislation is checked primarily for legality, with little attention paid to the possible impact of the proposed legislation. Though RIA results are available for decision-making, they are rarely debated or otherwise used in the policy process. The principle of proportionality is not applied as major political initiatives are raised without proper impact assessments.

The OECD has noted that although “consultation is systematically required once a regulation is drafted ... it does not frequently take place before a decision to regulate is made” (OECD). At the same time, the report pointed out that Lithuania has been developing its “stakeholder engagement and consultation methodology,” in particular related to “written guidance on how to conduct stakeholder engagement in 2019” (OECD). The Skvernelis government (2016 – 2020) adopted guidelines on consulting stakeholders during the legislative process, a task that is meant to be performed during the conduct of ex ante impact assessments. This issue was been discussed during the training sessions for civil servants conducted by STRATA in 2020 and 2021 on how to properly conduct impact assessments. The OECD study presented in late 2021 provided concrete recommendations on how to improve quality control at the center of the government. However, it remains to be seen how these recommendations will implemented and followed in the course of daily business.

Citation:

OECD, OECD Regulatory Policy Outlook 2021, <https://www.oecd-ilibrary.org/sites/6f5c1860-en/index.html?itemId=/content/component/6f5c1860-en>

<https://epilietis.lrv.lt/lt/dalyvauk-priimant-ir-keiciant-sprendimus/organizuok-viesuju-konsultaciju-metodika-ir-jos-taikymo-gaires>

OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development, Paris: OECD, 2021.

Sustainability
Check
Score: 6

In 2003, the government adopted the National Sustainable Development Strategy (updated last in 2011). The Ministry of Environment is responsible for coordinating projects related to this document. Lithuanian policymakers are supposed to conduct sustainability checks within the existing framework for regulatory impact assessment. The 2012 impact-assessment guidelines provide for the assessment of economic, social and environmental impacts, among other factors. Both short-term and long-term impacts should be assessed under the new guidelines. However, the guidelines do not provide an exhaustive set of impact indicators addressing these impact dimensions. Producing high-quality environmental reviews remains a challenge under the new system, which focuses on impacts within the business environment and remains a largely formal exercise. The ex ante evaluation of the 2014 to 2020 operational program supported by EU structural funds included strategic environmental assessment that considered the likely effects of EU investments on the environment (in line with EU and national legislation). Lithuania belongs to the group of OECD countries (57% of the group’s members) that have not adopted “green budgeting” practices. To sum up, although sustainability criteria are included in the list of factors to be considered when conducting impact assessments, the formal nature of those assessments means that sustainability checks suffer from the same problems as general impact

assessments. If the government succeeds in improving its impact assessment processes, sustainability checks are also likely to become more effective.

Citation:

OECD/European Commission, Joint survey on emerging green budgeting practices, 2021.

OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development, Paris: OECD, 2021.

Quality of Ex
Post Evaluation
Score: 7

Government ministries sometimes evaluate the effectiveness and/or efficiency of public policies, but most evaluations are related to the use of EU funds; it is mandatory to evaluate the implementation of operational programs financed from EU structural and investment funds. For instance, 63 evaluations were performed during the programming period from 2007 to 2013. Many evaluations were executed during the 2014 to 2020 period. For instance, annual evaluation plans contain about 10 evaluations each year.

The implementation of recommendations derived from these evaluations is monitored on a regular basis, but a 2013 study revealed that only about 60% of all recommendations provided by evaluators had been implemented by Lithuanian ministries or other state institutions. This average rate of implementation was attributed to insufficient institutional and staff capacities in the administration; this in turn reduces the demand for evaluations, hinders quality-assurance efforts and limits the use of evaluation results. The administration has also showed limited progress in implementing National Audit Office recommendations.

The ex post system of evaluation is still in its early stages in Lithuania, as in many other OECD countries. According to Lithuanian legislation, “if a law regulates a previously unregulated field or amends it significantly, or has a high impact to a specific policy area, individuals or groups of them, an ex post evaluation clause should be included.” However, the law does not describe sources of funding or data provision (OECD). Thus, there have been no ex post evaluations implemented yet in accordance with this legislation. In its study presented in late 2021, the OECD recommended that the ex post evaluation system be made more robust by providing clear processes, financial resources and data collection provisions. Furthermore, improvements can and should be made with regard to enhancing the coherence and compatibility of ex ante and ex post evaluations. In 2021, the government finalized a new methodology for conducting ex post impact assessments. However, it remains to be seen how this will be implemented in practice.

STRATA/OECD, Strengthening Decision-Making and Policy Evaluation for Long-Term Development, 2021, <https://strata.gov.lt/lt/apie-mus/projektai/irodymais-gristos-politikos-formavim-as-ir-politikos-vertinimas-vyriausybes-centre>

OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development, Paris: OECD, 2021.

Public
Consultation
Score: 7

Societal Consultation

In Lithuania, major societal actors are consulted through institutionalized arrangements such as the Tripartite Council, as well as through various ad hoc means. Major societal actors were also involved in the preparation and monitoring of the long-term Lithuania 2030 strategy, working through the State Progress Council. Under the Skvernelis government, a new accord was signed between the government, business organizations and trade unions. The accord provides for the preparation of a separate agreement between these partners, which would reduce taxes on wages in exchange for employers' commitment to increase wages. However, at the end of 2019, the main business associations threatened to withdraw from the agreement, accusing the government of not respecting its commitment to safeguard the stability of the tax environment following the introduction of new tax-code changes alongside the 2020 budget.

In recent years, rather substantial efforts were made to strengthen NGOs. The NGO registry and fund were created, and the NGO Council was moved from the Ministry of Social Security and Labor to the level of the government. Furthermore, there have been attempts to involve stakeholders more closely in policy formation, such as the development of the National Forest Agreement, although there have also been complaints regarding unequal levels of participation and undue influence by powerful interests.

The practice of prior consultation in developing regulations is mandated by the Law on the Basics of Legislation. Citizens can provide feedback on draft laws by using the Legislative Information System, a feature on the parliament's website. However, during the 2014 – 2016 period, Lithuanian ministries failed to publish 98% of legislative initiatives in a way that would allow for citizen feedback. In addition, this procedure allows citizens to voice their opinions or concerns only during the last stage of lawmaking, when decisions have been already proposed by state institutions; moreover, the 10 to 15 days allowed for feedback are usually not sufficient for all stakeholder contributions.

