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ANNEX 15

ANNEX

LITHUANIA

to the

EU Anti-Corruption Report

LITHUANIA

1. INTRODUCTION — MAIN FEATURES AND CONTEXT

Anti-corruption framework

Strategic approach. The national anti-corruption programme for 2011-14 sets out a comprehensive action plan and identifies institutions responsible for its implementation.¹ Objectives include expanding e-services by the tax inspectorate, publishing land-planning projects online, and sponsoring anti-corruption advertisements in the media. Implementation of the programme is facing delays.² While recent public discussions have focused on the punishment of corruption, its prevention also merits closer attention.

Legal framework. Lithuanian provisions criminalising corruption are comprehensive, covering active and passive bribery and trading in influence, extending to officials operating abroad. The Supreme Court's overview of court practice containing guidance for the application and interpretation of legal provisions aims to contribute to consistency in handling corruption cases.³ According to the Council of Europe's Group of States against Corruption (GRECO), this interpretation is in line with the Criminal Law Convention on Corruption and sometimes goes beyond it.⁴ In response to GRECO recommendations, Lithuania amended laws to cover both material and immaterial benefits in the definition of a bribe, including bribes offered through a third party, and to extend the statutes of limitation.⁵ Also following GRECO recommendations, Lithuania reviewed the sanctions applicable to bribery and trading in influence to increase their consistency and the level of penalties.⁶ The 2012 review of implementation of the United Nations Convention against Corruption (UNCAC) commended Lithuania for criminalising illicit enrichment and a wide array of corrupt practices (including by legal persons). UNCAC reviewers emphasised however the need for more statistics on the implementation of legal provisions and concrete information on how anti-corruption institutions cooperate in practice.⁷

Institutional framework. The Special Investigation Service (STT) is in charge of prosecuting and preventing corruption. The Immunity Service, reporting to the Commissioner General of the Police, is responsible for the prevention and investigation of corruption within the Police. The prosecution service contains a division on investigation of organised crime and corruption. The Judicial Ethics and Discipline Commission decides on disciplinary action against judges. The Chief Official Ethics Commission (COEC) is charged with supervising adherence to institutional ethics standards, regulating public and private interests in civil service, and controlling certain lobbying activities. UNCAC reviewers called for stronger inter-agency coordination and cooperation in enforcing anti-corruption laws.⁸

Opinion polling

Perception surveys. In the 2013 Special Eurobarometer, 29 % say that corruption affects their daily lives (EU average 26 %). Moreover, 95 % of Lithuanians regard corruption as

1 National Anti-Corruption Program 2011-2014.

2 In December 2013, Parliament adjusted the programme. Dėl Lietuvos Respublikos Seimo nutarimo 'Dėl Lietuvos Respublikos nacionalinės kovos su korupcija 2011-2014 metų programos patvirtinimo' pakeitimo ir papildymo [XII-634] http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_1?p_id=461405.

3 Issue No 26 of the Bulletin on court practice.

4 http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3%282008%2910_Lithuania_One_EN.pdf

5 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3\(2011\)7_Lithuania_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3(2011)7_Lithuania_EN.pdf).

6 http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282013%296_Second_Lithuania_EN.pdf

7 <http://www.unodc.org/unodc/treaties/CAC/country-profile/profiles/LTU.html>.

8 <http://www.unodc.org/unodc/treaties/CAC/country-profile/profiles/LTU.html>.

widespread in their country (EU average 76 %), and 88 % agree that bribery and the use of connections is often the easiest way of obtaining certain public services (EU average 73 %).⁹

Experience of corruption. In the 2013 Special Eurobarometer, Lithuania has the EU's highest percentage (29 %) of respondents who say they have been asked or expected to pay a bribe for services received over the past 12 months (EU average 4 %).

Business surveys. In the 2013 Eurobarometer business survey, 89 % of respondents think corruption is widespread (EU average 75 %) and 36 % consider corruption a problem when doing business in Lithuania (EU average 43 %).¹⁰

Background issues

Private sector. Lithuania did not provide information on transposition measures for the Commission's 2011 report regarding Framework Decision 2003/568/JHA on combating private sector corruption. The 2007 report noted that Lithuania had fully transposed provisions on the liability of legal persons and those requiring effective, proportionate and dissuasive criminal penalties.¹¹ In 2012, the shadow economy accounted for 29 % of GDP, the third highest percentage in the EU.¹² In the 2013 Global Competitiveness Index, Lithuania ranks 48th among 148 countries.¹³

Conflicts of interest and asset disclosure. A broad range of elected and appointed officials and their spouses are required to publicly declare their assets on an annual basis.¹⁴ The Tax Inspectorate is responsible for the management and supervision of asset declarations. In an October 2012 report, the National Audit Office pointed to deficiencies in the asset declaration procedure and called for improvements.¹⁵ A working group has been established to address these deficiencies. In addition, public servants are required to submit conflict of interest declarations to the Chief Official Ethics Commission, and violations can lead to dismissal. However, these declarations require closer supervision.

