



Public administration characteristics and performance in EU28: Lithuania

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Lithuania**

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1 SIZE OF GOVERNMENT

Lithuania's public spending as a share of GDP has been among the lowest in the EU. In absolute terms, general government expenditure has been relatively stable, but its share of GDP decreased from 2010 to 2015 (see the table below) due to the increasing level of the country's GDP in this period.

Fiscal consolidation undertaken by the 2008-2012 Lithuanian government relied heavily on spending cuts, which accounted for approximately two-thirds of the overall consolidation effort (IMF, 2015). Similar to general government expenditure, capital spending as a share of GDP fell during the economic crisis, but in absolute terms it remained almost identical (1,390.9 million in 2010 and 1,355.6 million in 2015). Public investment was a less important source of fiscal consolidation compared to other countries because the Lithuanian authorities decided to shield EU-funded projects from cuts. Such approach was appropriate considering the country's comparatively low stock of public capital (IMF, 2015).

Table 1: General government budget data

LITHUANIA	2010	EU 28 Rank	2015	EU 28 Rank	Δ Value	Δ Rank
Total expenditures (in % GDP)	42.30	22	35.06	27	-7.24	-5
Central government share (%)	66.44	16	68.61	13	+2.17	+3
State government share (%)						
Local government share (%)	26.30		22.44			
Public investment (in % GDP)	4.96	4	3.63	16	-1.33	-12
Debt in % GDP	36.22	8	42.70	5	+6.48	+3
Deficit in % GDP	-6.9	17	-0.2	5	+6.7	+12

Sources: AMECO, Eurostat.

While the Lithuanian population has been constantly decreasing (2.89 million in 2015 compared to 3.06 million in 2010), the number of employees working in the public sector has remained relatively stable during recent years. This explains a modest increase in public employment (as a share of total employment): in 2011, this proportion stood at 6%, whereas it was 6.1% in 2015. According to this indicator, Lithuania is below the EU28 average, which was 7.1% in 2011 and 6.9% in 2015, but its public sector is in need of optimisation.

The need for structural reforms is most apparent in the education sector where a decrease in the number of students at schools has not been accompanied with redundancies in teaching staff. Indeed, Lithuania's wage bill of 3.7% of GDP is higher than the European average of 3.2% mainly due to high employment levels in the education sector. Overstaffing results in low teacher pay, ultimately making it difficult to attract young teachers (IMF, 2015).

Lithuania's public health spending is similar to the EU average (5.9% of GDP compared to the EU average of 5.8%), but its health outcomes are among the worst in the EU. Poor health outcomes, coupled with an ageing population and rising incomes, are likely to significantly increase spending pressures in the future (IMF, 2015).

Employment in the "Sodra" agency (which deals with social security) and the Lithuanian Labour Exchange (which provides employment services) forms a small share of the total

government employment. The country has low spending on social protection and a low level of tax revenue as a share of GDP and a negative balance of the social security fund limit the scope for a potential increase in such expenditure. Ageing population and the fact that around 70% of expenditure from the social security fund is dedicated to pensions will further increase these challenges in the future.

The reintroduction of conscripts in 2015 effectively increased the number of people employed in the military (from 15,837 in 2014 to 18,607 in 2015). Also, Lithuania's commitment to meet NATO's defence spending target of 2% of GDP could translate into marginal increases in the size of personnel working in the defence sector in the near future. Public employment in the Lithuanian police has been steadily decreasing in contrast to its funding, which increased from EUR 180.9 million in 2012 to EUR 209.5 million in 2016. A larger budget enables the country's police forces to invest in infrastructure, equipment and staff training.

The number of people employed in the country's public administration, defence and compulsory social security¹ is similar to the average of EU28 countries. In 2011, 75.6 thousand people worked in these sectors, and in 2015 this indicator accounted for 81.6 thousand people. As a share of the total population, this figure is slightly below the EU average (2.87% compared to the EU average of 2.96%) based on the 2016 data. The share of core public administration employment in general government employment was estimated to be 41.2% (see the table below), which indicates that a large proportion of public sector employees are working in non-core administrative areas.

Public sector employment*

LITHUANIA	2015
(1) General government employment *	315,348
thereby share of central government (%)	48
thereby share of state/regional government (%)	N/A
thereby share of local government (%)	52
(2) Public employment in social security functions	3,370
(3) Public employment in the army	18,607
(4) Public employment in the police	10,651
(5) Public employment in employment services	1,689
(6) Public employment in schools and day-care	~85,000
(7) Public employment in universities	~20,000
(8) Public employment in hospitals	46,059
(9) Public employment in core public administration, calculated (1) minus (2)-(8)	129,972
(10) Core public administration employment in% of general government employment (9)/(1)	41.2

Sources: National statistics.

*According to the OECD, general government employment excludes public corporations.

¹ NACE code O84.

2 SCOPE AND STRUCTURE OF GOVERNMENT

2.1 The state system and multi-level governance

Lithuania is a unitary state with two levels of government – the central government and local governments. Local governments form the lowest administrative tier in the country. There are 60 municipalities, which have the right to self-rule exercised through their respective municipal councils and mayors.

Members of municipal councils and mayors are elected directly, every four years. Whereas the municipal council and mayor are representative institutions, the director of a municipal administration plays an executive role. Since the director is appointed by the municipal council upon the mayor's proposal, this position has the status of a civil servant of political (personal) confidence.

The country used to have another administrative tier between the central government and local authorities – county administrations. In 2010, all ten county administrations were abolished. Around 44% of their functions were eliminated, while the rest of them were assumed by the central government (in most of the cases) and municipalities (occasionally) (National Audit Office of Lithuania, 2011). As a result, this reform failed to strengthen local self-government in Lithuania.

2.1.1 Role and responsibilities of municipalities

There are a few policy domains where municipalities exercise broad discretion. Although the provision of education, health care and social security services falls under the autonomous functions of municipalities, they are directly and exclusively financed by responsible ministries. In contrast to the autonomous functions, the delegated functions are discharged at local level based on the instructions of relevant ministries or other authorities. In such cases, the director of a municipal administration acts with no responsibility to the local authorities (Council of Europe, 2012). For a detailed overview on the responsibilities of the two levels of government and Lithuania's multi-level governance please consult the table below.

