

**SGI** Sustainable  
Governance  
Indicators

## 2014 Lithuania Report

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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. However, substantive democracy suffers from a few weaknesses. Party financing is not sufficiently monitored or audited, and campaign-financing fraud is not subject to adequate enforcement. In addition, discrimination continues to be evident in sometimes significant ways. Most importantly, corruption is not sufficiently contained in Lithuania. Although the country improved its position in the 2012 Corruption Perceptions Index, it still remains behind the European average. Anti-corruption legislation is well developed, but the public sector continues to offer opportunities for corruption, and the enforcement of anti-corruption laws remains insufficient.

Lithuanian policymakers have sought to establish and maintain social, economic and environmental conditions promoting their citizens' well-being. However, the country's policy performance remains mixed, with social-policy results lagging behind those of economic and environmental policies. Some observers attribute this to transition and EU integration processes that focused on political, economic and administrative matters. The country's formal governance arrangements are quite well-designed, with policymakers taking a long-term view of societal development and seeking to change unsuccessful policies. However, these arrangements do not always function to their full potential. There are significant gaps in policy implementation, and societal consultation remains underdeveloped.

There were several important developments in the 2011 – 2013 period. On the political front, the 2012 parliamentary election led to another change in government, producing a new coalition government led by the Social Democratic Party and Prime Minister Algirdas Butkevičius at the end of 2012. This fragmented four-party government was politically stable through the middle of 2013, but the 2014 presidential elections may bring some political changes to the cabinet composition.

In terms of economic developments, the Lithuanian economy returned to growth in 2010 as a result of successful fiscal consolidation efforts during the

crisis period, as well as a recovery in the global economy. In addition, Lithuania is making efforts to improve its business environment (in 2013, the World Bank ranked Lithuania 27th worldwide in terms of ease of doing business) and innovation performance (the country was promoted to the country group called “moderate innovators” in the 2013 EU Innovation Scorecard). However, the country continues to face a number of significant challenges to its long-term competitiveness.

The country’s social developments were less positive. The number of people at risk of social exclusion continued to rise during the financial crisis, and unemployment rates remained relatively high (about 13% at the end of 2012, with rates among young people particularly high). In addition, Lithuania had the EU’s highest emigration rate during the period under review, with labor outflow becoming a potential serious problem. However, no comprehensive policies have been formulated that systematically address these challenges.

Despite the change of government in 2012, there was a good deal of continuity in the country’s governance arrangements, and number of clearly politically motivated decisions has been rather small. Thus, executive capacity and accountability were largely maintained. However, power and authority remained too concentrated at the central level. The involvement of citizens and various other external stakeholders in the structures and processes of government was rather limited, while staffing decisions at the senior levels of the civil service and other public-sector organizations remained rather politicized.

## Key Challenges

Although the current four-party government enjoys a stable parliamentary majority, wider cross-party consensus should be established on major longer-term political projects, especially those in the energy field. As of the time of writing, current President Dalia Grybauskaitė appeared to be the candidate most likely to win the next presidential elections, due in May 2014, assuming she decides to run for re-election. A cabinet reshuffle is likely after the presidential elections.

Average annual growth is likely to slow in the following years (depending on conditions in the global economy and Lithuania’s export markets), but Lithuania should retain its position as one of the fastest-growing economies in

the EU-27 through 2013 – 2014. The Lithuanian government has managed to stabilize the country's economy and public finances through a process of substantial fiscal consolidation, and its commitment to the adoption of euro, which is planned for 2015, is likely to ensure macroeconomic stability by controlling government expenditure in the short-term period. However, the long-term sustainability of public finances remains at risk in the absence of a comprehensive pension reform (especially given the unsustainability of the pay-as-you-go pillar, an issue that should be given more attention by Lithuanian decision-makers).

Lithuania faces the following primary challenges to its 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 interconnection in the country's infrastructure; low energy efficiency; a low level of R&D spending; and a poor performance in terms of innovation. Therefore, the country should continue implementing policy reforms, in particular regarding the labor market, social policies, energy efficiency and the energy sector. The European Union's planned 2014 – 2020 financial assistance for Lithuania, which is expected to total about €13 billion over the seven-year period, offers an opportunity to boost Lithuania's competitiveness. However, these funds should be rationally allocated, with particular focus on growth-enhancing sectors, while avoiding mismanagement and the addition of new administrative burdens.

The complex causes of high unemployment and emigration rates, as well as rising levels of poverty and social exclusion, should be urgently addressed by Lithuanian decision-makers. A mix of government interventions is needed in order to mitigate these social problems, including general improvements to the business environment, effective active-labor-market measures, an increase in the flexibility of labor-market regulation, improvements in education and training, and changes to social benefits and other social services targeted at vulnerable groups. Better policy implementation in line with strategic priorities set out in strategy documents such as Lithuania 2030 would improve the sustainability of policy reforms and the quality of governance.

Improvements in the functioning of Lithuania's substantive democracy and governance arrangements are also necessary. Some standards such as media-ownership transparency should be enhanced, while others such as non-discrimination rules should be better enforced. Other potentially useful reforms might include a decentralization of governance (accompanied by sufficient local-government task funding); the improvement of partnerships between the

central government, local self-governments and other social actors; and the creation of processes that enhance citizen participation. Lithuania should target its anti-corruption efforts toward the most corrupt institutions, including the health care sector, the parliament, the courts, the police and local authorities, by eliminating or otherwise ameliorating conditions that facilitate corruption as well as by more effectively enforcing anti-corruption regulations. The country should maintain the professionalism of its civil service, retain or implement modern policymaking practices (such as strategic steering, evidence-based decision-making and interinstitutional coordination), improve policy execution, and ensure that top managerial staffing decisions and public-finance policies are not politicized.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 8

Lithuania's economic policies have created a reliable economic environment, fostering the country's competitive capabilities and improving its attractiveness as an economic location. In 2013, the World Bank ranked Lithuania 27th worldwide in terms of ease of doing business. The individual attributes of registering property (5th place), enforcing contracts (14th place), trading across borders (24th place), resolving insolvency (40th), dealing with construction permits (48th place), getting credit (53th place), paying taxes (60th place), and protecting investors (70th place) were rated above the Eastern Europe and Central Asia regional average (73rd place), whereas those of getting electricity (75th place) and starting a business (107th place) fell below that average. It was ranked 45th in the World Economic Forum's 2012 – 2013 Global Competitiveness Report, with some factors such as higher education and training ranked 26th worldwide) scoring above its overall average, and some factors such as financial-market development (87th place worldwide) falling significantly below.

In a 2012 assessment, the European Commission identified the following challenges to Lithuania's long-term competitiveness: unfavorable demographic developments, labor market deficiencies and high emigration rates, growing 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. Lithuanian authorities have sought to address these concerns through the national reform and convergence programs, as well as through other reform measures, with only mixed success.