Therefore, neither the scope of consultation with societal actors nor the time allocated to consultation is sufficient in Lithuania. The consultation process is usually limited to an exchange of information and positions, and the quality of feedback is often poor. For these reasons, a 2015 OECD report recommended that the country develop public-consultation guidelines. In response, the Office of the Government launched a large stakeholder-consultation project co-funded by the European Social Fund at the end of 2016. The project developed

a public-consultation methodology and application guidelines, but it has not yet established the professional public-consultation standard that would be needed to bring societal consultation to a higher level. Moreover, use of the public-consultation feature on the E-Citizen platform (part of the Office of the Government’s “My Government” webpage) has been rather slow to build momentum. In the period from 20 March 2014 to 16 July 2019, 55 public consultations were announced on E-Citizen, but only a few of these were executed in a professional and ultimately successful way. For instance, a public consultation on the Demographics, Migration and Integration Strategy for 2018 – 2030, which was jointly organized by the Office of the Government and the Ministry of Social Security and Labor, attracted a high number of citizen responses and provided useful feedback for the adoption of this strategy in parliament. The question of why public consultation is important in the legislative process was also discussed during training sessions for civil servants conducted by STRATA in 2020 and 2021.

Attempts to “internalize” consultations within ministries was unsuccessful, and thus these processes depend on political will of the government. The Office of the Government has been pushing ministries to consult with civil society groups on the most important legislative proposals, and has also offering help in conducting such discussions.

Early consultation with stakeholders in the regulation-making process is not systematic (as is also the case in 27 other OECD members). However, stakeholders were consulted on both COVID-19 recovery packages and on other pandemic-management strategies.

Citation:

OECD, Government at a Glance 2021, Country Fact Sheet: Lithuania, 2021, <https://www.oecd.org/gov/gov-at-a-glance-2021-lithuania.pdf>

OECD, Regulatory Policy in Lithuania: Focusing on the Delivery Side, OECD Reviews of Regulatory Reform, OECD Publishing, Paris, 2015 http://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania_9789264239340-en.

<https://epilietis.lrv.lt/lt/dalyvauk-priimant-ir-keiciant-sprendimus/organizuok-viesuju-konsultaciju-metodika-ir-jos-taikymo-gaires>

OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development, Paris: OECD, 2021.

Policy Communication

The political fragmentation associated with Lithuania’s ruling coalitions has made it difficult to formulate and implement an effective government communications policy. Line ministries and other state institutions are responsible for communicating with the public within their individual areas of competence; however, the Communications Department of the Office of the

Coherent
Communication
Score: 5

Government attempts to coordinate these activities and provides the public with information about the government's performance. For instance, a unified government portal that aims at providing relevant information to the citizens about the performance of the whole government (the cabinet, the Office of the Government, ministries and government agencies) was launched in 2015.

In a 2015 report, the OECD recommended that the core government rebalance its engagement with other institutions by emphasizing its role as a facilitator of exchange and dialogue across government and with non-state stakeholders, rather than primarily focusing on top-down communication.

On the whole, the government continues to lack a coherent communication policy today. While contradictory statements are rare, they do occur to varying degrees depending on the particular government and the elections calendar. The Skvernelis government (2016 – 2020), composed mostly of nonpartisan ministers (so-called professionals), faced difficulties in coordinating its communications on policy priorities and reforms undertaken. This was particularly evident in 2018 and 2019 due to pending election campaigns, changes in the composition of the governing majority and preparations for the 2020 parliamentary elections. The Šimonytė government (which came to power 2020) has not been immune to communication difficulties either. For example, a major scandal broke out when it was discovered that shipments of Belarusian fertilizers were being transported via Lithuania, despite Lithuania's vocal political support for sanctions against the Belarusian regime. Part of the reason for the scandal were mismanaged expectations about what the sanctions would entail. Furthermore, both the Skvernelis and Šimonytė governments faced difficulties in communicating a coherent strategy regarding the management of the COVID-19 pandemic. The government also failed to clearly communicate the goals and rationale of its foreign policy strategy regarding Taiwan and China. As a result, a poll carried out in January 2022 showed that 60% of Lithuanians were opposed to the government's foreign policy on this issue, and only 13% were in favor.

Citation:

OECD, *Regulatory Policy in Lithuania: Focusing on the Delivery Side*, OECD Reviews of Regulatory Reform, OECD Publishing, Paris, 2015 http://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania_9789264239340-en.

Implementation

Government
Effectiveness
Score: 7

During the fast process of transition and accession to the EU, Lithuanian governments' narrow focus on this task produced a lag in policy implementation. The performance of the four most recent governments has been mixed. Kubilius government policy of fiscal consolidation represented

one important success, few major structural reforms occurred in Lithuania during the 2008 to 2012 period, with the exception of higher-education reform, a partial optimization of the healthcare network and a restructuring of the energy sector. Although the Butkevičius government (2012 – 2016) outlined a broad set of policy priorities, its implementation record was also mixed. The government introduced the euro in 2015, developed the new “social model,” completed the construction of the liquefied-natural-gas terminal in Klaipėda and advanced the renovation of apartment blocks. However, less progress was achieved in other policy areas, including the structural reform of higher education and training, healthcare, and public administration. The Skvernelis government (2016 – 2020) was able to push through a few important reform policies, including a new labor code (largely prepared by the previous government), the merger of state-owned forestry companies, and amendments to the alcohol control law as well as tax and pension reforms. It was able to achieve this progress despite its diminished parliamentary majority following a split within the Social Democratic party’s parliamentary group, but its effectiveness has declined toward the end of its political term. Coalition politics, shifting political attention, the conflicting strategies of various advocacy coalitions and weak political leadership frequently explain the government’s failure to implement major policy objectives. For example, the consolidation of higher-education institutions has been deviating from the government’s initial plan, with a number of amendments made both during parliamentary deliberations and during actual implementation shifting the character of the reform.

It is somewhat difficult to assess the Šimonytė government’s record, as the government has largely pushed structural reforms into future. At the beginning of the government’s term, policymakers decided to focus their attention on fighting multiple crises, such as the pandemic, illegal migration and geoeconomics (due to relations with China). The junior party in the coalition – the Freedom Party – had several clear policy goals, in particular related to legalizing same-sex partnerships and decriminalizing the use of psychoactive substances. However, neither of these proposals were approved by the parliament, as some members of the coalition were opposed to them. After these failed attempts, tensions have appeared within the coalition. On the other hand, the coalition managed to adopt a new law enabling names to be spelled in official documents using Latin letters that are not part of Lithuanian alphabet – a longstanding issue important for the non-Lithuanian population.