Whistleblowing. Legal provisions protect various categories of witnesses, victims and other participants in criminal proceedings from potential retaliation and intimidation.¹⁶ However, there is no specific legislation on whistleblower protection in the public or private sector. A draft law on the protection of whistleblowers was submitted to Parliament in September 2010 but was not adopted.¹⁷ The government argued that separate legislation on this issue would be superfluous.¹⁸ However, UNCAC reviewers recommended that Lithuania reconsider the need for such a law.¹⁹ Following bribery charges filed against 29 customs officers (one third of the

9 2013 Special Eurobarometer 397.

10 2013 Flash Eurobarometer 374.

11 COM(2011) 309 final, Second Implementation report of FD 2003/568/2003 of 6 June 2011: http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/docs/report_corruption_private_sector_en.pdf.

12 http://ec.europa.eu/europe2020/pdf/themes/07_shadow_economy.pdf.

13 http://www3.weforum.org/docs/GCR2013-14/GCR_Rankings_2013-14.pdf.

14 Article 2 of the Law on Declaration of Assets and Income of Residents.

15 Lietuvos respublikos valstybės kontrolė (2012), *Valstybinio audito ataskaita: Gyventojų turto ir pajamų deklaravimas*, <http://www.vkontrole.lt/failas.aspx?id=2737>.

16 A law supplementing the Criminal Procedure Code, in force since December 2010, provides for partial anonymity of witness testimony and offers additional guarantees to secret witnesses who report corruption.

17 Bill No XIP-2459 on the Protection of Whistleblowers.

18 Governmental Resolution No 1649 of 17 November 2010.

19

<http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/ExecutiveSummaries/V1255483e.pdf>.

entire staff at Medininkai customs office) in December 2012, customs officials took steps to encourage internal reporting of attempted bribery.

Transparency of lobbying. The law on lobbying requires all lobbyists to register in a publicly available list.²⁰ However, at the end of November 2012, the list contained only 34 registered lobbyists. The law does not cover foundations and associations, and parliamentarians are not required to disclose contacts with lobbyists.²¹

2. ISSUES IN FOCUS

Public procurement

Public works, goods and services accounted for about 16 % of the GDP in Lithuania in 2011. In the same year, the value of calls for tender published in the Official Journal as a percentage of total expenditure on public works, good and services was 34.7 %.²²

The government's strategy for improving the procurement system from 2009 to 2013 aims at greater transparency, effectiveness and competition.²³ In addition, the national anti-corruption programme (2011-14) sets specific targets in the field of public procurement. These include 80 % of tenders to be carried out electronically, the cost of public tenders not to exceed those in the private sector by more than 7 %, and targets specific to the healthcare sector.²⁴

Amendments to the Law on Public Procurement in 2012 have increased transparency requirements; their impact on the extent of corrupt practices remains to be seen.²⁵ Other positive trends include a significant decrease in the relative value of direct awards without tender (if not necessarily in the frequency of such awards), with wide variation among individual tendering institutions.²⁶ Since 2012, direct awards are possible only with the authorisation of the Public Procurement Office, with a number of exceptions where the Office must still be notified immediately. The Central Purchasing Organisation was set up in November 2012 to centralise certain tenders. The Public Procurement Office reported that in 2012 it had given particular focus to preventing irregularities, based on risk analysis and concentrating on high value contracts and those financed by EU Structural Funds.²⁷

20 Law on lobbying activities No. VIII-1749. The list of lobbyists is available on the website of the Chief Official Ethics Commission: http://www.vtek.lt/vtek/index.php?option=com_content&view=article&id=371&Itemid=41.

21 Palidaukaitė, J. and J. Baltrimas (2012), Lietuvos nacionalinė atsparumo korupcijai sistema: Seimas. In: Čepas (ed.) *Lietuvos atsparumo korupcijai tyrimas*. Vilnius: Eugrimas, p. 50.

22 http://ec.europa.eu/internal_market/publicprocurement/docs/modernising_rules/public-procurement-indicators-2011_en.pdf.