Government level:	Legislation	Regulation	Funding	Provision
Central government	<ul style="list-style-type: none"> + Defence + External Affairs + Internal Affairs (incl. police) + Justice (incl. courts and prisons) + Finance/tax + Economic affairs + Environmental protection + Public utilities (water, electricity, transport) + Social welfare + Health + Science and research (incl. universities) + Education 	<ul style="list-style-type: none"> + Defence + External Affairs + Internal Affairs (incl. police) + Justice (incl. courts and prisons) + Finance/tax + Economic affairs + Environmental protection + Public utilities (water, electricity, transport) + Social welfare + Health + Science and research (incl. universities) + Education 	<ul style="list-style-type: none"> + Defence + External Affairs + Internal Affairs (incl. police) + Justice (incl. courts and prisons) N/A + Economic affairs + Environmental protection - Public utilities (water, electricity, transport) + Social welfare + Health + Science and research (incl. universities) + Education 	<ul style="list-style-type: none"> + Defence + External Affairs - Internal Affairs (incl. police) + Justice (incl. courts and prisons) + Finance/tax + Economic affairs + Environmental protection - Public utilities (water, electricity, transport) + Social welfare + Health + Science and research (incl. universities) + Education

Local government	-Defence	-Defence	-Defence	-Defence
	-External Affairs	-External Affairs	-External Affairs	+External Affairs
	-Internal Affairs (incl. police)	-Internal Affairs (incl. police)	+Internal Affairs (incl. police)	+Internal Affairs (incl. police)
	-Justice (incl. courts and prisons)	-Justice (incl. courts and prisons)	-Justice (incl. courts and prisons)	-Justice (incl. courts and prisons)
	+Finance/tax	+Finance/tax	N/A	-Finance/tax
	-Economic affairs	+Economic affairs	+Economic affairs	N/A
	-Environmental protection	-Environmental protection	+Environmental protection	+Environmental protection
	-Public utilities (water, electricity, transport)	+Public utilities (water, electricity, transport)	+Public utilities (water, electricity, transport)	+Public utilities (water, electricity, transport)
	-Social welfare	-Social welfare	+Social welfare	+Social welfare
	-Health	+Health	+Health	+Health
-Science and research (incl. universities)	-Science and research (incl. universities)	+Science and research (incl. universities)	-Science and research (incl. universities)	
-Education	+Education	+Education	+Education	

Legend: “-” refers to a policy domain that is not under the remit of a particular government level, in a particular policy stage. Conversely, “+” refers to a policy domain that is legislated, regulated, funded or provided within central or local government level.

Overall, the country’s municipalities *de jure* possess the power to act in an autonomous way within their competence areas, but a lack of fiscal capacity constrains their room for manoeuvre. Municipalities draft and implement their own budgets, as well as have the right to establish local levies. However, a large share of total municipal budgets comes from the central government: the income tax collected within the municipal area and general or earmarked transfers from the state budget. Although Lithuania’s tax base is in compliance with the European Charter of Self-Government², the level of fiscal decentralisation is rather low. For instance, three of the largest cities – Vilnius, Kaunas and Klaipėda – receive, respectively, only 46%, 75% and 91% of the income tax paid within their jurisdictions.

2.1.2 Homogeneity and fragmentation in the overall system

Given the number of municipalities (60), the level of institutional fragmentation in the overall system is not high. In contrast, the number of subordinate institutions accountable to the central government and municipalities is quite large. In 2015, for example, there were 736 institutions accountable to the central government (of which 14 government agencies and 77 agencies under the ministries) and 3,565 local institutions reporting to municipalities (Ministry of the Interior, 2016). On the municipal level, heterogeneity also manifests in substantial disparities in municipal area sizes and populations. Lithuanian municipalities differ in their capacity, with large city authorities – Vilnius, Kaunas, Klaipėda – controlling more resources than rural district municipalities.

The majority of policy reforms – including changes in public administration – have been initiated at the central level of government over the past ten years. The “top-down” approach to reforms was used during the economic crisis of 2008-2010, which effectively

² Article 9(3): “Part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate”.

increased the centralisation of authority and decision-making in the 2008-2012 Lithuanian government (Nakrošis et al., 2015). On the other hand, this crisis rarely translated into reforms at local level where changes occurred on a case-by-case basis, depending on the composition of municipal councils and mayors. A few recent examples of significant local-level reforms, which were initiated by the newly-elected mayors, include the reorganisation of municipal administrations and municipal enterprises in Kaunas and Vilnius city municipalities.

Distribution of powers	Coordination quality (high, medium, low)	Fragmentation (high, medium, low)
<p><i>De jure</i> – medium (municipalities are given an array of autonomous functions);</p> <p><i>De facto</i> – low (many of the autonomous functions receive funds from the state budget, effectively diminishing municipal discretion)</p>	<p>High at high levels of ministerial hierarchy; lower at lower levels of ministerial hierarchy</p>	<p>High fragmentation in the overall system:</p> <ul style="list-style-type: none"> - in terms of divergence in the number of subordinate institutions accountable to the government and municipalities - in terms of municipal capacity to initiate reforms

2.2 Structure of executive government (central government level)

2.2.1 Machinery of government and the degree of its centralisation

There are 14 ministries in the Lithuanian cabinet:

<ul style="list-style-type: none"> • Ministry of Environment • Ministry of Energy • Ministry of Finance • Ministry of National Defence • Ministry of Culture • Ministry of Justice 	<ul style="list-style-type: none"> • Ministry of Social Security and Labour • Ministry of Transport and Communications • Ministry of Health • Ministry of Economy 	<ul style="list-style-type: none"> • Ministry of Foreign Affairs • Ministry of the Interior • Ministry of Agriculture • Ministry of Education and Science
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The structure of the Lithuanian cabinet has been quite stable since 2000. The only significant change occurred in 2009, when the Ministry of Energy was created by splitting its functions from the Ministry of Economy to focus on structural energy reforms.

The administrative structure within each ministry is quite unified. Each ministry has a minister, three or four vice-ministers (civil servants of political (personal) confidence), a chancellor (civil servant of political (personal) confidence), as well as advisers and assistants to the minister (civil servants of political (personal) confidence). Each ministry is divided into departments and divisions; there are heads (directors) of departments and heads of divisions, as well as their deputies. Ministerial departments or divisions employ chief specialists, senior specialists and specialists (Irish Presidency Survey, 2013).

Structures and processes of the government are quite decentralised due to several reasons. First, legislation assigns each ministry to a specific policy area. Given the strict delineation of responsibilities, Lithuanian ministers are equal among each other (no position of vice-prime minister exists in the country). Second, the fragmentation of coalition governments limits the power of the prime minister because different coalition parties control individual ministries (Nakrošis and Vilpišauskas, 2016). Third, individual ministers have large discretion over the appointment and dismissal of their ministerial staff and no institutionalised senior civil service exists in the country. Fourth, ministries have high autonomy over the use of budgetary appropriations allocated to the budgetary institutions.