The government should also continue improving the effectiveness and efficiency of its spending. In the World Bank’s 2020 Worldwide Governance Indicators, Lithuania scored at the 83rd percentile for government effectiveness, a slight improvement of three percentage points relative to 2017.

In its 2019 report, the European Commission recommended improving the efficiency of public investment as a means of stimulating overall productivity growth in the country.

Citation:

The Worldwide Governance Indicators of World Bank are available at <http://info.worldbank.org/governance/wgi/#home>

Vitalis Nakrošis, Ramūnas Vilpišauskas and Vytautas Kuokštis: Fiscal consolidation and structural reforms in Lithuania in the period 2008-2012: from grand ambitions to hectic firefighting. *International Review of Administrative Sciences* 81 (3), 2015, p. 522–540.

COMMISSION STAFF WORKING DOCUMENT, country report Lithuania 2019: https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-lithuania_en.pdf

Ministerial
Compliance
Score: 7

The government's organization provides ministers with various incentives to implement the government's agenda. The primary organizational instruments include coalition agreements, government programs, multiannual government priorities, identified priority actions and monitoring processes, cabinet meetings and deliberations, and the assignment of ministerial responsibility for policy areas. Since prime-ministerial powers within the executive are limited by constitutional provisions and the fragmentation of coalition governments, officeholders need to seek support from other cabinet ministers (including ministers of finance, who tend to share the prime minister's party affiliation), from parliamentary groups, and from the president (who has a veto power over draft laws) as they seek to implement the major objectives of the government program. In addition, as they implement governmental policy, line ministries tend to focus on the sectoral-policy aims falling under their responsibility at the expense of related horizontal-policy aims. However, the previous Skvernelis government (2016 – 2020), in which most ministers were nonpartisan, with their selection based on their professional record as well as support from the president, increasingly faced tensions due to disagreements between the prime minister, sectoral ministers and members of the then-governing Lithuanian Farmers and Greens Union parliamentary faction. This led to three ministers being sacked by the prime minister. An internal lack of agreement on draft policy proposals was reported to be one of the main reasons for delays in the implementation of some government-program measures in 2017 and 2018. Under the Šimonytė government, more attention has been devoted to monitoring implementation of the government's program, including by the prime minister herself. However, since most important reforms foreseen in the program were explicitly planned for the years 2022 – 2023, it remains to be seen how they will be implemented.

Monitoring
Ministries
Score: 8

The Office of the Government effectively monitors policy implementation, through several channels. First, it administratively tracks the execution of government actions assigned to different ministries and other state institutions. Second, through its information system of monitoring, it assesses the

achievement of government priorities and linked policy objectives on the basis of performance indicators. Progress in the implementation of policy is discussed during cabinet meetings and other government-level deliberations. However, information derived from this monitoring process is only infrequently used to propose corrective action when progress is deemed insufficient. Thus, the monitoring process does not always prevent the prioritization of sectoral or bureaucratic over full-government and horizontal interests in policy implementation. As part of one EU-funded project, the Office of the Government reviewed monitoring and evaluation practices, and made a number of recommendations as to how performance measurement could be improved in line ministries (including the development of key performance indicators or indicator libraries in various policy areas). Despite the implementation of this project, the National Audit Office stated that the country's monitoring and reporting system continues to lack quality information, while the government and line ministries often provide incomplete information regarding the achievement of their policy aims and objectives in their reports.

Monitoring
Agencies,
Bureaucracies
Score: 6

Lithuania's fragmented structure of agencies and other public sector organizations undermines the effective monitoring of bureaucratic performance. While agencies subordinate to the central government or individual ministries can be monitored relatively efficiently, autonomous organizations such as public nonprofit institutions, foundations and state-owned enterprises that carry out administrative functions are more difficult to control. Parent ministries and third parties acting on behalf of the ministries use a combination of ex ante and ex post oversight mechanisms, including the assessment of agency results. However, many Lithuanian ministries have no professional staff specifically assigned to monitor agency activities, and the interest shown by ministers and other politicians in the performance of agencies depends on the changing salience of political issues. In 2012, the Governance Coordination Center was established as part of the State Property Fund. Among other tasks, it monitors the implementation of state-owned enterprises' goals, and produces regular reports on the performance of these enterprises. Beginning in 2013, the scope of annual public sector reports produced by the Lithuanian Ministry of the Interior was expanded to include municipal organizations. However, this ministry's reports remain of a descriptive nature, lacking specific recommendations as to how the performance of individual organizations or their groups might be improved. In 2015, the Sunset Commission reviewed the performance of public nonprofit institutions and proposed several recommendations, some of which were related to improving the monitoring of these institutions. However, the Sunset Commission ceased operating in 2016. The relationship between the center of the government, its ministries and agencies might be affected by the planned

Task Funding
Score: 6

reform of the public administration, which is one of the high-priority reforms identified by the Šimonytė government (which took office in 2020). It is set to be adopted in 2022.

Lithuanian municipalities perform both state-delegated (funded through grants from the central government) and independent (funded through a national tax-sharing arrangement and local sources of revenue) functions. Lithuania has a centralized system of government with powers and financial resources concentrated at the central level. The central government provides grants for the exercise of functions delegated to the local level, as local authorities have minimal revenue-raising powers. In 2018, the Congress of Local and Regional Authorities reported that the overall environment for local self-government in Lithuania was generally positive. However, its rapporteurs expressed a concern that despite the country’s quick economic recovery from the financial crisis, and despite increases in local budgets, local authorities’ financial resources were still not commensurate with their responsibilities. This limits municipalities’ ability to deliver the services that are within their area of responsibility. The management of the illegal migration crisis in 2021, when municipalities were playing an important role, again attracted public attention to the issue of adequate funding.

Citation:
Congress of Local and Regional Authorities (2018). Local democracy in Lithuania, Report, CPL35(2018)02prov. Available at: <https://rm.coe.int/summary-of-reports-presented-at-the-35th-congress-session/16808ea978>

Constitutional Discretion
Score: 6

The central government generally respects local authorities’ constitutional scope of power, but centrally determined political, legal, administrative or fiscal measures sometimes constrain subnational policymaking and implementation autonomy. In addition to the problems of limited powers and insufficient fiscal resources, the elimination of county administrations and other central-level decisions have reduced municipalities’ policymaking and implementation capacities in areas such as territorial planning, construction and the regulation of land ownership. Furthermore, according to the Congress of Local and Regional Authorities, many legal regulations tend to restrict municipal autonomy and local authorities’ ability to act independently.