23 Lietuvos viešųjų pirkimų sistemos tobulinimo ir plėtros 2009-2013 metų strategija (1332) http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=355759&p_query=&p_tr2=.

24 Nacionalinės kovos su korupcija 2011–2014 metų programos įgyvendinimo priemonių planas ir jo vykdymo iki 2012 m. gruodžio 31 d. Ataskaita, pp. 19-21 http://www.stt.lt/documents/nkkp/NKKP_vykdymo_iki_2012-12-31_atask_pildymui.pdf.

25 Viešųjų pirkimų įstatymas [Law on Public Procurement] (1996), Nr. 84-2000, amended version 2012, I-1491 http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=421381.

26 Transparency International Lietuvos skyrius (2012), *Lietuvos Respublikos ministerijų 2011 metais vykdytų neskelbiamų viešųjų pirkimų tendencijos* http://transparency.lt/media/filer_public/2013/01/24/tils_neskelbiami_ministeriju_pirkimai_analize_2011m.pdf.

27 Viešųjų pirkimų tarnybos, 2012 Metų Veiklos Ataskaita, 2013 m. balandžio 16 d.

Good practice: e-procurement

E-procurement can help improve transparency, speed up procedures and enhance competition. Lithuania has made progress in providing online access to combined data on public procurement, with institutions required to publish procurement plans and reports on the internet. The range of information due to be published exceeds the requirements of EU law, including draft technical specifications. Suppliers are also required to indicate subcontractors in their bids. Since 2009, the Law on Public Procurement obliges purchasing organisations to procure at least 50 % of the total value of their public bids electronically. Since the introduction of this requirement, the share of e-procurement rose to 63 % in 2010, 76 % in 2011 and 83 % in 2012.²⁸

Members of tender boards are obliged to sign an impartiality declaration. However, there are no substantial consequences for failing to declare a potential conflict of interest: one year after an administrative penalty, violators may participate in decisions on other procurement contracts at the same organisation.²⁹ There is no common guidance on red-flagging mechanisms to help detect corruption in procurement.

A broad definition of confidentiality in public procurement documentation may limit transparency and facilitate abuse. Public procurement regulations allow contracting authorities to change tender requirements after the contract is signed if its value falls below a national threshold. Tenders under this threshold accounted for almost 98 % of bids and 15.4 % of the entire volume of public procurement.³⁰ In the absence of requirements to publish small-value tenders or changes therein, this situation gives rise to potential corruption risks.

According to the 2013 Eurobarometer business survey on corruption,³¹ 48 % of Lithuanian respondents consider that corruption is widespread in procurement managed by national authorities (EU average 56 %) and 51 % in contracts managed locally (EU average 60 %). In particular, Lithuanian respondents stated that the following practices were widespread in public procurement procedures: specifications tailor-made for particular companies (62 %); abuse of negotiated procedures (43 %); conflicts of interest in bid evaluation (42 %); collusive bidding (51 %); unclear selection or evaluation criteria (37 %); abuse of emergency grounds to avoid competitive procedures (27 %); involvement of bidders in the design of the specifications (40 %) and amendments of contractual terms after conclusion of contract (32 %). Generally, these figures are below EU average. These indicators, while not necessarily directly related to corruption, illustrate risk factors that increase vulnerability to corruption in public procurement procedures.

According to the 2011 Map of Corruption by the Special Investigation Service (STT), businesses in Lithuania continue to identify corruption as a major problem in public procurement.³² Additional areas of concern identified by the National Audit Office include inadequate monitoring and impunity for procedural violations.³³

28 Lietuvos Respublikos Valstybės kontrolė (2011), *Išankstinio tyrimo ataskaita, Viešųjų pirkimų sistemos apžvalga*, (2011 m. lapkričio 25 d. IT-P-20-1-14) Vilnius, pp. 17-18. Viešųjų pirkimų tarnyba, 2012 Metų elektroninių viešųjų pirkimų pažangos ataskaita.

29 Kavoliūnaitė-Ragauskienė E. (2012), p. 107.

30 Viešųjų pirkimų tarnyba (2012), *2011 m. veiklos ataskaita*, p.5
<http://www.vpt.lt/vpt/uploaded/2012/VP%20Ataskaita%202012.pdf>.

31 2013 Flash Eurobarometer 374.