Although the 2008 – 2012 Lithuanian government stabilized Lithuania's economy and public finances through substantial fiscal consolidation, other reform efforts have been more limited, in particular those relating to the labor market, social policies, energy efficiency and the energy sector. Considerable political emphasis has been placed on structural reforms, especially in the previous government's program, but a significant number of these have been left unimplemented. Although the economic crisis of 2008 – 2009 provided a window of opportunity to reform inefficient sectors, no consistent reform program was undertaken. As the economy recovered, in recent years becoming one of the fastest-growing economies in the European Union, the political will to reform has decreased, especially in fields such as the pension system or health care. Streamlining the regulatory environment for businesses is one of the few areas where progress has been achieved.

Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2012 national reform program and convergence program for Lithuania:  
[http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/20\\_scps/2012/02\\_staff\\_working\\_document/lt\\_2012-05-30\\_sw\\_d\\_en.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/20_scps/2012/02_staff_working_document/lt_2012-05-30_sw_d_en.pdf).

Also, see the Doing Business Report and the Global Competitiveness Report.

### Labor Markets

Labor Market Policy  
Score: 6

Although Lithuania's labor market proved to be highly flexible during the financial crisis, ongoing labor-market difficulties present some of the primary challenges to Lithuania's competitiveness. Unemployment rates remain high, especially among youth (with this rate among Europe's highest), the low-skilled, and the long-term unemployed. In its 2012 report, the European Commission assessed Lithuania's labor-market policies as lacking ambition, and as only partially addressing the most pressing concerns. In particular, the report said that additional measures are necessary to enhance labor-market participation and improve labor-market flexibility. The country's active labor-market policies have struggled to cope with the increased number of unemployed, with Lithuania's activation rate among the EU's lowest (only 4.7 % in 2009).

Despite the flexibility provided in determining wages, for which the country earned its highest rating in the area of labor market efficiency in the Global Competitiveness Report, hiring and firing practices are considered to be too restrictive (earning the country's lowest rating in the same index). In 2013, the current Lithuanian government increased the minimum wage by about 20%, to about €290, in order to fulfill pre-election promises. It is too soon to judge the

overall effects of this decision on employment trends; while it caused no massive new wave of unemployment, rates stabilized at the beginning of 2013 after series of improvements in the latter months of 2012. Relatively high rates of emigration to other EU member states have partially compensated for the inflexibility of hiring and firing rules and the country's rigid labor code.

Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2012 national reform programme and convergence programme for LITHUANIA, [http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/20\\_scps/2012/02\\_staff\\_working\\_document/lt\\_2012-05-30\\_swd\\_en.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/20_scps/2012/02_staff_working_document/lt_2012-05-30_swd_en.pdf).

## Taxes

Tax Policy  
Score: 8

In Lithuania's tax system, a significant share of government revenue is generated from indirect taxes, while environmental and property taxes are relatively low. However, there is significant tax evasion. In terms of horizontal equity, there are mismatches between various groups of economic actors with similar tax-paying abilities. The labor force is taxed somewhat more heavily than is capital (although the tax burdens faced by both labor and capital are below the EU average), while specific societal groups such as farmers benefit from tax exemptions. Previous governments have reduced the number of exemptions given to various professions and economic activities with regard to personal income tax, social security contributions and VAT. Social-security contributions are high, exceeding 30% of wages, and while there are ceilings on payments from the social-security fund (pensions), there are no ceilings on contributions to it.

In terms of vertical equity, the Lithuanian tax system to a certain extent imposes a higher tax burden on those with a greater ability to pay taxes, insofar as larger companies pay larger sums than do smaller companies, but there is a flat income tax rate of 15%. However, an element of progressivity is introduced through the use of untaxed income, the amount of which is fixed at around €1,633 per year, thus favoring those receiving lower wages. The current government has discussed increasing this amount in such a way as to increase the progressivity of the income tax system.

In terms of revenue sufficiency, despite the fact that a process of fiscal consolidation has occurred on the expenditure side, some gap between tax revenues and government expenditure remains. Social-security contributions are a particular concern, as this gap has led to significant indebtedness within



the State Social Security Fund. While the increase in economic activity in the post-crisis period is expected to generate more government revenue, some observers have proposed the creation of additional tax-revenue sources in order to make Lithuania's fiscal position more sustainable. The country also has scope for making its taxation system less distortive and more growth-friendly. The current government has set a goal of reducing the tax burden on labor, which would increase the competitiveness of the economy. However, as of the time of writing, it had not made a specific proposal for achieving this objective, or explained how it would compensate for the consequent loss of revenue. The goal of introducing the euro in 2015 limits the country's ability to engage in major tax reforms, as the forecasted budget deficit for 2014 is already close to 3% of GDP.

Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2012 national reform programme and convergence programme for LITHUANIA, [http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/20\\_scps/2012/02\\_staff\\_working\\_document/Lt\\_2012-05-30\\_swd\\_en.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/20_scps/2012/02_staff_working_document/Lt_2012-05-30_swd_en.pdf).

### Budgets

Budgetary Policy  
Score: 8

During the financial crisis, Lithuania's fiscal situation deteriorated rapidly; the fiscal deficit grew to 3.3% of GDP in 2008, and further to 9.4% in 2009. As a result of fiscal consolidation, the deficit dropped to 7.2% in 2010 and again to 5.5% in 2011. It was expected to continue falling to 3.2% in 2012. The European Commission has assessed Lithuania as being on track to reducing its general government deficit to close to 3% of GDP, thus qualifying for eurozone inclusion under the criteria of the Maastricht treaty. Government debt also expanded during the crisis, reaching 38.5% of GDP in 2011 (from the precrisis low of 16% in 2008); this is expected to stabilize at around 40% of GDP in 2012 – 2013.

However, Lithuania faces a number of challenges in terms of keeping its public finances sustainable. Factors such as projected expenditure related to an aging population, as well as the vulnerability of its small and open economy to external shocks, pose significant risks to the consolidation path projected by the Lithuanian government in its convergence program. The goal of introducing the euro in 2015 might preserve the current government's determination to maintain the deficit at a level below 3% of GDP, while the fiscal-discipline law should provide incentive to continue reducing the deficit even as the economy keeps growing.

## Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2012 national reform programme and convergence programme for LITHUANIA, [http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/20\\_scps/2012/02\\_staff\\_working\\_document/lt\\_2012-05-30\\_swd\\_en.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/20_scps/2012/02_staff_working_document/lt_2012-05-30_swd_en.pdf).