Citation:
Congress of Local and Regional Authorities (2018). Local democracy in Lithuania, Report, CPL35(2018)02prov. Available at: <https://rm.coe.int/summary-of-reports-presented-at-the-35th-congress-session/16808ea978>

National Standards
Score: 6

National public-service standards at the subnational level are ensured through centralized or regional governance arrangements. For example, landfills are connected in a regional network of service providers. The decentralized provision of other public services at the local level has produced uneven

quality in areas such as school education or the accessibility of primary healthcare services. The Public Management Improvement Program aims at defining minimal-quality standards for various public functions such as healthcare, education and social services. A recent report from the National Audit Office found that the central government still lacks reliable and comprehensive data on the provision of public services, which is necessary for the effective modernization and standardization of services. More specifically, the National Audit Office recommended improving the accessibility of personal healthcare services in Lithuania.

Citation:

The Public Management Improvement Program, Plans for 2019-20 (in Lithuanian) is available at <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/e147d990767e11e99ceae2890faa4193?jfwid=bkaxly2s>

Effective
Regulatory
Enforcement
Score: 7

In the World Bank's 2020 Worldwide Governance Indicators, Lithuania scored at the 83rd percentile, a position that has shown little change in the 2017 – 2020 period. A 2017 OECD report indicated mixed effectiveness in regulatory delivery efforts in Lithuania. Although food safety inspections were effective and in line with best practices, compliance with occupational safety rules was problematic, and the regulation of fire safety was of concern. To improve the enforcement system in Lithuania, the report recommended gathering better data and conducting more analysis, paying more political attention to enforcement, improving risk assessment in enforcement activities, rethinking priorities, reallocating resources, and paying more attention to education and outreach.

The better-regulation policy of the Lithuanian government seeks to reduce administrative burden, manage risks better, fight corruption and move to compliance promotion. Regulatory reform momentum was strong at first but has slowed down considerably in recent years. No regulatory institution is named on the list of the most corrupt institutions in the country, though some corruption scandals involved a few regulatory agencies. For instance, in 2016 the Special Investigation Service called on the State Food and Veterinary Service to eliminate corruption after its food safety inspections had yielded no action against any food product deemed harmful to human health. In late 2018, the Ministry of Economy and Innovation released the first study of regulatory institutions' activities, assessing the methods and instruments used by institutions that regulate businesses. The study determined that 61% of institutions (33 out of 50) assessed were performing unsatisfactorily, with grades below 5.5 out of 10. Only two institutions, State Tax Inspection and State Labor Inspection, received grades above nine. In general, those institutions that mostly deal with regulating business activities performed better than those which have business regulation as only one of their activities. On the basis of these assessments, the Ministry of Economy and Innovation

issued its recommendations on reducing administrative burdens for businesses. The Skvernelis government planned to merge some regulatory institutions, reducing their number from 55 to 47 by 2020, but failed to achieve this goal.

In October 2019, a major fire broke out in a tire-recycling facility in Alytus, leading the town's authorities to declare a state of emergency. This case demonstrated the inadequacy of legislation and the lack of effective enforcement in the fields of pollution control and fire safety; as a consequence, substantial damage was done to the environment. Similarly, the illegal migration crisis in 2021 exposed the limited ability of various levels of the administration to deal with such a crisis, even though a simulation of a similar crisis had been performed only a few years before, involving the arrival of 10 times as many migrants as appeared in 2021. The Šimonytė government has initiated a reform of the crisis management system with the goal of making it more resilient and effective at managing future crises.

Citation:

National Audit Office, Consolidation of Institutions Regulating Business, 2020 <https://www.valstybeskontrolė.lt/LT/Product/23913>

OECD, Regulatory Policy in Lithuania: Focusing on the Delivery Side, OECD Reviews of Regulatory Reform, OECD Publishing, Paris, 2015 http://www.oecd-ilibrary.org/governance/regulatory-policy-in-lithuania_9789264239340-en.

The Worldwide Governance Indicators of World Bank are available at <http://info.worldbank.org/governance/wgi/#home>

Ministry of Economy, Report of Regulatory Institutions December 2018, available so far only in Lithuania at <https://ukmin.lrv.lt/lt/veiklos-sritys/verslo-aplinka/verslo-prieziuros-politika/svieslente>

Adaptability

Domestic
Adaptability
Score: 9

Lithuania's policymakers have over time significantly adapted domestic government structures to international and supranational developments. A network of semi-independent regulatory agencies was developed during the pre-accession period. After the completion of EU accession negotiations, Lithuania's system of coordinating EU affairs was gradually moved from the core government to the Ministry of Foreign Affairs and, in the case of specific sectoral matters, decentralized to line ministries.

Lithuania has managed to maintain a rather good record of transposition and implementation of EU law, as illustrated by the low transposition deficit and relatively small number of infringement cases initiated against the country. Lithuania absorbs EU investments relatively quickly. As much as 40% of EU payments were disbursed by 3 October 2019, compared to the EU-28 average of 35%. Although the management of EU funds and control systems is functioning well and in compliance with EU requirements, it is challenging for the Lithuanian authorities to ensure the result-orientation of EU funds while

maintaining a high rate of absorption during the programming period from 2014 to 2020. The adoption of EU policy has largely taken place on a formal basis, rather than indicating substantial policy learning. The central bank's capacities were strengthened as a result of preparations for the introduction of the euro in 2015, while the adoption of economic-governance rules for the euro area resulted in an expansion in the role and capacities of the National Audit Office. Accession to the OECD in 2018 was expected to strengthen the quality of regulation and the efficacy of state-owned enterprises, but the autumn 2019 decision by a newly appointed minister of transport and communications to dismiss the board members of the state-owned Lithuanian Post indicated that there is some risk that these reforms will be reversed.

The COVID-19 pandemic presented Lithuanian authorities with numerous challenges. Although the initial reaction by the authorities was swift and largely appropriate given the circumstances, later responses – especially those that required more complex decision-making and analysis – often lagged behind the developments. Moreover, policymakers did not internalize lessons sufficiently to enable them to prepare for successive pandemic waves. The management of the illegal migration crisis and the more general geopolitical tensions originating from the increasingly aggressive behavior of authoritarian regimes in Russia, Belarus and China drove the government to draft a new National Security strategy in 2021, and prompted a review of the country's crisis management system. Russia's war against Ukraine and Belarus' military dependency on Russia are likely to result in significant mobilization of national and allied resources for security purposes.