32 Lithuanian Map of Corruption 2011: http://www.stt.lt/documents/soc_tyrimai/Korupcijos_zemelapis.pdf.

33 Lietuvos Respublikos Valstybės kontrolė (2011), *Išankstinio tyrimo ataskaita: viešųjų pirkimų sistemos apžvalga*. IT-P-20-1-14. Vilnius, p. 5 www.vkontrole.lt/failas.aspx?id=2475.

Corruption in public procurement appears to pose particular challenges at local level. In one case, senior municipal officials received prison sentences for kickbacks in procurement contracts.³⁴ In 2011, the Public Procurement Office monitored public tenders totalling EUR 828 million, amounting to 22.3 % of the annual volume of public procurement. The Office cancelled 39 tenders, ordered the re-evaluation of 15 and referred 9 to law-enforcement.³⁵ However, the Public Procurement Office has assumed steadily increasing responsibilities without a corresponding increase in budget or staff, raising questions about its capacity to conduct effective monitoring. According to the Office's financial report, in 2012 it had 72 staff and needed an additional 10 to conduct its activities properly.³⁶

In April 2013, the Ministry of Economy proposed amendments to the Law on Public Procurement to decrease the monitoring of contracts awarded through undisclosed negotiations, to raise the expenditure ceiling for small-value tenders and to introduce a new category of large-scale tenders.³⁷ STT warned that the proposed amendments would increase corruption risks.³⁸ Most of the amendments were adopted in October 2013.³⁹

Independence and effectiveness of anti-corruption institutions

The Special Investigation Service (STT) is Lithuania's anti-corruption agency dealing with prosecution, prevention and education. It was founded as part of the Interior Ministry in 1997 to coordinate hitherto fragmented anti-corruption activities. As part of preparations for EU accession, STT became independent in 2000 and, as UNCAC reviewers noted, it appears to be equipped with sufficient powers for its tasks.⁴⁰ It is accountable to the President and Parliament. Its head is nominated by the President and approved by Parliament.

In June 2004, STT agents raided the offices of the four largest political parties as part of a longstanding investigation that ultimately implicated five MPs. The raids were controversially timed five days before presidential elections. MPs accused STT of politicisation and leaking confidential information, and threatened to amend legislation governing law enforcement operations. The head of STT resigned in September 2004, blaming legislators for sheltering their peers from prosecution. Following this conflict with Parliament, STT adopted a more cautious approach that drew criticism that the Service was shying away from high-profile investigations.⁴¹ Upon coming into office in 2009, Lithuania's President urged law enforcement bodies and STT in particular, to take a more active stance against corruption and pursue larger, more prominent cases.⁴² In 2011, citing recent legislative improvements, she

34 Court ruling Baudžiamoji byla / Nr. 1-69/2010.

35 Viešųjų pirkimų tarnyba (2012), *2011 m. veiklos ataskaita*, p.3.
<http://www.vpt.lt/vpt/uploaded/2012/VP%20Ataskaita%202012.pdf>.

36 Transparency International Lietuvos skyrius (2012), *Viešieji pirkimai: viešieji pinigai ir skaidrumas*, p. 3,
http://transparency.lt/media/filer_public/2013/03/15/lt_viesieji_pinigai_ir_skaidrumas.pdf.

37 Lietuvos Respublikos Ūkio ministerija (2013), *Vyriausybė pritarė viešųjų pirkimų įstatymo pakeitimams*
http://www.ukmin.lt/web/lt/naujienos/naujienos/vyriausybe_pritare_viesuju_pirkimu_istatymo_pakeitimams.

38 Specialiųjų tyrimų tarnyba (2013), *STT įvertino siūlomus Viešųjų pirkimų įstatymo pataisas*
<http://www.stt.lt/lt/naujienos/nid.1730,cat.1>.

39 http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=458234.

40 <http://www.unodc.org/unodc/treaties/CAC/country-profile/profiles/LTU.html>.

41 http://www.princeton.edu/successfulsocieties/content/data/policy_note/PN_id219/Policy_Note_ID219.pdf.