## Research and Innovation

R&I Policy  
Score: 7

Lithuania's economy is characterized by a low level of innovation. As assessed by the EU Innovation Scorecard, the country performs below the EU average, falling into the country group called "moderate innovators." Lithuania was ranked 38th out of 141 countries assessed in the 2012 Global Innovation Index. The country has set an ambitious target of spending 1.9% of GDP on R&D by the 2020; however, this level has hovered around 0.8% of GDP in recent years. Moreover, the share of this sum spent by the business sector was very low, totaling just 0.23 % of GDP in 2010. 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, and research centers and enterprises do not participate in international markets to any significant degree. 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. This was a high priority for European Regional Development Fund support in the 2007 – 2013 period. Moreover, the government has 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 cited by the science and business community as among the main obstacles to research and innovation in Lithuania. For instance, the government has been urged to remove obstacles to the growth of (new) innovative companies, and to provide this sector with direct support.

## Citation:

The EU Innovation Scoreboard is available at <http://ec.europa.eu/enterprise/policies/innovation/facts-figures-analysis/innovation-scoreboard/>

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2012 national reform programme and convergence programme for LITHUANIA, [http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/20\\_scps/2012/02\\_staff\\_working\\_document/lt\\_2012-05-30\\_swd\\_en.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/20_scps/2012/02_staff_working_document/lt_2012-05-30_swd_en.pdf).

See Global Innovation Index 2012 at <http://knowledge.insead.edu/innovation/global-innovation-index-2012-481>

Stabilizing Global  
Financial Markets  
Score: 8

### Global Financial System

Lithuanian authorities contribute to improving financial-market regulation and supervision. 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 EU Council, the European Commission, the European Systemic Risk Board's (ESRB) Advisory Technical Committee, the European supervisory authorities, etc.).

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 European Union'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. However, it is not yet become directly involved in such new initiatives as the single European banking supervisory system or the proposed financial transactions tax. This is in large part because Lithuania remains as yet outside the eurozone, and its banking sector is dominated by Nordic banks that are not eurozone-based credit institutions. Moreover, there remains some uncertainty as to the details of the proposed financial transactions tax and its possible impact on Lithuania's financial sector.

## 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 (preprimary and preprimary 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 persons aged 17 to 19); and 4) higher education provided by universities (undergraduate, graduate and PhD studies) and colleges (undergraduate

studies). Lithuania has a high level of tertiary attainment, with 43.8% of citizens 30 to 34 years old having completed a tertiary degree in 2010. Its rate of early school leaving is below the EU average, at just 8.1% in 2010. However, enrollment rates in vocational-education and training programs are low.

The reputation of vocational education and training in Lithuania must be improved, as it is below the EU-27 average, according to the 2011 Eurobarometer survey. Preprimary education attendance is also low, with only 78.3% of Lithuanian children aged four to six attending preprimary education programs, compared to the EU-27 average of 92.3%. Adult participation rates in lifelong learning programs are also comparatively low. Lithuania needs to increase the quality of its education programs. In the 2009 Programme for International Student Assessment (PISA) report, tracking student performance in the areas of reading, mathematics and science, Lithuania was ranked only 30th worldwide. Moreover, it must address mismatches between the skills of graduates and labor market needs, as the country's youth unemployment rate of above 30% at the end of 2011 was partly associated with young people's insufficient skills and lack of practical experience.

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). Lithuania spent €0.73 billion on education in 2011 (compared to €0.78 billion in the precrisis year of 2008). Overall government spending on education thus fell somewhat during the financial crisis, with higher education given a higher priority at the outset of the crisis thanks to an ongoing higher-education reform. While enrollment rates for Lithuania are relatively high (it was ranked 16th among 144 countries in the Global Competitiveness Index 2012 – 2013 in terms of tertiary education enrollment), the quality of education has been assessed as comparatively low (ranked 54th of 144 countries in the same report).

Citation:

The Eurydice reports on Lithuania are available at <https://webgate.ec.europa.eu/fpfis/mwikis/eurydice/index.php/Lithuania:Overview>

The 2011 Eurobarometer report (Attitudes towards vocational education and training) is available at [http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_369\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_369_en.pdf)

Global Competitiveness Index 2012-2013 at <http://reports.weforum.org/global-competitiveness-report-2012-2013/#=>

## Social Inclusion

Social Inclusion  
Policy  
Score: 6

Social exclusion is a key challenge for Lithuania's social policy. In 2011, Lithuania was the fourth-worst-performing EU member state in terms of poverty and social exclusion, with 33.4% of the Lithuanian population at risk of poverty and social exclusion, compared to an the EU-27 average of 24.2%. The Lithuanian authorities have set a goal of reducing the size of the population at risk of poverty or social exclusion to 814,000 individuals (from 1.08 million in 2011), but the increasing number of people put at risk during the financial crisis has made this goal very difficult to reach. The country's most socially vulnerable groups face the greatest risk of poverty and social exclusion; this includes the disabled, people suffering from addictive disorders, Roma individuals, and former prisoners or homeless people who lack relevant social or labor-market skills, thus becoming marginalized as a result of their physical/mental condition or sustained economic inactivity.

The growing levels of poverty and social exclusion have necessitated increasing levels of social expenditure, undermining the government's ability to achieve a sustainable budgetary position. In its 2012 assessment of Lithuania's national reform program, the European Commission pointed out that the government's plans and interventions have not effectively addressed the root causes of increasing poverty rates and social exclusion. A mix of government interventions (general improvements to the business environment, active labor-market measures, adequate education and training, changes to the system of social benefits, and social services targeted at the most vulnerable groups) is needed in order to ameliorate Lithuania's worsening problems of poverty and social exclusion.

Citation:

COMMISSION STAFF WORKING DOCUMENT on the assessment of the 2012 national reform programme and convergence programme for LITHUANIA, [http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/20\\_scps/2012/02\\_staff\\_working\\_document/lt\\_2012-05-30\\_swd\\_en.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/20_scps/2012/02_staff_working_document/lt_2012-05-30_swd_en.pdf).

## Health

Health Policy  
Score: 8

The Lithuanian health care system includes public-sector health care institutions financed primarily by the Statutory Health Insurance Fund as well as private-sector health care providers financed both by the fund and patients' out-of-pocket expenditures. According to the 2010 Eurobarometer report, only 40% of Lithuanians assessed the overall quality of the country's health care as

good in 2009, compared to an EU-27 average of 70%. The Lithuanian health care system received the seventh-lowest rating in the European Union, with 58% of respondents saying that the overall quality of health care was fairly or very bad.

As reported in the 2007 Eurobarometer report, 65% of Lithuanians perceived gaining access to hospitals to be very or fairly easy, but this indicator was also below the EU-27 average of 76%. In the same survey, the Lithuanians assessed the affordability of hospitals less favorably than was the EU-27 average; 33% of Lithuanians asserted that hospital services were not very affordable or were not at all affordable, compared to the EU-27 average of 21%. Lithuania spent only about 7% of GDP on health care in 2010. This share increased during the 2007 – 2009 period, fell again in 2010 due to the economic crisis, with lower contributions by employees and their employers to the National Health Insurance Fund largely offset by budgetary transfers. Spending on preventive-care and other related health programs as a percentage of current health care expenditure is quite low, while spending on pharmaceutical and other medical non-durables (as a percentage of current health expenditure) is quite high.