International
Coordination
Score: 7

Lithuania actively engages in international policy cooperation on behalf of democracy and market-economic systems, in particular by providing reform support to its eastern neighbors (the Eastern Partnership countries), by providing technical and financial assistance, and by serving as an advocate for their interests within the EU institutional framework. Lithuania has been part of the International Security Assistance Force in Afghanistan since 2005. The country's policymakers have managed to coordinate their involvement in these international fields quite effectively. In 2012, Lithuania joined the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes as well as completed a first compliance assessment. In 2015, Lithuania was invited to start its accession process to the OECD. In the second half of 2013, Lithuania took over the rotating presidency of the European Council and was afterward assessed by other EU institutions and member states as performing effective work. Furthermore, Lithuania became a non-permanent member of the U.N. Security Council for the 2014 to 2015 term. For several years now, Lithuania has honored its pledge to allocate 2% of GDP for defense, which is further evidence of a willingness to support NATO. Lithuanian authorities have actively pushed the United Nations and other international organizations

to refrain from recognizing Russia's occupation and annexation of Crimea and Sevastopol.

However, the government has been less willing or able to contribute to such global challenges as climate-change or trade liberalization (except in the context of its presidency of the European Council presidency). In 2017, the European Commission fined Lithuanian Railways (Lietuvos geležinkeliai) €27.9 million for breaching EU antitrust rules by removing a rail track connecting Lithuania and Latvia, which hindered competition in the rail freight market. Lithuanian authorities have also experienced problems in trying to convince regional partners to agree on the preferred option for synchronizing electricity systems with the Central European grid and a common position on the safety risks posed by the new nuclear power plant being constructed in Astravyets, Belarus. In addition, Lithuanian diplomats have not coordinated sufficiently with the country's EU partners with respect to planned decisions vis-a-vis Taiwan and China.

Citation:

Vilpišauskas, R. "Lithuania's EU Council Presidency: Negotiating Finances, Dealing with Geopolitics," *Journal of Common Market Studies*, vol. 52, Annual Review, August 2014, pp. 99-108.

Organizational Reform

Self-monitoring
Score: 8

Lithuania's policymakers monitor institutional governing arrangements (both institutions and rules of procedure) regularly and effectively. The Ministry of the Interior has established a committee to monitor the implementation of the Public Government Improvement Program, which includes representatives from that ministry, the Office of the Government, and other key ministries and state institutions. However, these monitoring and review processes do not include representatives of the business community or civil society, or individual experts. Non-governmental actors used to participate in the activities of the Sunset Commission, but its mandate was not extended through the 2016 – 2020 government term. Also, the rules of procedure and business processes are frequently reviewed using quality-management instruments, the application of which is becoming increasingly widespread in the country's public administration. A uniform project-management standard introduced by the Skvernelis government for the governmental and ministerial levels provides for the establishment of a project monitoring group and the application of monitoring procedures during the implementation of projects.

However, the results of these monitoring processes are not sufficiently used in making decisions, and some changes to institutional arrangements remain motivated by governments' short-term political needs. The country's OECD

accession has offered new possibilities for benchmarking Lithuania's public sector performance against other OECD members, thus creating opportunities to draw political attention to the need to monitor governance arrangements. The OECD study presented in late 2021 is a case in point.

Citation:

OECD, *Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development*, Paris: OECD, 2021.

Institutional
Reform
Score: 9

Lithuania's government has in some cases improved its strategic capacity considerably by changing its institutional arrangements. The Skvernelis government developed a new concept paper on the institutional setup of public administration, which proposed reducing the number of institutions by 15%. The number of public sector institutions fell by 23% (by 1,000 in absolute numbers) between 2016 and 2019. Although there was more rationalization activity at the central level in 2018, the process of optimization has been very sluggish at the local level.

At the end of 2018, the Skvernelis government (2016 – 2020) approved a set of reform guidelines for ministerial and agency administrations, which led to organizational restructuring in 2019. Skvernelis' government also decided to rename two government ministries: the Ministry of National Economy became the Ministry of Economy and Innovation after it took over responsibility for innovation (digital economy and IT infrastructure), while the Ministry of Education and Science added "Sport" to its name after gaining control over this policy field. The Šimonytė government (in office since late 2020) has begun a reform of the innovation sector involving the merger of several institutions (Enterprise Lithuania; the Agency for Science, Innovation and Technology; and the Lithuanian Business Support Agency). The goal is to "create the foundations for an effective (and high quality) expansion of the innovation ecosystem and the development of priority economic sectors at the international level" (Enterprise Lithuania). Preparations for a broad reform of the public administration are being made, with adoption planned for 2022.

Citation:

Vidaus reikalų ministerija ir Strata, "Viešojo sektoriaus ataskaita, 2016-2019 metai." Vilnius, 2020 [https://vrm.lrv.lt/uploads/vrm/documents/files/LT_versija/Veiklos%20ataskaitos/Vie%C5%A1ojo%20sektoriaus%20ataskaita_galutin%C4%97%20\(002\).pdf](https://vrm.lrv.lt/uploads/vrm/documents/files/LT_versija/Veiklos%20ataskaitos/Vie%C5%A1ojo%20sektoriaus%20ataskaita_galutin%C4%97%20(002).pdf)

Enterprise Lithuania, "Inovacijų agentūros koncepcija."

<https://www.verslilietuva.lt/apie-mus/apie-inovaciju-agentura/inovaciju-agenturos-koncepcija/>

II. Executive Accountability

Citizens' Participatory Competence

Political
Knowledge
Score: 5

Citizens have access to some government information, but the public in large part lacks the civic awareness and policy knowledge that enables an adequate understanding of government policymaking and facilitates participation. Therefore, citizens and other external stakeholders rarely engage in policymaking; indeed, less than one-third participate in solving public issues at the municipal level, according to data from the Lithuanian Ministry of the Interior. Voter turnout rates are very low in comparative perspective, and have been declining over time.

Several initiatives aimed at improving the citizens' access of information do exist, however. The Public Management Improvement Program is designed to achieve this goal by defining the scope and content of public information to be made accessible, and by centralizing the provision of information about the government's performance. In addition, the Lithuania 2030 Strategy envisioned the implementation of programs devoted to educating responsible citizens. Despite this, Lithuania still faces substantial challenges with regard to increasing its citizens' participatory capacity. In its review of Lithuania's open-government programs, the OECD recommended supporting the development of Lithuania's civil society through capacity-building and collaboration with the activities of the newly established NGO Council, with the ultimate aim of engaging citizens more deeply in government policymaking processes.