42 Gabrielavičiūtė, L. (2009), *D. Grybauskaitė: STT turėtų daugiau dėmesio skirti stambioms byloms*
<http://www.15min.lt/naujiena/aktualu/lietuva/d-grybauskaitė-st-turetu-daugiau-demesio-skirti-stambioms-bylops-56-75011>.

said, 'there are no more reasons why law enforcement agencies should underperform or not produce results'.⁴³ In 2011, 38 % of survey respondents said they trusted STT.⁴⁴

Against this background, STT reported that in 2011 it had completed and referred to court 45 pre-trial investigations (compared to 56 in 2010). The Service attributed the lower number to the increased complexity of cases. The Service launched 35 % of its investigations based on tipoffs received through its hotline. In 2011, courts convicted 71 and acquitted 9 persons investigated by STT at the pre-trial phase.⁴⁵

In 2012, STT investigated 290 pre-trial cases, of which 89 were considered complex, including that of a former MP suspected of accepting bribes to draft bills. Other high-level cases also led to convictions. In April 2012, former managers at a water utility company received a suspended sentence for bribery and falsification of documents related to public procurement. In 2010, a former deputy minister received a suspended sentence for bribery. Following another STT investigation, a senior prosecutor also received a suspended sentence for demanding a bribe.

STT has also prepared educational materials on preventing corruption and worked with schools to incorporate them into the curriculum. As part of its prevention work, STT analysed corruption risks at the Ministry of Energy and identified weaknesses in the rules for granting authorisations and trade licences.⁴⁶ In 2012, STT raised objections to a proposed amendment to the Law on Public Procurement to exempt political parties from rules on public procurement. The President subsequently vetoed the amendment.⁴⁷ Another presidential veto resulted from an STT review of a proposed forest law to facilitate the rebuilding of former farmsteads. STT found that the draft law lacked both clear criteria for changing the status of public lands, and adequate safeguards against abuse of authority and submission of false data.⁴⁸

The economic crisis imposed budget cuts on the administration, including STT. The STT budget fell from some EUR 7.2 million in 2008 to EUR 5.8 million in 2009 and EUR 4.8 million in 2010, resulting in salary cuts and curtailing education and prevention activities.⁴⁹ In 2012, the STT budget was somewhat higher at EUR 5.2 million.⁵⁰ STT management told the Parliamentary Committee on National Security and Defence that the level of funding compromised its ability to attract and retain experienced officers, to combat large-scale bribery, and to monitor political corruption. The chair of the Committee declared that better results required increased funding.⁵¹ UNCAC reviewers also asked Lithuania to consider the allocation of additional resources to strengthen the efficiency and capacity of law enforcement agencies.

43 Pankūnas, G. (2011), *Grybauskaitė: nesu patenkinta STT darbo tempu ir rezultatais* http://www.alfa.lt/straipsnis/11870167/Grybauskaite_nesu_patenkinta_STT_darbo_tempu_ir_rezultatais=2011-07-12_14-33/.

44 http://www.stt.lt/documents/planavimo_dokumenatai/STT_report__2011_EN.pdf.

45 http://www.stt.lt/documents/planavimo_dokumenatai/STT_report__2011_EN.pdf.

46 http://www.stt.lt/documents/planavimo_dokumenatai/STT_report__2011_EN.pdf.

47 Parliament subsequently overturned the presidential veto.

48 Law on Public Procurement, Forest Law.

49 The information on institutional budget was taken from the website www.viesai.lt, which agglomerates publically available data in user-friendly formats and presents trends over time; for the SIS budget see: <http://www.viesai.lt/biudzetai/biudzetu-vaizdavimas/#b15416>.

50 2012 metų valstybės biudžeto ir savivaldybių biudžetų finansinių rodiklių patvirtinimo įstatymas (XI-1823) (The Law on the Approval of the Financial Indicators of the State Budget and Municipal Budgets). Available from: http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=415665&p_query=&p_tr2=2.

51 <http://www.15min.lt/en/article/in-lithuania/despite-handcuffed-suspects-and-masked-officers-lithuanian-fbi-fails-to-impress-525-303674#ixzz2NVVz3oAP>.

Another key anti-corruption institution, the Chief Official Ethics Commission (COEC) is charged with supervising adherence to the standards of institutional ethics, regulating public and private interests in the civil service, and controlling certain lobbying activities. Its goals include transparency of civil service activities and decisions, prevention of breaches of institutional ethics, and building public trust in national and municipal institutions.⁵² The head of the Commission is nominated by the Speaker of Parliament and approved by Parliament. The head of the Supreme Court, the Prime Minister, the Parliament Speaker and the President of the Association of Municipalities each nominate one COEC member, for a five-year term. The Commission reports annually to Parliament.