Nevertheless, new prevention-focused programs were recently introduced by the National Health Insurance Fund. The provision of health care 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 health care services. Seeking to improve the quality of services and their cost efficiency, Lithuanian policymakers are optimizing the network of personal health care organizations; the overall number of these bodies was reduced from 81 to 62 by the end of 2012.

Citation:

The 2010 Eurobarometer report is available at [http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_327\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_327_en.pdf)  
 The 2007 Eurobarometer report is available at [http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_283\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_283_en.pdf)

## Families

Many Lithuanian families find it difficult to reconcile family and work commitments. The prevalence of poor relations, as well as frequent instances of domestic violence, divorces and single-parent families also present challenges to stable family life. The country's fertility rate is low, while the child poverty

rate is relatively high. However, the employment rate among women aged 20 to 64 is relatively high, at 66.7% in 2011 as compared to 67.7% for men. 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). However, access to kindergartens and other child care facilities is still insufficient (especially in the city of Vilnius) and there is a shortage of both full-time and part-time flexible employment opportunities in the labor market.

### 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; indeed, since the crisis, 30% of all people over 65 are at risk of poverty. 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 precrisis levels as of 1 January 2012.

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 suffers 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%.

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%. Although 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, the unsustainable PAYG pillar

continues to pose a risk to the sustainability of public finances overall. Therefore, a comprehensive reform of the state insurance fund, including pensions as well as other social expenditures, remains necessary in order to ensure its long-term sustainability while safeguarding its ability to protect people from poverty.

### Integration

Integration Policy  
Score: 7

Lithuania remains a largely homogeneous society. The country's 30,000 foreign residents (as of the beginning of 2011) represent just 1% of the country's population. Immigration of foreign nationals to Lithuania is comparatively rare, totaling an average of about 2000 people per year. This inflow decreased further during the financial crisis due to reduced labor demand, though the situation is changing with economic recovery. Most foreigners come to Lithuania from Belarus, the Russian Federation and Ukraine, all former republics of the Soviet Union. For this reason, their integration into Lithuanian society is not very difficult. However, a number of developments call for the implementation of 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 in practice remains limited. In general, Lithuania maintains a restrictive immigration regime, especially for immigrant labor.

### Safe Living

Safe Living  
Conditions  
Score: 7

Lithuania's internal security has improved in recent years, 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 fell during the 2005 – 2007 period, but this trend was reversed beginning in 2008, coinciding with the onset of the economic crisis. The country has a high number of homicides by EU standards,



and the population expresses a relatively low level confidence in the police. In the 2011 Eurobarometer survey, 58% of Lithuanians either disagreed or totally disagreed with the statement that their country was doing enough to fight organized crime, as compared to an EU-27 average of 42%.

State funding for internal security purposes remains limited; though it gradually increased between 2004 to 2008, government expenditure for public safety purposes dropped from 2.4% of GDP in 2008 to 2.1% in 2011. Observers say that the police force's motivation, competence and stability, as well as that of other internal security organizations, are among the most pressing challenges to improving public safety. According to the 2011 Eurobarometer report, 42% of Lithuanians felt corruption to be an issue very important to citizens' security, while just 5% felt the same about terrorism threats, and 2% for civil wars/wars. The annual report of the Lithuanian Security Department has recently highlighted threats linked to the activities of external intelligence services from neighboring non-NATO countries.

Citation:

The 2011 Eurobarometer reports is available at [http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_371\\_fact\\_lt\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_371_fact_lt_en.pdf).

### Global Inequalities

Global Social Policy  
Score: 7

Through its development aid policy, the Lithuanian government participates in international efforts to promote socioeconomic opportunities in developing countries. Lithuania provides development aid to Belarus, Ukraine, Moldova and Georgia, as well as Afghanistan (where it is involved in the civilian-military mission) through its own development aid and democracy support program, as well as through the European Development Fund, to which it provides a financial contribution. 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 product to development aid by 2015 as part of its contribution to the U.N. Millennium Development Goals, current levels of government expenditure in this policy area (about 0.8% in 2006) remain well under the target. It is hard to judge the real impact of Lithuania's development aid given the absence of independent evaluations. As a member of the European Union, Lithuania is bound by the provisions of the EU's common policy toward external trade. Although the European Union 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.

Citation:

Elsig, M., "European Union trade policy after enlargement: larger crowds, shifting priorities and informal decision making", *Journal of European Public Policy*, 17:6, September 2010, p. 781-798.

### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 8

The performance of Lithuania's environmental policies vary significantly across sector. Lithuania's energy intensity is more than twice the EU average, with the residential-housing sector being particularly energy-inefficient. Progress toward a low-carbon economy is limited in most sectors of the economy, and CO<sub>2</sub> emissions per capita are still relatively high. Water-supply and sewage infrastructure has benefited substantially over the years through the application of EU structural funds, but providing adequate connections to the public water supply still remains a challenge in some cases.

Moreover, there are deficiencies in the treatment of wastewater, with significant differences evident between rural and urban areas. The country's treatment of forests is much stronger, with Lithuania topping the 2012 Environmental Performance Index's forest category due to strong results in the areas of forest cover, growing stock and forest loss. With respect to biodiversity, Lithuania's protected areas cover 15.6% of the country's territory, but only 22% of habitat types and 54% of the protected species in Lithuania are

subject to preservation efforts, according to European Commission reports. Separately, 94% of the country's municipal waste continues to go to landfills, with just 4% of waste recycled. Infrastructure for waste sorting and recycling has not yet been developed, and most non-hazardous waste is disposed of in landfills.

Citation:

The Article 17 EU Habitats Directive Reports available at [http://ec.europa.eu/environment/nature/knowledge/rep\\_habitats/](http://ec.europa.eu/environment/nature/knowledge/rep_habitats/)

The Environmental Protection Index is available at [http://epi.yale.edu/epi2012/country\\_profiles](http://epi.yale.edu/epi2012/country_profiles)

### 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 European Union 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. However, Lithuanian policymakers have not actively worked to advance global environmental strategies, and do not typically seek to initiate international policy changes. The country's institutions are most active at the regional level, for instance addressing issues related to the Baltic Sea.

# Quality of 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 in the 2012 parliamentary elections. Independent candidates as well as party-affiliated candidates can stand for election. 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 with the evolving jurisprudence of the European Court of Human Rights on matters of dual citizenship. That court also ruled that imposing a lifetime ban on standing for elected office on former President Paksas, who was impeached in 2004, was a disproportionate punishment. The electoral legislation on this issue has been amended, but the relevant provisions in the constitution remain valid.