The process of drafting the long-term "Lithuania 2050" strategy has involved significant public consultation with various stakeholders. In addition, the debate on the future of Europe, held within the framework of the EU's Conference on the Future of Europe, resulted in a number of initiatives by the Ministry of Foreign Affairs, academics and the local representatives of the European Commission seeking to involve the general public in discussions about the EU and national policy responses to current challenges.

Citation:

Reference to the Report of the Ministry of the Interior: http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=418407&p_query=vie%F0ojo%20valdymo%20to%20bulinimo%20programa&p_tr2=2

OECD, Public Governance Review Lithuania- Fostering Open and Inclusive Policy Making Key Findings and Recommendations. 2015.

Open
Government
Score: 7

There are several main reporting mechanisms on the overall performance of the government and its institutions. First, every year the government presents to the parliament an annual performance report where overall performance and performance in the policy areas of individual ministries as well as thematic areas are reported. Second, the Lithuanian government publishes quarterly, semi-annual or annual reports on the implementation of annual performance priorities. Third, every year the institutions that manage appropriations from the state budget publish their annual performance reports on the implementation of strategic-performance plans (including budgetary programs) and the achievement of performance targets (i.e., outputs, outcomes and impacts). However, the National Audit Office found in its 2015 performance report that these government reports failed to include more than half of the outcome-level monitoring indicators whose targets were not achieved, and that information on unachieved outcomes was ambiguously reported. Also, reporting on the implementation of the 2015 priorities was incomplete, with less than half of all performance results presented by the government.

The scope of information presented in the annual performance reports of Lithuanian budgetary institutions is large, but they sometimes omit important information and lack a critical assessment of organizational performance. The Lithuanian government has committed to taking action to address the challenge of incomplete, selective and biased reporting.

An open-government data initiative is part of a national plan of information society development. The Ministry of Economy and Innovation launched the initiative during the 2008 to 2012 government term, when the potential of opening up government data was first recognized. Parts of the necessary infrastructure have been in place since implementation of the first EU directive on public sector information. For instance, the Information Society Development Committee created a preliminary open data portal (<http://opendata.gov.lt>) where information on available datasets is published. The Ministry of Transport and Communications intends to spend around €4 million on the development of an advanced open data portal. In order to exploit the opportunities presented by government data, government ministries and agencies are encouraged to open up data to the public. Despite a recent increase in the scope of government data published online, Lithuanian authorities should pursue a more experimental approach to discover how data can add value to the public sector, to society and to the economy.

The program of the Šimonytė government (which took office in late 2020) contains provisions on open government and the provision of greater quantities

of government data to the general public. Legal steps to make this possible were taken in 2021.

Lithuania joined the multilateral Open Government Partnership initiative in 2011. In subsequent years, the Office of the Government developed action plans for improving open-government practices throughout the country (the fifth action plan was approved in 2021). During the review period, Lithuania signed the Council of Europe Convention on Access to Official Documents (2015) and the UN Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (2015). In 2016, the government approved three major initiatives to make public institutions more accountable to society, reduce corruption and increase transparency, while also increasing public engagement. However, implementation has been undermined by a lack of measurable targets and meaningful collaboration with civil society.

Citation:

Valstybės kontrolė (2016). Programinio biudžeto sistema: strateginių veiklos planų sudarymas ir įgyvendinimo stebėseną, Nr. VA-P-60-2-17.

Legislative Actors' Resources

Parliamentary
Resources
Score: 9

Members of parliament as a group have adequate personnel and structural resources to monitor government activities in an effective way. They have resources including personal staff; personnel assigned to parliamentary committees, commissions and other structures; and access to the Parliamentary Research Unit. Expenses incurred by calling experts for testimony or consultation can be reimbursed, although members of parliament are usually unwilling to allocate adequate sums to commission external impact assessment studies, as they fear being seen by the media as wasting taxpayer money. Thus, despite the presence of resources, political incentives frequently prevent them from engaging in effective parliamentary oversight. For instance, during its 2012 to 2016 term, the parliament passed more than 2,500 legislative acts. During the spring 2017 session, the parliament adopted 421 legal acts (i.e., about seven legal acts per every sitting), a record for a parliamentary session. The large number of laws adopted undermines the quality of these laws. After President Nausėda vetoed two bills during his first two weeks in office, the president's team criticized the quality of laws adopted by the parliament. One positive development noted by OECD has been a significant decline in the use of the urgency procedure to pass legislation, following several decisions by the Constitutional Court in 2020-2021.

Parties that form a part of governing coalitions are often unwilling to engage in self-monitoring, while opposition parties are frequently incapable of

constructive external oversight. Although the parliament does not often commission independent research, it can produce internal conclusions or reports, or invite experts to various parliamentary meetings. In addition, the parliament utilizes the results of audit reports produced by the National Audit Office. It is also often the case that members of parliament employ their party colleagues as advisers or assistants on the basis of trust rather than because these individuals have a particular expertise.

Citation:

STRATA/OECD, Mobilising Evidence at the Centre of Government in Lithuania : Strengthening Decision-Making and Policy Evaluation for Long-term Development, <https://www.oecd.org/regreform/mobilising-evidence-at-the-centre-of-government-in-lithuania-323e3500-en.htm>

OECD, Mobilising Evidence at the Centre of Government in Lithuania. Strengthening decision-making and policy evaluation for long-term development, Paris: OECD, 2021.

Obtaining
Documents
Score: 9

Members of parliament have the right to obtain information not only from the government itself but also from various government agencies, enterprises and other public sector organizations. When carrying out their oversight function, parliamentary committees can request information and relevant documents from ministries and other state institutions. These are normally delivered in full and within an appropriate time-frame. Opposition members also often ask for the government's position on politically salient policy issues. There are some restrictions concerning the access of information considered to be sensitive for reasons of state security. In addition, information from ongoing pretrial investigations and other investigations cannot be provided if this could harm the investigations.

Summoning
Ministers
Score: 9

Parliamentary committees are able to summon ministers and the heads of most other state institutions (with the exception of court judges). Invited people, who also attend parliamentary commissions and other groups, typically answer questions posed by the members of the parliament and provide other relevant information. In some cases, vice-ministers or other authorized civil servants can serve as substitutes for ministers. However, rather than being used as a forward-looking mechanism, this instrument of parliamentary control is often restricted to the explanation of government activities on an ex post basis. In addition, during crises (e.g., during management of the pandemic), the frequent practice of vice-ministers substituting for ministers who were busy with crisis-management duties sometimes led to frictions between members of parliament and particular ministers.