Public officials are required to submit conflict of interest declarations annually, and some declarations are published on the COEC website. However, COEC lacks sufficient capacity to fulfil its mission in terms of monitoring, analysis and follow-up on findings. In its 2011 activity report, the Commission stated that its small budget limited its ability to carry out its tasks. COEC's budget was about EUR 320 000 in 2010, EUR 400 000 in 2011 and 2012, and EUR 390 000 in 2013.⁵³ In its 2012 activity report, COEC noted that it cannot ensure compliance with conflicts of interest and lobbying laws and investigate violations without greater involvement of other national and municipal institutions.⁵⁴ In 2012, the Commission conducted 263 investigations and took 105 decisions compared with 244 investigations and 85 decisions in 2011.⁵⁵ In 2012, 44 of the Commission's decisions noted a violation by a public official, 31 decisions reinstated the person under investigation, and 24 investigations were closed for insufficient evidence.

A COEC finding on conflict of interests led to the resignation of a minister. In another case, a mayor found by COEC to be in conflict of interest remained in office.

The rules on publication of conflict of interest declarations have changed repeatedly. Since July 2013, the rules require publicity for contracts worth more than EUR 2 900; the actual amount may remain undisclosed.⁵⁶ In August 2013, the President proposed amendments to make all declarations public. In October 2013, the Supreme Administrative Court ruled that public servants must submit a new declaration only if new circumstances might affect decisions related to their duties.⁵⁷

COEC does not deal with conflicts of interest of elected officials. The Parliamentary Commission on Ethics and Procedures analyses the declarations submitted by MPs and advises them on how to avoid conflicts of interest. Parliamentarians can be warned if they do not follow the recommendations made by the Commission. No effective mechanism is in place to monitor potential violations.⁵⁸

Deficiencies in the system for dealing with conflicts of interest involving Members of Parliament were highlighted in the case of an MP who served on a ministerial committee and

52 COEC: <http://www.vtek.lt>.

53 Ibid. p. 184; 2013 metų valstybės biudžeto ir savivaldybių biudžetų finansinių rodiklių patvirtinimo įstatymas (XII-65) http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=440373&p_query=&p_tr2=2; 2012 metų valstybės biudžeto ir savivaldybių biudžetų finansinių rodiklių patvirtinimo įstatymas (XI-1823) http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=415665&p_query=&p_tr2=2.

54 COEC activity report.

55 Chief Official Ethics Commission (2013), *2012 m. VTEK veiklos ataskaita*, p. 4.

http://www.vtek.lt/vtek/images/vtek/Dokumentai/Apie_mus/ataskaitos_seimui/VTEK_2012_metu_ataskaita.pdf.

56 *Privačių interesų deklaracijų pildymo, tikslinimo ir pateikimo taisyklės*

http://www.vtek.lt/vtek/index.php?option=com_content&view=article&id=364&Itemid=32.

57 Lietuvos vyriausiasis administracinis teismas (2013), *LVAT pateikė išaiškinimą dėl pareigos patikslinti privačių interesų deklaraciją* <http://www.lvat.lt/lt/naujienos/visos-naujienos/lvat-pateike-isaiskinima-3ycj.html>.

58 Palidauskaitė, J. and J. Baltrimas (2012), pp. 50-51.

also led an organisation which received a contract from the same ministry. STT referred the case to Parliament and the Chief Official Ethics Commission, which does not have the power to investigate MPs. Parliament's Ethics and Procedure Commission issued a notice to the MP for failing to declare his private interests in violation of the Law on the Adjustment of Public and Private Interests in the Civil Service.

Financing of political parties

According to GRECO, the legal framework set by the 2004 law on financing and financial control of political parties and political campaigns⁵⁹ provides for detailed regulations and definitions, a comprehensive list of the subjects of political campaigns and their responsibility, provisions aimed at financial transparency, caps on campaign expenditure, a control mechanism and sanctions. However, GRECO noted that stricter enforcement was needed to detect shadow financing and donations through third persons, and to ensure compliance with deadlines for publication of donor lists.⁶⁰ In the 2013 Eurobarometer, 17 % of respondents say there is sufficient transparency and supervision of political party financing (EU average 22 %).⁶¹

On the recommendation of GRECO, authorities offered political parties guidance and training on financing rules in 2010. Lithuania also made progress in regulating entities indirectly related to political parties. Rules were tightened for the handling of inadmissible donations, unused campaign funds, and in-kind contributions. Further amendments strengthened the role of campaign treasurers in controlling income and expenditure. Lithuania conferred a leading role in the supervision of political financing on the Central Electoral Commission (in cooperation with law enforcement bodies), empowering it to investigate violations of procedural rules or failure to file documents. Additional reforms strengthened requirements for the independence of auditors who certify party and campaign accounts. Lithuania also increased and clarified the sanctions for violating party and campaign financing regulations.⁶² However, GRECO noted a need for additional efforts to ensure effective enforcement of the rules.⁶³ Lithuania complied with GRECO's recommendation to extend the statute of limitation for political finance violations.⁶⁴

In 2011, additional amendments banned donations from legal persons and restricted individual donations to the campaign period.⁶⁵ Questions persist regarding the regulation of political advertising, and the valuation and declaration of non-financial donations to parties.⁶⁶ Party membership fees are not capped or monitored effectively.