There have been recent attempts to centralise governmental decision-making to promote a more consolidated and government-wide approach to public policy. For instance, the 2008-2012 Lithuanian government introduced annual priorities of government performance and reorganised the Office of the Government (OoG) into the Prime Minister's Office. However, the latter decision was reversed by the 2012-2016 Lithuanian government (Nakrošis and Vilpišauskas, 2016).

2.2.2 Agencification and management of agencies

Lithuania's transition to democracy and a market economy, as well as its accession to the EU produced the proliferation of new agencies. For instance, the number of government agencies reached 173 in 2004. This trend was reversed in the post-accession period, when de-agencification occurred as a result of internal factors (change of government at the end of 2008, increased importance of public administration reforms in government policy) and external (the economic crisis of 2008-2010). As a result, the number of government agencies went down to 167 in 2012 (through agency terminations, mergers and absorptions) (Nakrošis and Budraitis, 2012; Nakrošis and Bankauskaitė-Grigaliūnienė, 2014). This trend has continued in recent years (e.g. the number of government organisations went down by 69 from 2014 to 2015 according to the Annual Public Sector Reports published by the Ministry of the Interior).

The autonomy and control of government agencies depends largely on their legal status. Three main types of public sector organisations exist in the country: 1) state budgetary institutions; 2) public non-profit institutions; and 3) state-owned enterprises. Whereas the budgetary institutions holding the status of civil service authorities are less autonomous in formal terms, the last two types of organisations are more independent (Nakrošis and Martinaitis, 2011). Academic research also shows that the level of agency autonomy is contingent on the political salience of a policy area or issue (Nakrošis and Budraitis, 2012).

2.2.3 The Centre of Government and its capacity for coordination

The Office of Government, whose legal basis is laid down in the Constitution and the Law on the Government (1994), is the core of the Centre of Government. According to Article 94 of the Constitution, one of the tasks of the government is to "co-ordinate the activities of the ministries and other establishments of the Government". The Office of Government is headed by the chancellor of the government, who is a civil servant of political (personal) confidence (appointed by the prime minister). Strategic planning is the major Center of Government (CoG) instrument that is coordinated by the Office of Government. The planning system involves all stages (planning, monitoring and evaluation) of managing strategic and operational performance. Other key actors of the CoG are the Ministry of Finance that coordinates the preparation and execution of the state budget, and the Ministry of the Interior that is in charge of overall administrative reform.

CoG institutions employ both vertical and horizontal modes of coordination. The former instruments, which include the coordination of draft laws and resolutions, still prevail in the governmental process of policy making. Inter-institutional action plans, which pool state institutions and their resources for achieving horizontal goals, are one of the main instruments of horizontal coordination. In the absence of strong political leadership and horizontal cooperation culture, however, sectoral institutions tend to have limited willingness to contribute to the implementation of these plans (Safegate Baltija, 2015).

2.2.4 Key management and accountability mechanisms

The Law on Public Administration (1999) provides for "the quality management of public administration". A number of different management, budgeting and monitoring instruments are used in Lithuania's public administration. During the economic crisis, the

government launched various initiatives to achieve better results with fewer resources (see Task 2 report on PA reform dynamics in Lithuania, p. 13-14). Strategic planning, management by objectives, codes of conduct and staff appraisal, all of which are obligatory by law and form a part of the overall management system, were found to be the most commonly implemented tools at organisational level in the country (Rauleckas et al., 2016).

Other facets of good governance – strong audit and oversight mechanisms – were part of reforms mandatory for Lithuania’s accession to the EU. Currently, there are two main institutions whose capacities were developed to control public funds and ensure accountability in the public sector: the National Audit Office (NAO) and the *Seimas* Ombudsmen’s Office. The former is in charge of observing whether state property and budget are legitimately and effectively controlled and used. While executing its functions, the NAO follows the Public Auditing Requirements that conform to the International Auditing Standards. The introduction of Euro in 2015 resulted in an expansion in the role and capacities of the National Audit Office because new rules of economic governance became applicable. In 2014 and 2015, the National Audit Office issued rather critical comments on draft state budgets and their compliance with the rules of fiscal discipline. However, these comments were largely ignored by members of parliament (SGI, 2016).

Meanwhile, the Ombudsmen’s Office ensures that state authorities properly serve people. The ombudsmen provide legally non-binding conclusions and recommendations in response to formal complaints. Between 2012 and 2016, the Ombudsmen’s office on average received 1,772 complaints every year. Usually more than a half of all the complaints are related to the activities of state civil servants; the rest are complaints about the activities and service of municipal civil servants. The Ombudsmen’s Office pursues investigations at its own initiative as well. The focus of these investigations has been on the most significant violations of human rights (e.g. in prisons and other detention facilities). However, state and municipal institutions are still occasionally unwilling to implement the Office’s recommendations (SGI, 2016).

2.2.5 Coordination of administrative reform: formal responsibilities and capacity

The Ministry of the Interior has the official mandate to formulate the policy of public administration reform, as well as to organise, coordinate and monitor its implementation. The Ministry monitors the Public Governance Improvement Programme for 2012-2020, which is the main mechanism of reform management. The strategic goal of the Programme is to ensure the development of public policy that meets the needs of the public and its effective implementation (see Task 2 report on PA reform dynamics in Lithuania, p. 7-8). The Ministry cooperates with the OoG, which is responsible for some administrative reform initiatives (strategic planning, better regulation, open government, business support functions, etc.). Although reform initiatives are usually ambitious and system-wide in the country, there are often gaps in their implementation. Some reforms are not properly resourced in terms of staff or budget, but plans exist to use ESF funds for adopting or implementing structural reforms in Lithuania’s public administration.

The capacity of state institutions to design and especially execute administrative reform initiatives is mixed. Although the Lithuanian authorities tend to follow a legal approach to administrative reform, a more managerial perspective to reform implementation has been recently adopted. It is based on reform targets, initiatives and teams (see the report on the PA reform dynamics in Lithuania, p. 16, for more information on this issue).

3 KEY FEATURES OF THE CIVIL SERVICE SYSTEM

3.1 Status and categories of public employees

Public employment in Lithuania covers both public employees and civil servants. These two groups differ in terms of regulation. Public employees (teachers, doctors, etc.) have their working conditions set out in the Labour Code. Meanwhile, civil servants (public employees who fulfil public administration activities in state or municipal institutions that have the status of civil service authorities) abide by the Law on Civil Service (1999). The positions of civil servants are divided into: 1) career civil servants; 2) civil servants of political (personal) confidence; 3) heads of institutions; and 4) statutory civil servants (such as policemen, firemen or border officers). Shares of civil servants for each of these categories are indicated in the table below.