Summoning
Experts
Score: 9

When considering draft legislation, parliamentary committees can receive and consider comments from experts. Committees can also invite experts to participate in special hearings focusing on draft legislation or engage in a parliamentary oversight function. Committees can establish preparatory working groups whose membership can involve experts or scientists. The extent to which experts are involved in the activities of parliamentary

committees varies by specific committee and policy issue. However, the degree to which expert advice is actually integrated into the legislative process remains unclear, as there is no requirement for members of parliament to conduct impact assessments of their legislative proposals. In addition, external expert assessments of particular draft laws are sometimes commissioned as a political instrument intended to delay adoption of those legal norms. Funds allocated for external impact assessment studies are usually inadequate in any case, because members of parliament are concerned that they might be criticized for wasting taxpayer money.

Task Area
Congruence
Score: 8

There is extensive congruence between the current structure of 16 parliamentary committees and the primary areas of competence of Lithuania's 14 ministries. The Committee for the Future is the most recent one, established in 2020. However, there are a few mismatches. On the one hand, some ministries (Economy, Transport, and Communications) and other state institutions are monitored by a single Committee on Economics. On the other hand, there are several horizontal parliamentary committees (including committees on Audit, European Affairs and Human Rights). The parliament also has 10 standing commissions, some of which are related to policy areas assigned to the Lithuanian ministries (especially the Commission for Energy and Sustainable Development, the most active of these bodies). Thus, the composition of parliamentary committees allows government policy to be monitored on both a sectoral and horizontal basis.

Committees meet on a regular basis, but the bulk of committee activities are related to the consideration of draft legislation. The workload of individual committees in the legislative process varies substantially, with the committees on Legal Affairs, State Administration and Local Authorities, Social Affairs and Labor, and Budget and Finance accounting for about 55% of the legislative review work delegated to the committees. The amount of attention given to the exercise of the parliamentary oversight function remains insufficient, but the exact amount depends on the particular committee.

Citation:

Alvidas Lukošaitis, "Parlamentinės kontrolės įgyvendinimas Lietuvoje: metodologinės pastabos apie trūkinėjančią "šeiminko-samdinio grandinę"/Politologija. 2007, nr. 2

Media

Media Reporting
Score: 5

A minority of mass-media organizations, whether TV, radio, print or online, provide high-quality information content analyzing government decisions. Since it is quite expensive to provide high-quality analysis within Lithuania's small media market, the state-funded National Radio and Television is in the best position to undertake in-depth analysis of government decisions. Andrius Tapinas, a famous Lithuanian journalist and television host, launched a weekly

political discussion show, which attracted thousands of viewers. Other mass-media brands tend to produce infotainment-style programming. Major internet news portals also provide fact checking with respect to policymakers' statements, but only a minority conduct deeper research into policy issues. New forms of media in the form of Facebook posts, YouTube videos and podcasts partly help to remedy this situation, but these channels are also often used to spread unsubstantiated claims and disinformation. Although the Lithuanian media are regarded as quite independent, they are not widely trusted by the public. Indeed, in November 2021, only 27% of respondents to a national survey stated they trusted the media, and 34% said they did not.

Citation:
<http://www.vilmorus.lt/en>

Parties and Interest Associations

Intra-party
Decision-Making
Score: 7

Lithuanian parties usually restrict decision-making to party members. Although in many cases, all party members can participate in important decisions, their capacity to influence the most critical party decisions is insufficient. Some political parties are more democratically structured than others: in 2007, the Social Democratic party of Lithuania, the Lithuanian Christian Democrats and the Homeland Union were found to be the most democratic in terms of internal decision-making. The latter two parties have since merged to form a party whose leader is directly elected by all party members. In 2018, this party selected its candidate for president (Ingrida Šimonytė) during primary elections, which were open to members of the public in addition to party members. In 2017, members of the Social Democratic party of Lithuania directly elected the party's chair for the first time in the party's history. Gintautas Paluckas, who won the party election, started the process of renewing the party elite. Between 2001 and 2015, the party was dominated by members over the age of 50. As a result of Paluckas' victory, the party leadership decided to split from the ruling coalition led by the Lithuanian Farmers and Greens Union. Most of the party's serving members of parliament continued to support the Skvernelis government after forming the Social Democratic and Labor parliamentary group, and later establishing a new political party. In 2021, a member of the European Parliament, Vilija Blinkevičiūtė, was elected as the head of the Social Democratic party. In 2021, Gabrielius Landsbergis was reelected as the chairman of the conservative party – he was the only candidate for the post, as others had canceled their candidacies in favor of Landsbergis.

Some other political parties are primarily used as a platform for their leaders to express their own political interests. Following the success of non-party candidates in the 2015 municipal elections, the Lithuanian Farmers and Greens

Union brought together a group of non-party candidates for the 2016 parliamentary elections. Many of these candidates, campaigning as a movement rather than a political party, won against the candidates of established political parties. Many of Prime Minister Skvernelis' parliamentary group and government ministers were not party members. A number of them followed Skvernelis when he decided to establish a new party after disagreements with the head of the Lithuanian Farmers and Greens Union. Most of the members of the current Šimonytė government are party members, but the prime minister herself is not.

Citation:

G. Žvaliauskas, Ar partijos Lietuvoje yra demokratiškos? *Technologija*, Kaunas, 2007.

G. Žvaliauskas, Lietuvos socialdemokratų partijos elito kaita 2001–2015 m. laikotarpiu, *Viešoji politika ir administravimas*, 2017, T. 16, Nr. 1, p. 52-67.

Association
Competence
(Employers &
Unions)
Score: 6

Most Lithuanian interest associations, including employers' associations and trade unions, have a rather limited ability to formulate well-crafted policies. They typically lack skilled research staff, and only rarely engage in cooperation with academic bodies or individual experts to commission impact assessments of draft legal initiatives. The Investors' Forum, which represents foreign investors in Lithuania, is one of the exceptions, as it has regular annual meetings with the government and provides policy recommendations based on its members' input. This association successfully advocated the adoption of a more flexible labor code as part of the new "social model." The Infobalt IT industry association is also actively engaged in representing its interests in the e-governance policy area. Some economic-interest organizations, including the Lithuanian Confederation of Industrialists (which is represented on the Tripartite Council and the European Economic and Social Committee), have improved their policy-formulation capacities. Some business associations and even individual businesses support think tanks. In 2019, the University of Pennsylvania recognized the Lithuanian Free Market Institute as being among the most influential public policy centers in Central and Eastern Europe, ranking it 152th in the region. An accord signed by the government, business organizations, and trade unions in October 2017 encourages employee participation in trade unions and the formation of business associations as well as supports the capacity-building efforts of social partners.