Citation:

OSCE/ODIHR Election Assessment Mission Report on the 2012 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/98586>.

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. In the run-up to the Autumn 2012 parliamentary elections, the public TV and radio organizations provided all parties with equal access and time slots. The media are also obliged to offer all campaigns the same terms when selling air time for paid campaign advertisements. However, the Central Electoral Commission, which supervises the media during campaign periods, received many complaints related to campaign advertising during the 2012 parliamentary elections. According to the Organization for Security and Co-operation in Europe (OSCE), voters during the last parliamentary elections were able to access a variety of views and information about the candidates across a wide range of media outlets. 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.

Citation:

OSCE/ODIHR Election Assessment Mission Report on the 2012 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/98586>.

Voting and  
Registrations Rights  
Score: 9

All citizens who are over the age of 18 on Election Day are eligible to vote. Although citizens living abroad may vote if they preregister, only 11% of the Lithuanian citizens who have declared themselves to be living abroad registered to vote in the 2012 parliamentary elections. A number of proposals for the introduction of Internet-based voting have been rejected by the Seimas, Lithuania's parliament. 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. During the first round of the autumn 2012 parliamentary elections, there were cases of suspected vote buying in prisons and some other institutions. Thus, while the citizens do have a right to vote, there have been cases of improper use of this right in practice.

Citation:

OSCE/ODIHR Election Assessment Mission Report on the 2012 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/98586>.

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. Although campaign finance regulations are detailed and compliance with them is monitored, there are certain gaps in party-financing regulations. For instance, the OSCE has recommended setting reasonable limits on political-party membership fees so as to increase financing transparency. This institution also recommended that the authorities responsible for supervising party and campaign finance should improve their monitoring and audit efforts, as there are current gaps in the enforcement of the existing regulations. For example, the ruling Labor Party has been brought to court for

failing to include about €7 million in income and expenditure in its official records through the 2004 – 2006 period. This bookkeeping fraud case, which had lasted for more than six years, had not yet concluded at the time of writing., illustrating the difficulties in enforcing party-financing rules.

Citation:

OSCE/ODIHR Election Assessment Mission Report on the 2012 parliamentary elections in Lithuania, see <http://www.osce.org/odihr/98586>.

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 11 referendums, although only five of these have been successful (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). To call a referendum, a total of 300,000 signatures by Lithuanian citizens having 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, will be addressed by parliament. A right to petition also exists, enabling individuals to address the parliament's Petition Commission.

### Access to Information

Media Freedom  
Score: 9

Lithuania's media are not subject to government influence, and their independence is respected by the incumbent government. Private newspapers and independent broadcasters express a wide variety of views and freely criticize the government. In Reporters Without Borders' 2013 Press Freedom Index, Lithuania was ranked 33rd among 179 countries in terms of press freedom in 2013 (a significant fall from ninth place in 2009). This decline was attributable to court decisions that have threatened media independence (especially one ruling that obliged a journalist to disclose a source who had provided information on flaws in the judicial system) as well as worsening business conditions related to the financial crisis. For example, the media's independence could be compromised by the fact that the government is becoming one of the main advertisers. However, while the print media has experienced economic difficulties in recent years, Internet-based media have become important additional forums for independent opinion and the criticism of government policies.

Citation:

2013 WORLD PRESS FREEDOM INDEX, see <http://en.rsf.org/press-freedom-index-2013,1054.html>

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 2007, the organization singled out *Verslo Žinios* and *Valstiečių laikraštis* among the print media and the Lithuanian Television from the electronic media for transparency, while print publication *Respublika* and Baltic Television were criticized in this regard. In some cases, business conglomerates own multiple newspapers and TV channels.

Citation:

See the 2007 Report of Transparency International (the Vilnius office) in [http://transparency.lt/media/filer\\_public/2013/01/22/skaidresnes\\_zinia\\_sklaidos\\_link.pdf](http://transparency.lt/media/filer_public/2013/01/22/skaidresnes_zinia_sklaidos_link.pdf), also Freedom House 2013 Report at <http://www.freedomhouse.org/report/freedom-world/2013/lithuania>

Access to  
Government  
Information  
Score: 9

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. Lithuania's freedom of information environment received the highest possible ranking from Freedom House in 2009.

Citation:

[www.freedominfo.org](http://www.freedominfo.org) for Lithuania.

### Civil Rights and Political Liberties

Civil Rights  
Score: 8

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 in the 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 persons 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. However, the country's score on the Civic Empowerment Index, produced by the Civil Society Institute since 2007, remains low, at 35 out of a possible 100 in 2012 compared to 35.5 in 2010. Lithuanian society shows only an average interest in public affairs, while the social environment remains unfavorable for civic engagement. The share of the Lithuanian population indicating that they had experienced violations of their rights fell to 18% in 2012, while only 18% overall have taken action to protect themselves, indicating an insufficient degree of awareness of 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/lt/?pid=74&id=78>

Survey on the situation of human rights in Lithuania, [http://www.hrmi.lt/uploaded/PDF%20dakai/TYRIMAI/Vilmorus%20visuomenes%20nuomones%20apklausa\\_Santrauka\\_2012.pdf](http://www.hrmi.lt/uploaded/PDF%20dakai/TYRIMAI/Vilmorus%20visuomenes%20nuomones%20apklausa_Santrauka_2012.pdf)

Political Liberties  
Score: 9

Lithuanian institutions generally respect the freedoms of assembly and association. Lithuania obtained the score of one (with zero being most free, and 100 being least free) from the Freedom House in 2013 on the issue of political rights and civil freedoms. Lithuanian political parties operate freely, with the Communist Party being the only banned grouping. Non-governmental organizations may register without serious obstacle, and human-rights groups operate without restrictions. In 2010, an appeals court ruled that Lithuania's first gay-pride parade could go ahead given 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. 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. The Lithuanian 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.

Citation:

The 2013 freedom rating of Lithuania by the Freedom House is available at <http://www.freedomhouse.org/report/freedom-world/2013/lithuania>.

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. The number of criminal acts deemed to be inciting hatred increased in 2011 compared to 2010. 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 (i.e., the small Roma population or members of the LGBT (lesbian, gay, bisexual, and transgender) 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 limited information. 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.

Some cases of discrimination or racist activities were observed during the period under review, including a resurgence of neo-Nazi activities (e.g., a public march held in 2012) that was emphasized by the United Nations Committee on the Elimination of Racial Discrimination. Despite the adoption of anti-domestic-violence legislation, spousal and child abuse both remain problems, as illustrated by a woman's death in 2013. According to Eurobarometer surveys, a lack of public support remains a challenge to effectively combating discrimination in Lithuania.