There is growing recognition within Lithuania of the need to address problems with the funding of political parties and campaigns. These concerns were brought to the forefront when irregularities were discovered during the 2012 parliamentary elections. In particular, the elections raised concerns about vote-buying and the capacity of state institutions to effectively

59 Law on Financing and Financial Control of Political Parties and Political Campaigns, adopted on 23 August 2004.

60 http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3%282008%2910_Lithuania_Two_EN.pdf.

61 2013 Special Eurobarometer 397.

62 Draft legislation further increasing the minimum fine for violations in the area of transparency of party and campaign financing was submitted to Parliament.

63 [http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3\(2011\)7_Lithuania_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3(2011)7_Lithuania_EN.pdf).

64 http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282013%296_Second_Lithuania_EN.pdf.

65 Politinių partijų ir politinių kampanijų finansavimo bei finansavimo kontrolės įstatymo 2, 7, 8, 10, 11, 12, 14, 20, 22, 23, 25, 27, 28 straipsnių pakeitimo ir 16 straipsnio pripažinimo netekusiu galios ĮSTATYMAS [XI-1777].

http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=413830.

66 Mickevičiūtė, N. (2012), Lietuvos nacionalinė atsparumo korupcijai sistema: Vyriausioji rinkimų komisija. In: Čepas (ed.) *Lietuvos atsparumo korupcijai tyrimas*. Vilnius: Eugrimas, p. 150.

monitor and address such reports. Investigations into vote-buying led the Central Electoral Commission and the Constitutional Court to annul election results in several constituencies.

Political finance issues were also highlighted by the case of a major political party charged with failing to declare income and expenditure between 2004 and 2006. In July 2013, the party's founder, an MP, was convicted and his successor as party leader was fined. The court case against the party itself was dropped after it merged with another party under a new name.

The 2012 elections raised further questions about the extent of hidden political advertising and the capacity of the Central Electoral Commission to effectively monitor it. Such concerns have been raised repeatedly, with little changes to investigative and analytical capacities of the Central Electoral Commission.⁶⁷ The apparent availability of funds to pay for votes and hidden advertising reinforces questions about the transparency of party and campaign funding.

Vote buying allegations in the 2012 parliamentary elections prompted amendments to increase relevant penalties and broaden the powers of law-enforcement institutions.⁶⁸ It remains to be seen to what extent the amended laws will help to deter electoral fraud in future.

Healthcare

The healthcare system in Lithuania is organised on two levels: national and municipal. The Ministry of Health is responsible for the regulation and general supervision of the healthcare system. Municipalities are responsible for providing primary and social care, public health activities, and running polyclinics and small to medium-sized hospitals.

Central and local level public healthcare institutions have constantly appeared among the public institutions perceived as most corrupt in Lithuania.⁶⁹ The 2013 Eurobarometer survey on corruption shows that healthcare remains among the sectors most vulnerable to corruption in Lithuania.⁷⁰ While 29 % of Lithuanian respondents stated that they were expected or asked to pay a bribe, in 21 % of the cases these practices were related to the healthcare sector, the second highest percentage in the EU (as compared to an EU average of 2 %). These data reflect the percentage of people who were in contact with public healthcare institutions. The same percentage (21 %) of Lithuanian respondents who had come into contact with public medical institutions admitted to having made an extra payment or giving a valuable gift to a nurse or a doctor or made a donation to a hospital. Some 32 % mentioned that they did so before the care was given, while 38 % made the payments or provided the gifts after the care was given.

In response to these concerns, the national anti-corruption programme 2011-14 covered the issue of corruption in healthcare. The programme features an entire section dedicated to anti-corruption measures in the healthcare system aiming at decreasing the percentage of informal payments, and actions concerning public procurement. The programme provides for measures that further clarify the term of office and procedures for the appointment of the management of healthcare institutions, and actions aiming to raise public awareness of healthcare services and their corresponding costs, including through advertising. Nevertheless, the programme does not set out a comprehensive strategic line of action to address consistently the causes of

67 Mickevičiūtė, N. (2012), Lietuvos nacionalinė atsparumo korupcijai sistema: Vyriausioji rinkimų komisija. In: Čepas, A. (ed.) *Lietuvos atsparumo korupcijai tyrimas*. Vilnius: Eugrimas, p. 150.