Citation:

University of Pennsylvania. "2019 Global Go To Think Tanks." https://repository.upenn.edu/cgi/viewcontent.cgi?article=1017&context=think_tanks

Association
Competence
(Others)
Score: 5

The capacity of noneconomic interest associations to formulate well-crafted and relevant policy proposals varies by group. Most lack skilled staff members and do not engage in cooperation with academic bodies or individual experts. Moreover, the lawmaking and regulatory impact-assessment processes do not

sufficiently ensure the participation of relevant stakeholders. Business interest groups tend to have stronger abilities to formulate policies than do social or environmental groups. The Lithuanian Catholic Church is an important player in Lithuanian politics, with its influence typically focused on a small number of policy issues. However, this interest group unsuccessfully lobbied the president to veto legislation designed to make it easier for families to access assisted insemination services. The Non-Governmental Organizations' Information and Support Center facilitates cooperation between NGOs as they seek to represent their interests.

Independent Supervisory Bodies

Audit Office
Score: 8

The National Audit Office is accountable to the parliament and the president. The auditor general is appointed by the parliament based on a nomination by the president. The parliament's Committee on Audit considers financial-, compliance- and performance-audit reports submitted by the office, and prepares draft parliamentary decisions relating to the implementation of audit recommendations. The office also cooperates with other parliamentary committees. The leaders of the parliamentary Committee on Audit at one time used audit reports for political purposes, especially after an opposition-party member was appointed to head it. The National Audit Office also performs the functions of an independent fiscal institution, monitoring compliance with EU fiscal-policy norms. According to the OECD review released in 2019, this unique institutional setup, in which the independent fiscal institution (founded in 2015) is part of National Audit Office, results in several challenges; for instance, there is a lack of a clear public identity and a lack of operational independence, and the office has difficulties in recruiting and retaining senior staff members. On the other hand, the Budget Policy Monitoring Department (BPMD) was praised for having quickly established "a reputation for solid independent analysis," contributing to fiscal transparency as well as parliamentary and public debates.

Over the last few years, the National Audit Office criticized the government's draft budgets for their lack of compliance with fiscal-discipline provisions and poor allocation of government expenditure. While these criticisms are not always taken into account, there seems to have been progress over time. In its 2020 report to the parliament, the National Audit Office reported that 80% of its recommendations had been implemented, up from 60% in 2018. The National Audit Office was ranked as the best state institution in 2016 by the Lithuanian magazine *Veidas* due to its representation of state interests, competence and exceptional performance.

Citation:

OECD Independent Fiscal Institutions Review, Lithuania's Fiscal Independent Institution, 2019,

<https://www.oecd.org/gov/budgeting/lithuania-independent-fiscal-institutions-review-2019-en.pdf>

https://www.valstybeskontrolė.lt/TVS/Content/Administracine_informacija/Veiklos_ataskaitos/2020_metu_VK_veiklos_ataskaita.pdf

Ombuds Office
Score: 8

The parliament has several ombuds offices, including the general ombudsmen's office, with two appointed ombudspersons, and the special ombudsman's offices on Equal Opportunities and Children's Rights. These institutions supervise state institutions, with a particular focus citizens' human rights and freedoms. They engage in public advocacy on behalf of citizens, and initiate certain actions, but as a group the ombuds offices lack sufficient legal authority to act as a single national institution for human rights. In 2017, these offices became accredited by the United Nations as a national institution of human rights matching the Paris principles. The effectiveness of these ombuds offices has depended on the interplay of several factors. First, citizens have shown at best mixed interest in pursuing complaints through these offices, although the number of complaints remained high in recent years (the highest number of complaints, 1,805, was registered in 2014, with about half of complaints typically recognized as valid). Second, the offices adopted a more proactive attitude toward investigations, focusing on the most significant violations of human rights (e.g., in prisons and other detention facilities). Third, although most of the offices' recommendations are implemented (up to 95%), some state and municipal institutions are sometimes unwilling to take adequate action in response to the recommendations.

In 2020, the ombuds offices submitted 1,672 recommendations. The majority of them (1,013) were submitted to institutions, and advised making improvements in public administrative practices so as to avoid violating human rights and freedoms. The pandemic presented certain challenges to the ombuds offices. First, their capacity to protect human rights and freedoms was to some extent curtailed; second, the nature of complaints shifted, as some complaints were related to potential violations of pandemic-management rules. During the illegal migration crisis in 2021, the ombuds offices increased their focus on the rights of immigrants and their living conditions.

Citation:

LIETUVOS RESPUBLIKOS SEIMO KONTROLIERIŲ NACIONALINĖS ŽMOGAUS TEISIŲ INSTITUCIJOS

2020 METŲ VEIKLOS ATASKAITA, 2021, <https://www.lrski.lt/wp-content/uploads/2021/03/Ataskaita-uz-2020-LT.pdf>

LR Seimo kontrolierių įstaiga, Lietuvos Respublikos Seimo kontrolierių – Nacionalinės žmogaus teisių institucijos – 2017 metų veiklos ataskaita, 2018.

Data Protection
Authority
Score: 9

An independent and effective data protection authority exists in Lithuania. The State Data Protection Inspectorate (VDAI) is responsible for the supervision and control of enforcement of legal protections for personal data. The status of

the government agency gives the agency the legal and policy independence necessary for making regulatory decisions. With experience exceeding 25 years and a staff of about 30, the agency has adequate capacities and resources to focus on the implementation of the General Data Protection Regulation that came into force in 2018. However, despite the allocation of two additional positions, the State Data Protection Inspectorate was unable to recruit new staff in 2017 due to a shortage of financial resources. In 2020, 31 positions out of 38 were filled. In addition, some observers argue that the Inspectorate should provide more information and advisory services regarding the management of personal data in public sector organizations and business enterprises.

The pandemic presented the Inspectorate with a number of challenges; for instance, it was tasked with advising government institutions and the private sector on how to organize their activities in a new environment. There were additional important tasks related to the increasing level of digitalization and the need to protect personal data. According to the Inspectorate, the pandemic “expanded the Inspectorate’s scope of activity and demanded quick decisions.”

Citation:

VDAI, Valstybės duomenų apsaugos inspekcijos 2020 metų veiklos ataskaita, 2021, https://vdai.lrv.lt/uploads/vdai/documents/files/2020%20m_%20VDAI%20veiklos%20ataskaita%202021-02-26.pdf

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Lithuania Report. Sustainable Governance Indicators.
Bertelsmann Stiftung: Gütersloh.
<https://doi.org/10.11586/2022105>

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