LITHUANIA	2015
Career civil servants	25,214
Civil servants of political (personal) confidence	307
Heads of institutions	286
Statutory civil servants (such as policemen, firemen or border officers)	22,059

Terms of employment of civil servants (to whom the Law on Civil Service applies) and private sector employees (to whom the Labour Code applies) differ substantially. For instance, civil servants shall accept the general rights and obligations laid down in the Law on Civil Service. Civil servants have to comply with a number of additional requirements (e.g. impeccable reputation, Lithuanian citizenship, fluency in Lithuanian). On the other hand, civil servants enjoy somewhat better working conditions compared to private sector employees in terms of duration of holidays or redundancy pays. Given these small differences in working conditions, the 2016-2020 Lithuanian government intends to harmonise the regulatory regimes of the civil service and the private sector during the preparation of new civil service legislation.

Lithuanian civil servants have a number of rights set out in the Law on Civil Service. They have the right to a career in the civil service and training paid for by state or municipal institutions. Civil servants are also allowed to strike, they can belong to political parties and trade unions. Civil servants' obligations include loyalty to the state, respecting human rights and freedoms, as well as serving the people. Civil servants also must declare their assets and income, and can only take up an additional occupation after having received permission from their superiors.

3.2 Civil service regulation at central government level

3.2.1 Civil service legislation, its scope and consistency

The Lithuanian Constitution does not provide a detailed definition of the civil service, but the Constitutional Court has effectively established a traditional model in its jurisprudence. As a consequence, the civil service system is perceived as unified and centralised, with civil servants forming a special social group (Nakrošis, 2015). It was found that career-based elements correspond to 71% of all the characteristics of Lithuania's civil service (Meyer-Sahling and Nakrošis, 2009).

The Law on Civil Service applies to all civil servants without reservation, except for statutory civil servants. Only some provisions of this Law (e.g. remuneration) apply to this special group of civil servants whose working conditions are also regulated by different statutes. Also, many state and municipal institutions employ employees whose working conditions are governed by the Labour Code.

Overall, the existing legal framework lacks coherence across different types of institutions. Attempts to bypass the existing civil service regulation are becoming more frequent because changing the status of a public sector organisation from a civil service authority to a non-civil service authority allows different state institutions to gain flexibility in human resource management, to employ those candidates who would not meet some civil service requirements and to offer more attractive working conditions to some of their staff (especially those whose length of service is rather short). For example, although some agencies perform public administration (executive or even regulatory) tasks, they have the status of public non-profit institutions in the country's public administration.

3.2.2 Main changes in the Lithuanian civil service

Civil service in Lithuania has undergone several significant changes over the last ten years. The economic crisis of 2008-2010 and a change of government at the end of 2008 were the main factors that altered its structure and performance (Nakrošis, 2015). While pursuing fiscal consolidation, the 2008-2012 Lithuanian government adopted large spending cuts. During the period of 2008-2011, total funds for work remuneration contracted by 17% (Nakrošis et al., 2015). As a result, the number of civil servants was cut and their salaries were reduced. The total number of positions (including vacant positions) in the civil service decreased by 10% (7,282 positions) from 2008 to 2011. The rate of basic salary³ was cut by around 8%; some bonuses were reduced. Cutting salaries disproportionately for some civil service groups was later ruled to be unconstitutional by the Lithuanian Constitutional Court, leading to the restoration of pre-crisis coefficients and bonuses (Nakrošis et al., 2015).

In addition to the aforementioned measures, the 2008-2012 government implemented several changes based on the NPM doctrine. For instance, in 2010 a new staff appraisal system was developed, which introduced annual performance plans and discussions of their achievement every year. If civil servant's performance is assessed as very good, an evaluation commission can suggest a higher qualification class or promotion, which effectively leads to a higher level of remuneration. In the same year, in order to promote mobility and professional development among top officials, fixed tenures for heads of government agencies and agencies under ministries were established. Also, in 2012 the Lithuanian government introduced a partially centralised procedure for selecting civil servants.

Implementation of these decisions brought mixed results, with some initiatives being more successful (e.g. centralised selection of civil servants) than others (e. g. performance appraisal of civil servants). For instance, the 2012 survey of central-level and municipal servants revealed that more respondents disagreed than agreed to the statements that performance-based appraisal will increase the motivation of civil servants (53.2% of respondents disagreed, while 26% of them agreed) and will improve the quality of performance in office (41.9% of respondents disagreed and 27.5% of them agreed) (Kaselis and Pivoras 2012: 144). This is related to the fact that well-performing civil servants were not able to receive result-based bonuses during the financial crisis –

³ Salary of a civil servant is calculated by multiplying the basic rate (fixed) with the coefficient of a particular category position (variable). Categories range from 1 to 20, where 20th has the highest coefficient.

on the contrary, their salaries were cut during the financial crisis when the appraisal system was modified.

3.3 Key characteristics of the human resource system

Institutions responsible for the general management of the civil service are the government, the minister of the Interior and the Civil Service Department under the Government. The latter institution acts as a central civil service authority. Functions of the Department, *inter alia*, include ensuring sound personnel management and career planning in the civil service, as well as the approval of training programmes and monitoring of their delivery. On the other hand, hiring, firing and promotion decisions are decentralised: individual civil servants are managed by heads of state and municipal institutions. Overall, such institutional setting points to a mixed model of HRM in the country (EUPAN, 2013).

In order to become a career civil servant, each individual is required to pass a selection procedure that consists of two parts. During the first part of the procedure, each applicant undergoes a general aptitude test on a centralised basis. The second part of the procedure is a competition in a particular institution that intends to hire a civil servant. The suitability of a candidate is evaluated by an assessment committee by means of an interview and/or a practical task.

3.3.1 Senior civil service and labour relations

There is no institutionalised senior civil service in Lithuania, but special regulatory provisions govern the performance of higher (category 18-20) civil servants. These civil servants participate in special training programmes and should demonstrate managerial skills. Furthermore, candidates to the positions of heads of institutions should present a performance programme for a particular institution during their recruitment process. Lastly, heads of government agencies and agencies under ministries have fixed-tenure terms.

Negotiations related to general labour relations are handled by the Tripartite Council, which includes representatives of trade unions, employers' organisations and the Government. In the civil service system, there is a bilateral council between trade unions and the Government, which deals primarily with the working conditions of civil servants. Civil servants who represent a trade union are entitled to participate as members of commissions related to performance appraisals, promotions and penalties.