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](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>

Also see Freedom House Report on Lithuania in 2013 at <http://www.freedomhouse.org/report/freedom-world/2013/lithuania>

### 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 preaccession period, as well as by good compliance

with EU law in the post-accession period. In the World Bank's 2011 Worldwide Governance Indicators, Lithuania's score on the issue of the rule of law was 72.8 out of 100 (although the regional average was 66.1, the country's score was below that of most EU member states). 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.

The Ministry of Justice provides methodological advice on the lawmaking process, submits conclusions on draft legal acts and coordinates the monitoring of the existing legislation. The Public Management Improvement Program is designed to simplify legal acts and improve their quality. The unpredictability of laws regulating business activities, especially the country's tax regime, increased at the start of financial crisis in 2008 – 2009 when taxes were raised to increase budget receipts. However, since that time, successive governments have put considerable focus on creating a stable and predictable legal business environment.

Nevertheless, in some cases, laws are amended during the last stage of parliamentary voting, generally due to the influence of interest groups, a process that increases legal uncertainty. In addition, the fact that state policies shift after each parliamentary election, including the most recent one in autumn 2012, reduces predictability within the economic environment. This is particularly true with respect to major infrastructural projects such as the new nuclear-power plant, and threatens to undermine incentives to invest in long-term projects. Impact assessments for major legislative initiatives, especially those proposed by members of parliament, are often superficially conducted; this, along with insufficient monitoring of existing legislation, contributes to some uncertainty and contradictions in the legal environment.

Citation:

World Bank. <http://info.worldbank.org/governance/wgi/index.asp>

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 Seimas or issued by the president or government. The Supreme Court of Lithuania reviews lower general-

jurisdiction court judgments, decisions, rulings and orders. Disputes that arise in the sphere of the public and internal administration (including the legality of measures passed, as well as activities performed by administrative bodies such as ministries, departments, inspections, services and commissions) are considered within the system of administrative courts. This consists of five regional administrative courts and the Supreme Administrative Court of Lithuania.

The overall efficiency of the Lithuanian court system, at least 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 volume of incoming cases. However, the number of cases dealing with the legality of administrative acts and judgments delivered by the administrative courts is constantly increasing. According to opinion surveys (i.e., Vilmoris surveys) a comparatively small share of population trusts the courts, although the Constitutional Court enjoys a high level of trust.

Citation:

The EU Justice Scoreboard, see the Lithuanian case at [http://ec.europa.eu/justice/effectiv-justice/files/cepej\\_study\\_justice\\_scoreboard\\_en.pdf](http://ec.europa.eu/justice/effectiv-justice/files/cepej_study_justice_scoreboard_en.pdf).

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

Appointment of  
Justices  
Score: 9

The country's judicial appointments process protects the independence of courts. The Seimas appoints justices to the Constitutional Court, with an equal number of candidates nominated by the president, the chairperson of the Seimas 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 Seimas 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. However, in a recent World Economic Forum survey gauging the public's perception of judicial independence, Lithuania was ranked only 82nd among 144 countries worldwide.

Citation:

See the 2012-2013 Global Competitiveness Report of the World Economic Forum: [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2012-13.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf)

Corruption  
Prevention  
Score: 6

Corruption is not sufficiently contained in Lithuania. In the World Bank's 2011 Worldwide Governance Indicators, Lithuania's received a score of 65.9 out of 100 (slightly above the average of 62.8 for European and Central Asian countries) on the issue of corruption control stood at. The 2011 Eurobarometer poll on corruption revealed that 89% of Lithuanians consider corruption to be a major problem in their country, while 47% believe that corruption has worsened in the last three years.

Anti-corruption policy is based on the National Program on the Fight Against Corruption (2011 – 2014), which has two primary building blocks: eliminating or minimizing conditions that enable corruption, and enforcing penalties in cases of identified corruption. According to the Lithuanian Corruption Map of 2011, the most corrupt institutions were the health care sector, the parliament, the courts, the police, and the local authorities. Bribery is perceived to be the main form of corruption by most average Lithuanians, while businesspeople and civil servants respectively identified nepotism and party patronage as the most frequent forms of corruption. According to the World Economic Forum, Lithuanian firms perceive corruption as one of the most problematic factors for doing business in the country. Although many integrity mechanisms are in place, in theory dissuading politicians, state officials, and civil and public servants from abusing their positions, the efficacy of these provisions is mixed.

Citation:

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

The Lithuanian Corruption Map is available at [http://transparency.lt/media/filer\\_public/2013/01/22/korupcijos\\_zemela\\_pis\\_2011.pdf](http://transparency.lt/media/filer_public/2013/01/22/korupcijos_zemela_pis_2011.pdf)

The 2012-2013 Global Competitiveness Report of the World Economic Forum is available at [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2012-13.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf)

# 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. During the period under review, successive governments commissioned and then approved the long-term Lithuania 2030 strategy, as well as a medium-term National Progress Program linked to short-term strategic-performance plans and budget programs. The latter system is mandatory for all appropriation managers. 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 Planning Committee that was reintroduced in 2013 by the current government. In addition, strategic issues are regularly discussed during government or ministerial meetings.

A State Progress Council composed of politicians, public and civil servants, academics, businesspeople and other representatives of Lithuanian society was established to help design the Lithuania 2030 strategy and monitor its implementation. Although these strategic and advisory bodies take a long-term approach and offer viable policy solutions, their influence on governmental decision-making in fact varies by specific issue. There is a certain gap between long-term policy commitments and the actual practices of individual public institutions. In addition, politically important decisions are sometimes made without due consideration of strategic priorities, with strategic-planning documents often playing little role in daily decision-making.

Scholarly  
Advice  
Score: 7

Lithuanian decision-makers are usually quite attentive to the recommendations of the European Commission and other international expert institutions, but are also becoming increasingly receptive to involving non-governmental academic experts

in the early stages of government policymaking. The first government in power during the period under review, under Prime Minister Andrius Kubilius, set up a number of advisory bodies composed of academic and other non-governmental experts. The succeeding government, under Social Democratic Prime Minister Algirdas Butkevičius, also created a few expert groups involving academic experts, including one responsible for reviewing the current tax system. The Butkevičius government also invited Lithuanian energy experts to offer advice, to be presented to both the government and parliament, on the nuclear-power-plant project in Visaginas. However, major policy initiatives are usually driven by intra- or interparty agreements rather than empirical evidence provided by non-governmental academic experts. In addition, the rarity of ex-ante impact assessments that involve consultation with experts and stakeholders contributes to the lack of timely advice based on evidence and analysis.