68 Amendments in November 2012 to the Criminal Code, the Law on Criminal Intelligence, and the Law on the Central Electoral Commission.

69 Lithuanian Map of Corruption 2011: http://www.stt.lt/documents/soc_tyrimai/Korupcijos_zemelapis.pdf.

70 2013 Special Eurobarometer 397.

corruption in this sector. In June 2013, a Ministry of Health report on the state of healthcare in Lithuania included a separate section on corruption.⁷¹ Since August 2013, patients may request information on the actual costs of their treatment, in a move partly designed to reduce corruption.⁷²

While offering, promising or giving any kind of gift to — or accepting any gift from — doctors is not allowed by Lithuanian legislation, public knowledge and interpretation of these provisions varies considerably, leading to an overall climate of tolerance towards informal payments in this sector. To address this, the Association of Lithuanian Medical Students has promoted an initiative which aims at engaging doctors in openly declaring that they do not need gifts from patients to carry out their duties. In 2013, the initiative features 16 healthcare institutions from 5 towns in comparison with 10 institutions from 2 towns in 2011.

Corruption risks within the healthcare system also concern public procurement, given the rather weak control mechanisms over the procurement process. The national anti-corruption programme 2011-14 has acknowledged these weaknesses. It includes an action point that aims to decrease corruption levels in independent public purchases of medication. The programme also seeks to increase public tenders (60 % in 2011; 65 % in 2012; 68 % in 2013 and 71 % in 2014) by more procuring healthcare institutions (30 % in 2011; 50 % in 2012; 70 % in 2013; 90-95 % in 2014) via the Central Purchasing Organisation.⁷³

Since 2010, as good practice aiming to reduce corruption risks within the pharmaceutical industry, pharmacies have been required to present comparative price information on monitors. Moreover, a substantial number of pharmaceutical companies joined the Lithuanian Medicines Marketing and Ethics Code, which was adopted in 2006 and amended in 2012. It provides rules and guidance on transparency in contacts between the industry and medical providers or patient organisations, and on sponsorship of scientific events.

3. FUTURE STEPS

Lithuania has demonstrated commitment to prevent and combat corruption, including through an extensive legal framework. The challenge is to apply relevant provisions in practice and to promote appreciation of their meaning and rationale, in order to tackle both petty and high-level corruption. Further reinforcing the independence and effectiveness of anti-corruption institutions would help address challenges in public procurement, the financing of political parties, and healthcare.

The following points require further attention:

- Assessing the **Public Procurement Office**'s monitoring capacity and prioritisation of larger cases, and developing additional prevention tools within contracting authorities to help detect corruption at various stages of procurement, with a focus on the local level and the **healthcare** sector. Developing a targeted strategy against informal payments in healthcare, establishing control mechanisms with the necessary powers, training and operational independence.

71 Lietuvos Respublikos Sveikatos apsaugos ministerija (2013), Sveikatos priežiūros sistemos analizės ir vertinimo ataskaita http://www.sam.lt/go.php/lit/Veiklos_ataskaitos/660.

72 National Health Insurance Fund, *Naujovė: nuo šiol pacientams bus teikiama informacija, kiek kainavo jų gydymas* <http://www.vlk.lt/info/item/id/2126>.

73 Nacionalinės kovos su korupcija 2011–2014 metų programos įgyvendinimo priemonių planas ir jo vykdymo iki 2012 m. gruodžio 31 d. Ataskaita, p. 19-21: http://www.stt.lt/documents/nknp/NKKP_vykdymo_iki_2012-12-31_atask_pildymui.pdf.

- Analysing the effectiveness of the **Special Investigation Service (STT)** focusing on the number of indictments and seriousness of cases, to identify potential areas for improvement including coordination with other institutions and proactivity in the investigation of high-level corruption.
- Strengthening the **Chief Official Ethics Commission**, improving the methodology for checking declarations of conflict of interest by elected and appointed officials, monitoring violations, and enforcing dissuasive sanctions.
- Ensuring that **political parties** provide timely and adequate information on their sources of **funding**, strengthening the monitoring of party expenditure and income, including membership fees, and assessing the monitoring capacity of the Central Electoral Commission.