HR system (Career vs. position based)	Employment status (civil servant as standard; dual; employee as standard)	Differences between civil servants and public employees (high, medium, low)	Turnover (high, medium, low)
Career	Civil servant as standard	Medium	Low

3.3.2 Degree of patronage

Patronage in the Lithuanian public administration was the modus operandi under the communist regime. De-politicising the civil service was perceived to be a major reform objective in the country and a prerequisite for its accession to the EU (Nakrošis and Bankauskaitė-Grigaliūnienė, 2014). Despite this goal, there was no actual de-politicisation during pre-accession. The extent of politicisation (measured in terms of the

number of heads of institutions involved in party or political activities)⁴ increased from 16.3% in 1996 to 23.5% in 2003. Since accession to the EU was characterised by a quick expansion in the number of agencies, the agencification process was abused by political parties seeking to reward their loyal members or control decision-making in the Lithuanian public administration.

After joining the EU, the level of politicisation started gradually declining, reaching 18.1% in 2012. Recent research suggests that the majority of agencies operating in “Europeanised” policy areas have been less politicised (Nakrošis and Bankauskaitė-Grigaliūnienė, 2014). Overall, despite the legal protection of civil service jobs in the Lithuanian public administration, political parties are still able to exercise their patronage through structural reorganisations of individual institutions, increases in the number of positions for political appointees or informal strategies of forcing individual servants out of office.

Coherence among different government levels (high, medium, low)	Compensation level vs. private sector (much higher, higher, same, lower, much lower)	Formal politicisation through appointments (high, medium, low)	Functional politicisation (high, medium, low)
High	Same (the average wage is only 3% higher in the private sector)	Low (946 civil servants of political (personal) confidence vs. 28,922 career civil servants)	Low (politicisation of Lithuanian agency heads stood at 18.1% in 2012)

4 POLITICAL ADMINISTRATIVE SYSTEM AND POLITICAL ECONOMY

4.1 Policy making, coordination and implementation

4.1.1 Type of executive government

Lithuania is a semi-parliamentary democratic republic. In terms of the nature of executive government, the country finds itself in between the extremes of majoritarianism and consensualism. There is a multi-party system in place,⁵ but the country also has a rather strong executive figure embodied by the president who is the head of state (Pollitt and Bouckaert, 2011).

State structure (federal - unitary) (coordinated - fragmented)	Executive government (consensus - intermediate - majoritarian)	Minister-mandarin relations (separate - shared) (politicised - depoliticised)	Implementation (centralised - decentralised)
Unitary	Intermediate	- Shared - Mixed	Decentralised

⁴ Heads of institutions were considered to be politicised if they have: (1) served as ministers or held a position of political (personal) confidence in the Lithuanian civil service; (2) stood or been elected to the Lithuanian parliament, a

municipal council or the European Parliament; (3) been appointed by a political party as a delegate, observer or member of an electoral commission or the Higher Electoral Commission; (4) been employed by a political party in its structure; and (5) been appointed from an organisation associated with a certain political party.

⁵ Since 2000 governments have been formed by party coalitions rather than a single party.

4.1.2 Relations between cabinet ministers and senior civil servants

Relationship between ministers and senior civil servants has been largely influenced by two structural reforms at ministerial level undertaken in 2002 and 2009. In 2002, the number of vice-ministers, i.e. civil servants of political (personal) confidence, was brought down to one per ministry. Additionally, a new position of state secretary (career civil servant) was created. Although the reform intended to raise the professionalism of minister's immediate staff, the number of politically affiliated career civil servants increased in the Lithuanian civil service. Therefore, the level of politicisation (measured in terms of the number of heads of institutions involved in party or political activities; see the footnote above) stood at 42% on average during the period 2002-2009. In 2009, these reforms were reversed: the office of state secretary was abolished and the upper limit for the number of vice-ministers was raised to a maximum of four. The aim of this change was to expand the scope of ministers' political teams, thus weakening the incentives of appointing politically affiliated servants to career positions in the civil service. As a result, the level of *de facto* politicisation declined to the average of 28% during the period 2010-2014 (Bacevičiūtė, 2015). These findings support the results of the study by Meyer-Sahling and Veen (2012), which show that the level of politicisation of the senior civil service is relatively low in Lithuania (compared to other CEE countries).

4.1.3 Sources and diversity of policy advice

Senior civil servants play an important role in policy advice, but there are other important sources of policy advice. Lithuanian decision-makers are usually quite attentive to the recommendations of the European Commission, OECD and other international expert institutions. Also, depending on their policy positions and beliefs, policy-makers are receptive to involving non-governmental academic experts. The Sunset Commission, for example, involved independent experts who advised the Government on ways in which efficiency and effectiveness in the performance of state institutions could be improved. Among many other initiatives, after the OECD review of regulatory policy in Lithuania, the Sunset Commission was granted an extended mandate to deal with better-regulation issues (SGI, 2016). The Government's openness to policy advice, however, does not always translate into action. Major policy initiatives are usually driven by intra- or interparty agreements rather than by empirical evidence provided by experts.

Sources of policy advice (mandarins, cabinets, external experts)	Administrative autonomy (high – medium – low)	Patronage & politicisation (formal, functional) (merit – patronage) (high – medium – low)	Public Service Bargains (Agency – Trustee)	Stability (high – low – no turnover after elections)
Senior civil servants, external experts, including international institutions and academic experts	Medium (largely depends on the legal status of an institution, but also contingent on political salience of policy area that a particular institution is responsible for)	- Formal politicisation of immediate staff of ministers – high - Functional politicisation – low	Trustee bargain enshrined in laws, but individualistic elements of loyalty type exist as well	Low turnover

4.1.4 Policy decision-making: key actors and civic engagement

Inclusiveness in the country's decision-making process is mixed. Most Lithuanian interest associations, including employers' associations and trade unions, have a rather limited ability to formulate well-crafted policies, primarily due to the lack of skilled research staff. By comparison, business interest groups tend to have relatively strong abilities to provide policy proposals (Nakrošis and Vilpišauskas, 2016). Lithuania's system is pluralistic with a mixed representation of interest groups, but policy making is dominated by several large business associations. A 2015 study confirmed that large business associations are the most influential when it comes to lobbying the government (Transparency International, 2015).

Civil society's engagement is facing substantial challenges in the country. Although there has been a steady increase in the number of civil society organisations (CSOs), the number of people fully and systematically engaged in policy making processes remains low. In 2014, only 8.9% of the population participated in societal movements. According to the data from the National Register, around 24,000 CSOs were registered in 2014, but only half of them are estimated to be active. Most of the organisations operate at local level and are predominantly involved in cultural activities rather than in activities that involve state and municipal institutions. This lack of interest seems to be linked to the perception of a low personal potential to influence decision-making, or perceived risks associated with civic engagement. Accordingly, 63% of Lithuanians think that the government is to a large extent or fully run by several big interest groups (EU average – 50%) (Transparency International, 2015).