### **Interministerial Coordination**

GO Expertise  
Score: 7

Under Prime Minister Kubilius, the Government Office 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 announced it would reverse this organizational reform, reorganizing the Prime Minister's Office once again into a Government Office. Under the Kubilius government, a number of additional evidence-based decision-making instruments were developed, including a monitoring information system, a budget-program assessment system and an impact-assessment system. These instruments increased the capacity of the core government to monitor and evaluate draft government decisions based on the government's political priorities. However, their effectiveness has varied by instrument, as well as with the relevance and quality of the empirical evidence available for decision-making.

GO  
Gatekeeping  
Score: 7

Draft government decisions advance primarily as a result of coordination between line ministries and other state institutions at the administrative and political levels. The Prime Minister's Office has no power to return items envisioned for the cabinet meetings on the basis of policy considerations (although proposals must be reviewed by the Ministry of Justice before they can be considered at cabinet meetings). However, the prime minister formally sets the agenda of cabinet meetings, thus serving a gatekeeping function. There have been cases in which prime ministers have removed highly politicized issues from a meeting agenda, or on the contrary included such items on an agenda despite the absence of interministerial agreement.

Line Ministries  
Score: 7

Under the Kubilius government, the Prime Minister's Office (PMO) became more actively involved in the preparation of policy proposals dealing with the government's political priorities. Under this system, the PMO was kept informed about important policy developments, and also participated in the activities of working groups set up by line ministries. In some high-priority areas, the PMO even led the preparation of policy documents through working groups chaired by top prime-ministerial deputies such as the chancellor or deputy chancellor. The PMO was also regularly briefed on the key results of policy implementation in top-priority issue areas. However, the fact that governments since 2000 have been coalition governments has meant that line ministries have often had considerable autonomy, as they are led by ministers with a different party affiliation than the prime minister.

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. However, the Butkevičius government decided to reestablish the Strategic Planning Committee, which is composed of several cabinet ministers and the chancellor, a top prime-ministerial deputy. A European Union Commission continues to act as a government-level forum for discussing Lithuania's EU positions, but this is made up of relevant vice-ministers, and chaired by the minister of foreign affairs.

Ministerial  
Bureaucracy  
Score: 8

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 different levels of administrative hierarchy: coordination at the civil-servant level followed by that of managers representing the ministries at the government level. 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. 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.

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 are created to solve political disagreements within the ruling coalition. In addition, the leadership of political parties represented in the government are often involved in

the coordination of political issues. Informal meetings are sometimes called to coordinate various issues at the administrative level. Furthermore, the current government wants to develop a senior civil-service strata that can engage in policy coordination at the managerial level.

### Evidence-based Instruments

RIA  
Application  
Score: 7

Although the production of impact assessments for draft government decisions became mandatory in 2003, high-profile regulatory initiatives are in most cases not in fact subject to in-depth assessment. Seeking to improve the relevance and quality of impact assessments, the Kubilius government conducted a review of the impact assessment system. The Butkevičius government decided in 2013 to focus the system on top-priority regulatory decisions, while applying rigorous impact-assessment methods such as cost-benefit or cost-effectiveness analyses. The results of such assessments will be presented to the government. In addition to ex-ante impact assessments, the new impact-assessment system will include ex-post assessments. However, as of the time of writing, this reform had not yet been tested, as no high-profile decision had yet been made through the selection of the best alternative following an RIA process. Thus, in practice, the country's RIA system has evolved from assessments being performed on all new regulation (as established in 2003), but in a very formal manner and often without properly evaluating alternative policy instruments, to a point where it is not performed at all, despite the fact that new methodologies have been adopted and successive governments have declared their intention to improve ex-ante and ex-post assessment.

Quality of RIA  
Process  
Score: 6

The process of regulatory impact assessment previous to the period under review did not ensure sufficient participation of relevant stakeholders. The quality of impact assessments was not systematically monitored, and results were not publicly available. Under the new impact assessment system, the Prime Minister's Office is supposed to provide advice on RIA for high-priority regulatory initiatives, while monitoring the process for quality control. The impact assessment guidelines produced in 2012 provide for consultation with societal stakeholders as much as necessary during the assessment process. Under the guidelines, the results of impact assessments are to be made available on the websites of the institutions conducting the assessment.

Sustainability  
Check  
Score: 6

Lithuanian policymakers are supposed to conduct sustainability checks within the new 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 is likely to remain a challenge under the new system, as it focuses on impacts within the business environment and new administrative burdens. The 2003 impact-assessment guidelines contained similar provisions with respect to sustainability checks.

### **Societal Consultation**

Negotiating  
Public Support  
Score: 7

In Lithuania, major societal actors are consulted through institutionalized arrangements such as the Tripartite Council, as well as through various ad hoc means. In 2010, the Kubilius government signed the National Accord Agreement with major interest groups, including business and labor organizations, making a commitment not to introduce new taxes or increase the existing level of taxation at least through 2011. Major societal actors were also involved in the preparation of the long-term Lithuania 2030 strategy, working through the State Progress Council. Both the Kubilius and Butkevičius governments carried out public consultation on a number of policy issues, including pension-system reform and a national energy-independence strategy. However, the scope of consultation with societal actors remains insufficient, as the consultation process is limited to an exchange of information and positions, with little attempt to achieve consensus among the stakeholders involved. For this reason, the Public Management Improvement Program envisages improving consultation with societal stakeholders by defining consultation principles, deadlines and standards. There is also a lack of consultations during the impact assessment process, although in recent years new legal provisions have been adopted to address this issue.

### **Policy Communication**

Coherent  
Communication  
Score: 6

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 Prime Minister's Office coordinates these activities and provides the public with information about the government's performance. On the whole, the government lacks a coherent communication policy. Contradictory statements are rare but do occur to different degrees, depending on the particular government. Although the Butkevičius government announced that it would pursue a whole-of-government approach to public policy and management, the implications of this goal in terms of coherent communications had not been addressed at the time of writing. Moreover, Prime

Minister Butkevičius has himself publicly made contradictory statements on such politically important issues as tax reform or the future of nuclear power in Lithuania, probably reflecting the diversity of opinions within his party and the ruling coalition.

### Implementation

Government  
Efficiency  
Score: 7

During the fast process of transition and accession to the European Union, Lithuanian governments' narrow focus on this task produced a lag in policy implementation. The performance of the Kubilius government in terms of implementing its policy priorities was mixed. Although its policy of fiscal consolidation represented one important success, few major structural reforms occurred in Lithuania during the 2008 – 2012 period, with the exception of a higher-education reform and a restructuring of the energy sector. Coalition politics, disagreements between different power centers, resistance from interest groups, and a mismatch between government priorities and the allocation of resources during the budgeting process largely explain the failure to implement key policy objectives.

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, annual government priorities, identified priority actions and monitoring processes, cabinet meetings and deliberations, and the assignment of ministerial responsibility for parliamentary policy objectives. 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 (in particular ministers of finance, who tend to share a party affiliation), from parliamentary factions, and from the president (who has a veto power over draft laws) as they seek to implement the government program. Moreover, there is a mismatch between government priorities and the allocation of resources during the budgeting process.

Monitoring  
Ministries  
Score: 8

The Prime Minister's Office 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 system of information 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 not used to propose corrective action when progress is deemed insufficient. Thus, the process does not always prevent

Monitoring Agencies, Bureaucracies Score: 6	<p>the prioritization of sectoral over government interests in policy implementation.</p> <p>Lithuania's fragmented structure of agencies and other public-sector organizations undermines ministerial performance monitoring. While agencies subordinate to the central government or individual ministries can be monitored comparatively 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.</p>
Task Funding Score: 6	<p>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 2012, the Congress of Local and Regional Authorities expressed its concern that Lithuanian municipalities have limited capacities and insufficient resources to deliver the services delegated to them. Municipal concerns, including that of adequate funding, are taken up by the joint commission of the Lithuanian government and the Association of Lithuanian Municipalities.</p>
Constitutional Discretion Score: 6	<p>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.</p>
National Standards Score: 6	<p>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 health care services. The Public Management Improvement Program aims at defining minimal-quality standards for various public functions such as health care, education and social services.</p>

## 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 preaccession 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 decentralized to line ministries in the case of specific sectoral matters. The relatively fast absorption of EU funds in Lithuania indicates that Lithuanian institutions and procedures have been quite adequately adapted to the implementation of EU-funded programs. However, adoption of EU policy has largely taken place on a formal basis, rather than indicating substantial policy learning. Institutional adjustment has not led to significant structural policy reforms, with the partial exception of the country's higher-education reforms.

International  
Coordination  
Score: 6

Lithuania actively engages in international policy cooperation. One of its top foreign policy priorities is the EU's Eastern Partnership, working through the framework of the European Neighborhood Policy. Since 2005, Lithuania has been part of the International Security Assistance Force in Afghanistan. The country's policymakers have managed to coordinate their involvement in these international fields quite effectively. However, the Lithuanian government has been less willing or able to contribute to such global challenges as climate change or trade liberalization.

## Organizational Reform

Self-monitoring  
Score: 8

Lithuania's policymakers monitor institutional governing arrangements regularly and effectively. During the global financial crisis, the Kubilius government initiated broad organizational reforms across the country's public sector institutions. All Lithuanian ministries were restructured, while several government and many ministerial agencies were abolished or reorganized in the 2009 – 2011 period. The rules of procedure are frequently reviewed using quality-management instruments or functional reviews, the application of which is becoming increasingly widespread in the country's public administration. However, some changes to institutional arrangements remain politically motivated by governments' short-term political needs.

Institutional  
Reform  
Score: 9

Lithuania's government has in some cases improved its strategic capacity considerably by changing its institutional arrangements. The Kubilius government made significant changes to existing government structures and procedures in order to enhance its policy capacity. According to the governmental

“Sunset” commission, the number of central-level institutions decreased from 1,190 in 2008 to 855 in 2011. The establishment of the State Progress Council, the Butkevičius government’s announcement of a whole-of-government approach and other institutional changes may contribute to addressing still-outstanding challenges.

## II. Executive Accountability

### Citizens’ Participatory Competence

Policy  
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. In 2011, Transparency International indicated that 44% of citizens surveyed said there was too much information not made publicly available by state and local institutions. 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. Moreover, the Ministry of Economy has launched an open-data initiative in order to better exploit the potential of government data for business purposes.

### Legislative Actors’ Resources

Parliamentary  
Resources  
Score: 9

The 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 Department. Expenses incurred by calling experts for testimony or consultation can be reimbursed. Despite these resources, political parties are frequently unable to engage in professional parliamentary oversight. Parties that form a part of governing coalitions are often unwilling to engage in self-monitoring, while opposition parties are frequently incapable of constructive

	<p>external oversight. Although the Lithuanian parliament does not 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.</p>
<p>Obtaining Documents Score: 9</p>	<p>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. There are some restrictions concerning the access of information considered to be sensitive for reasons of state. In addition, information from ongoing pretrial investigations and other investigations cannot be provided if this could harm the investigations.</p>
<p>Summoning Ministers Score: 10</p>	<p>Parliamentary committees are able to summon ministers and the heads of most other state institutions (with the exception of court judges). Invited persons, which also attend parliamentary commissions and other groups, typically answer questions posed by the members of the Seimas 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.</p>
<p>Summoning Experts Score: 9</p>	<p>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 engaging 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.</p>
<p>Task Area Congruence Score: 8</p>	<p>There is extensive congruence between the current structure of 15 parliamentary committees and the primary areas of competence of Lithuania's 14 ministries. 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 Economics committee. On the other hand, there are several horizontal parliamentary committees (including the committees on Audit, European Affairs, Information Society, and Human Rights). 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 most committee activities are related to the consideration of draft legislation. The amount of attention is given to exercise of the parliamentary oversight function depends on the particular committee. For instance, 63% of all</p>

issues discussed by the Rural Affairs committee in the 2000 – 2004 period were related to its oversight function, as compared to just 10% of issues discussed by the Committee on Budget and Finance.

Audit Office  
Score: 7

The National Audit Office is accountable to the Seimas and the president. The auditor general is appointed by the Seimas 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. Heads of the Committee on Audit have increasingly used audit reports for political purposes, especially after an opposition-party member was appointed to this post.

Ombuds Office  
Score: 8

The Seimas 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. However, the effectiveness of the ombuds offices is limited by a combination of three main factors: citizens' limited interest in pursuing complaints through these offices; the offices' own reactive attitude toward investigations; and the occasional unwillingness of state institutions to implement the offices' recommendations.

### **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. Other mass-media brands tend to produce infotainment-style programming. Although the Lithuanian media are regarded as quite independent, their public trust is on the decline; in early 2013, only 33.5% of the country's population said they trusted the media.

### **Parties and Interest Associations**

Intra-party  
Democracy

Lithuanian parties usually restrict decision-making to party members. Although

Score: 7

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 Lithuanian Social Democratic Party, 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 single party, whose leader is directly elected by all party members. By contrast, some other political parties are primarily used as a platform for their leaders to express their own political interests.

Association  
Competence  
(Business)  
Score: 5

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 do not engage in cooperation with academic bodies or individual experts. However, 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 developed stronger capacities to formulate policies. Some business associations and even individual businesses support think tanks. In 2012, the University of Pennsylvania recognized the Lithuanian Free Market Institute as being among the most influential public-policy centers in Central and Eastern Europe, rating it at 11th place within the region. The European Union provides support earmarked for strengthening the capacities of social partners, including trade unions.

Association  
Competence  
(Others)  
Score: 5

The capacity of nonacademic 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. The Non-Governmental Organizations' Information and Support Center facilitates cooperation between NGOs as they seek to represent their interests.



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