Political economy (liberal – coordinated)	Interest intermediation (corporatist - pluralistic)	Citizen participation (strong – weak)	Policy style
Liberal	Pluralistic	Weak	Incrementalism

4.1.5 Stability of the administrative system

Since the majority of ministers' immediate subordinates are civil servants of political (personal) confidence, changes of government bring tangible changes to ministerial staff. The turnover rate is not high, however, standing at around 10% of the overall senior civil service (Meyer-Sahling and Veen, 2012). According to the Civil Service Department, the number of civil servants (excluding statutory civil servants) leaving, divided by the average total number of civil servants (excluding statutory civil servants) was 10% in 2015. Most of the civil servants who were dismissed from their positions in 2015 voluntarily resigned from office (1,736), which indicates insufficiently attractive working conditions in the civil service.

More pronounced are government policy shifts after each parliamentary election. When the next parliamentary elections approach, incumbent governments frequently become more active in initiating new, often poorly prepared legal changes meant to attract public attention rather than to seriously address pressing challenges. Although there has recently been a greater reliance on strategic priorities (which should counter impulsive policy making), their influence on governmental decision-making varies by specific issue, and policy making remains incremental. A certain gap remains between the long-term policy aims contained in various strategic documents and the actual practices of individual public-sector organisations.

4.2 Administrative tradition and culture

Public administration in Lithuania is very much legalistic and follows the "Rechtstaat" tradition. Policy making is understood primarily as the preparation and adoption of legal acts, with particular attention to legal drafting techniques (Liebert et al., 2013). Such approach was largely influenced by an excessively hierarchical and legalistic communist

administrative system. Legalism permeates to the civil service where laws delineate the duties and responsibilities of civil servants, effectively limiting their discretion. Besides, politicians are sometimes unwilling to delegate tasks to civil servants in order to safeguard their political power. During Lithuania's accession to the EU, a number of managerial instruments were introduced in the country's public administration, making it more result-oriented. NPM-type reforms are still popular on the government agenda. For instance, the newly appointed 2016-2020 Lithuanian government announced the principle of lean government as one of the priorities in its programme.

Key PA Values	Managerial vs Procedural (Managerial, Mixed, Procedural)	Red Tape (regulatory density) (very high to very low)	Discretion/autonomy (high, low, medium)
1. Rule of law; 2. Impartiality; 3. proportionality; 4. non-misfeasance in public office; 5. cooperativeness among civil servants; 6. effectiveness; 7. subsidiarity; 8. single window service; 9. equality (of rights); 10. transparency; 11. accountability; 12. openness to change and novelty.	Procedural with managerial elements	High	Low (civil servants as implementers of government policy and providers of public services)

4.2.1 Type of welfare state

The Lithuanian state has many features that resemble the conservative model of the welfare state, where social policy centres on the provision of stable income for those who do not participate in the labour market (because of illness, unemployment, old age, etc.). Social security in Lithuania is market-based, i.e. state transfers are in most cases linked to previous pay and service record. Several factors shaped the development of the welfare state in the country during the transformation period. The so-called Washington Consensus contributed to building a liberal welfare state. On the other hand, Lithuanians demanded that the state should assume responsibility for unemployment, inflation and poverty (Guogis and Bernotas, 2008). Although Lithuania is often called a "socially oriented" state, government spending accounts for only 35% of GDP – one of the smallest figures in the EU.

4.2.2 Degree of regulatory density and the rule of law

According to the business executives surveyed in the country, inefficient government bureaucracy remains the most problematic factor for doing business. The World Economic Forum's 2015-2016 Global Competitiveness Report ranked Lithuania only 103rd in terms of burdens imposed by government regulation. The tax system, which places a large burden on labour, is also unfavourable for business in the country. The individual attribute of paying taxes received 49th place in the World Bank's Doing Business report for 2015. Lithuania has recently made some progress in cutting on red tape. According to the same World Bank report, Lithuania ranked 2nd in registering property, 3rd in

enforcing contracts and 8th in starting a business. Overall, Lithuania was rated 20th in this rating.

The rule of law and legal certainty are regarded as satisfactory in Lithuania. The situation was improved by the harmonisation of Lithuanian legislation with EU directives in the pre-accession period, and good compliance with EU law in the post-accession period. In the World Bank's 2015 World Governance Indicators, Lithuania's score for rule of law was 81% (OECD average – 88%). However, legal certainty sometimes suffers from frequent legislative changes. For instance, the unpredictability of laws regulating business activities (especially the tax regime) increased at the start of the economic crisis in 2008-2009. The influence of interest groups on decision-making sometimes contributes to legal uncertainty.

4.2.3 Key elements of national culture

National culture affects administrative values in Lithuania. Due to limited research on administrative culture in the country, it is difficult to specifically assess how culture influences public administration. Nevertheless, professor G. Hofstede's model of national culture dimensions allows us to investigate Lithuania's culture based on six dimensions.

First, with a low score on power distance dimension (42), Lithuanians show tendencies to prefer equality and a decentralisation of power and decision-making. This could contribute to explaining why some stakeholders resist centralisation trends proposed during the process of public management reforms. Contrary to older generations, control and formal supervision is generally disliked among the younger generation. Second, Lithuania is an individualist country with a high score of 60. The country has seen an increase in individualism since independence in 1990, due to an increase in national wealth as represented by lesser dependency on traditional agriculture, more modern technology, more urban living, more social mobility, better educational system, and a larger middle-class. Third, as a feminine country with a score of 19, Lithuanians are modest and keep a low profile, and usually communicate with a soft and diplomatic voice in order not to offend anyone. Furthermore, Lithuanians are tolerant towards the culture of other nations. Fourth, with a score of 65 on uncertainty avoidance, Lithuanians have a built-in worry about the world around them, which society provides legitimate outlets for. Other signs of high uncertainty avoidance among Lithuanians are a reluctance to taking risks, bureaucracy and an emotional reliability on rules and regulations, which may not be followed but reduce uncertainty. These traits may be internalised in the already described culture of over-regulation and risk aversion, which contributes to excessive administrative burden. Fifth, a very high score on long-term orientation (82) indicates that Lithuanian culture is extremely pragmatic in nature. Lithuanians show an ability to adapt traditions easily to changed conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results. Sixth, with a very low score of 16, Lithuanian culture is one of restraint. Restrained societies do not put much emphasis on leisure time and control the gratification of their desires, because of perception that people's actions are restrained by social norms. The strong element of self-restraint in Lithuanian culture could help explaining why there was little protest from the civil service or society as a whole against drastic spending cuts during the recent financial crisis.

Hofstede national culture dimensions		
Dimension	Value	Average EU28
Power Distance	42	52
Individualism/Collectivism	60	57
Masculinity/Feminity	19	44
Uncertainty Avoidance	65	70
Long-term Orientation	82	57
Indulgence/Self-restraint	16	44

Sources: Geert Hofstede's national culture dimensions.

5 GOVERNMENT CAPACITY AND PERFORMANCE

5.1 Transparency and accountability

Indicator	Value 2014	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Access to government information (1-10)	9.00	5	9.00	3	0.00	+2
	Value 2013	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Transparency of government (0-100)	66.86	5	79.00	2	+12.14	+3
	Value 2010	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Voice and accountability (-2.5,+2.5)	0.90	21	0.97	20	+0.07	+1
Control of corruption (-2.5,+2.5)	0.27	19	0.56	18	+0.29	+1
TI perception of corruption (0-100)	50.00	19	61.00	15	+11.00	+4
	Value 2010	EU28 rank	Value 2014	EU28 rank	Δ Value	Δ Rank
Gallup perception of corruption (%)	90.00	25	90.00	28	0.00	-3

Sources: Bertelsmann Stiftung, European Commission, World Bank, Transparency International, Gallup World Poll.

Note: the ranking of the Gallup perception of corruption is based on 27 countries.

The Law on the Provision of Information to the Public (1996) grants every individual an access to information on the public sector, as well as records collected by the state about individual private persons. The information obtained may be re-used for commercial reasons or to criticise the state. Any refusal to grant information must be justified and the applicant can appeal to the court or the Seimas Ombudsmen (with 75 complaints in 2014). To demonstrate its commitment, Lithuania signed the Council of Europe Convention on Access to Official Documents (2015) and the UN Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (2015). It is not surprising, therefore, that Lithuania scores very high in the Access to Government Information Index.⁶

Similarly, Lithuania ranks well in terms of transparency of government – an index that shows the extent to which governments are transparent about their own responsibilities and performance, the service delivery process and the personal data involved. An increase in the 2015 score can be attributed to the growing number of e-services and utilisation of IT solutions (e.g. the introduction of the website “My Government” in

⁶ Other countries that also received the score of 9 were Denmark, Estonia, Greece, Slovenia, Sweden, Switzerland, UK and USA.

2015). Lithuania's rating on Voice and Accountability⁷ has been steadily low, which is related to the popular perception of low potential to influence decisions and perceived risks associated with civic engagement. Accordingly, Lithuania scores very low (as compared to EU28 countries) on different perception-based corruption indices. The Lithuanian authorities recognised the problem in their National Anti-Corruption Programme 2015-2025. Also, there are several civil society organisations set up to fight corruption, including "White Gloves", which is an initiative to detect corruption in elections, and "Without Shadow", which runs a website to report illegal trade points of certain goods. Furthermore, the Special Investigation Service offers multiple gateways for citizens to participate in the fight against corruption. Citizens can report corruption cases in person, via mail, telephone, email, fax or the website. In 2014, 1,237 bribery investigations were opened, with 1,032 persons involved and 907 convictions made (European Commission, 2017).

5.2 Civil service system and human resource management

In 2015, there were 51,258 civil servants employed in state and municipal organisations, 28,922 of whom were career civil servants (Civil Service Department, 2015). As it was mentioned in chapter 3 of this report, the Lithuanian civil service underwent substantial changes during the political terms of the 2008-2012 government, when NPM-type reforms were introduced. Since the Lithuanian parliament failed to pass a new version of the Law on Civil Service, these reforms were not system-wide and aimed mostly at cutting costs. The piecemeal approach that still persists in the civil service system delayed the introduction of modern human resource management instruments. For example, the competence-based framework for recruitment, training, performance appraisal and career planning of civil servants was supposed to enter into force in 2015, but it still has not been enacted due to legislative delays in the Lithuanian parliament.

Indicator	Value 2012	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Impartiality (1-7)	3.68	18	2.55	12	-1.13	+6
	Value 2012	EU26 rank	Value 2015	EU26 rank	Δ Value	Δ Rank
Professionalism (1-7)	4.66	9	4.55	12	-0.11	-3
Closedness (1-7)	5.61	10	5.30	11	-0.31	-1

Sources: *Quality of Government Institute Gothenburg.*

Each year, many civil servants undergo on-the-job training sessions (in 2012, the number was 14,936, and in 2015 – 13,451). Civil servants may choose from a variety of training sessions, and the vast majority of those in 2014 centred on service provision quality and in 2015 – on professional capacity building. Despite these training sessions, the professionalism of Lithuanian civil service has little improved during recent years, which points to limited effectiveness of the training system.

One vacancy in the civil service receives on average 13.5 applications, but the absence of monetary incentives to adequately reward performance at work discourages young people from planning careers in the civil service. As a result, the civil service system suffers from two challenges. First, only 12% of civil servants are aged 18-30 (see the list of indicators attached to this document). Second, the existing system is more closed than open to new candidates.

The politicisation of Lithuanian public administration is still moderately high, but it somewhat increased after Lithuania joined the EU (see sub-chapter 3.3.2). A recent improvement in the impartiality indicator can be associated with the timing of different measurements: in 2012, a tangible turnover of staff occurred due to the change of

⁷ A World Bank Governance Indicator that captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

government, whereas the situation was more stable in 2015, when the 2012-2016 Lithuanian government was in office.

5.3 Service delivery and digitalisation

After joining the Open Government Partnership (OGP) in 2012, Lithuania pledged to increase the number of e-services offered. Progress is visible, as shown by the United Nations online services index, which reflects the quality, scope and utility of online services (United Nations, 2010). An increase in the volume of e-services (found online at www.epaslaugos.lt) over the past six years did not allow Lithuania to occupy a higher spot among EU countries due to the 'moving target' problem. This reveals that the country is still following an EU-wide wave of public service digitalisation (United Nations, 2016). Similarly, Lithuania's progress in terms of pre-filled forms⁸ and online service completion⁹ shows that the country is catching up with the EU average in the area of range and sophistication of offered services. In 2010, for example, only 8.1% of public services were available online, whereas in 2015 this figure jumped to 27.2% (Information Society Development Committee, 2015).

Indicator	Value 2013	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
E-government users (%)	27.64	10	30.63	12	+2.99	-2
Pre-filled forms (%)	65.29	9	74.00	8	+8.71	+1
Online service completion (%)	73.43	16	87.86	11	+14.43	+5
	Value 2010	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Online services (0-1)	0.48	12	0.83	12	+0.35	0
	Value 2013	EU27 rank				
Barriers to public sector innovation (%)	42.68	4				
			Value 2015	EU28 rank		
Services to businesses (%)			63.50	4		
	Value 2011	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Ease of Doing business (0-100)	74.00	12	78.84	10	+4.84	+2

Sources: European Commission Digital Economy and Society Index UN e-government Index, EU Scoreboard Public innovation, Eurobarometer num.417, World Bank Ease of Doing Business.

The organisational structure of Lithuania's bureaucracy has been the main barrier impeding public sector innovation. Functional structures that prevail in most state and municipal institutions create formal boundaries between different organisations, thus disrupting a more concerted approach (León et al., 2012). What is more, government's programmes are considered to be ill-suited to support innovation (a statement selected by 53% of Eurobarometer respondents in the country (European Commission, 2012)). Another hurdle for digital progress comes from the demand side. Whereas Lithuania scores high on broadband connectivity (7th) and digitalisation of public services (12th), digital literacy is still underdeveloped (human capital index ranks 19th) (European Commission, 2016). Barely half of Lithuanians have basic digital skills, and 25% have never used the Internet, which is significantly below the EU average (16%). This digital divide seems to follow the old vs. young, rural vs. urban and low vs. high income lines. The Lithuanian authorities aim to address these challenges through the Information Society Development Programme for 2014–2020.

⁸ The extent to which data that are already known to public administration are pre-filled in the forms that are presented to the user.

⁹ The extent to which the various steps in an interaction with public administration – i.e. life event – can be performed entirely via internet.

Despite these barriers, Lithuania has satisfactory conditions for public sector innovation. Senior government officials, for example, have been the key drivers for change. They usually have a strong commitment to innovation and the political will to pursue digitalisation in the public sector (León et al., 2012). Some of the progress made is reflected in a moderately good rating of Ease of Doing Business. For instance, it became possible to register a company online. In a similar vein, a recent Eurobarometer survey shows that 89% of Lithuanians agree that improvement of the public services for businesses was due to innovation, that is to say a new or significantly improved service (European Commission, 2012). Nevertheless, the same survey revealed that Lithuanians regard the EU as having the most innovative approach (28%), instead of Lithuania's central government (13%) or municipalities (22%) (European Commission, 2012).

5.4 Organisation and management of government

Indicator	Value 2014	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Strategic planning capacity (1-10)	8.00	4	8.00	4	0.00	0
Interministerial coordination (1-10)	7.17	11	7.17	12	0.00	-1
SGI Implementation capacity (1-10)	6.57	14	6.57	14	0.00	0
	Value 2012	EU26 rank	Value 2015	EU27 rank	Δ Value	Δ Rank
QOG Implementation capacity (1-7)	5.09	11	4.73	22	-0.36	-11

Sources: Bertelsmann Stiftung, Quality of Government Institute Gothenburg.

Through the Office of Government, the government has significantly enhanced coordination and monitoring of key priorities in the recent years. The planning system is, in general, well-institutionalised¹⁰, which justifies the high ranking of strategic planning capacity. However, there is a gap between strategic aims and actual practices of individual public sector institutions.

The “whole of government” approach is particularly difficult to implement in the country as its governments are usually formed of a few political parties. To ensure inter-ministerial coordination, formal mechanisms were set up. This includes political councils, which are intended to solve political disagreements within ruling coalitions, or governmental working groups, which are used to address specific policy issues. The overall implementation capacity suffers from shifting political attention, weak change leadership and a mismatch between government priorities and the allocation of resources during the budgeting process.

5.5 Policy making, coordination and regulation

Indicator	Value 2014	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Societal consultation (1-10)	7.00	8	7.00	7	0.00	+1
Use of evidence based instruments (1-10)	6.33	10	6.00	11	-0.33	-1
	Value 2010	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Regulatory quality (-2.5,+2.5)	0.97	21	1.28	11	+0.31	+10
Rule of law (-2.5,+2.5)	0.75	20	0.98	17	+0.23	+3

Sources: Bertelsmann Stiftung, World Bank.

Although the production of impact assessments for draft government decisions became mandatory in 2003, high-profile regulatory initiatives in most cases are not actually subject to in-depth assessment. Seeking to improve the relevance and quality of impact assessments, the 2008-2012 government conducted a review of the impact assessment system. In 2013, the 2012-2016 government decided to focus on the impact of top-

¹⁰ There exists, for example, the Strategic Committee, which was reintroduced in 2013, as well as the State Progress Council composed of politicians, civil servants, academia, business people and other stakeholders.

priority regulatory decisions by suggesting the application of such rigorous impact-assessment methods as cost-benefit or cost-effectiveness analysis. According to the OECD review on [Regulatory Policy in Lithuania](#) (2015), 14 in-depth RIAs have been completed since the introduction of these priority initiatives in 2013.

Despite these improvements, evidence-based assessments in Lithuania remain a largely formal exercise intended to justify the choices already made (Nakrošis and Vilpišauskas, 2016). On the other hand, regulatory quality has somewhat improved. The main driver behind this development has been the implementation of some better regulation initiatives. However, in order to further improve the quality of legislation, a stronger outreach to external stakeholders is needed (OECD, 2015). This inadequacy of the legal environment is reflected in the rule of law index, where Lithuania is lagging behind many EU countries. See chapter 4 for more information on the rule of law.

5.6 Overall government performance

Indicator	Value 2010	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Trust in government (%)	13.00	25	24.00	19	+11.00	+6
	Value 2011	EU27 rank				
Improvement of PA over last 5 years (%)	5.00	20				
	Value 2010	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Public sector performance (1-7)	3.85	18	3.88	18	+0.03	0
Government effectiveness (-2.5,+2.5)	0.76	20	1.20	13	+0.44	+7

Sources: Eurobarometer 85, Eurobarometer 370, World Bank, World Economic Forum.

Mistrust in political institutions persists in Lithuania. Although citizens' trust in government has grown over the past six years (coming close to the EU average of 27%), trust in the legislative branch (Seimas) is the lowest among EU members (10%). A recent improvement in the trust rating could be associated with economic recovery after the end of the economic crisis and a higher level of public support to some politicians of the 2012-2016 government, compared to the unpopular leaders of the previous government.

In 2014, 9% of respondents thought that, compared with five years ago, things have improved when it comes to public administration (Eurobarometer, 2014). By contrast, in 2011, this figure stood at 5%. Most importantly, the share of people who think that public administration performs worse – compared with five years ago – dropped from 35% in 2011 to 16% in 2014. These findings can be attributed to improved perceptions on several issues: fair treatment of citizens, equal access to services, ethical behaviour among public officials and public service innovation (Rauleckas et al., 2016).

Simultaneously, the index of Lithuania's government effectiveness has recently increased, partially because of the credibility of government's commitment to strategic policies (e.g. the adoption of the Euro and the construction of the liquefied natural gas terminal in 2015). Despite these achievements, Lithuania should additionally seek to improve the efficiency of its spending. For instance, the country was ranked 92nd in the WEF 2015 – 2016 Global Competitiveness Report in terms of the wastefulness of government spending.

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