

# LITHUANIA'S PROGRESS STRATEGY “LITHUANIA 2030”



## Lithuania 2030: our common agreement

The Lithuanian Nation<sup>1</sup> has achieved much in building an independent state. However, new challenges continue to emerge on daily basis, therefore, we must know the further road for development of our State, as well as its direction and goal, which is important for our modernization and openness, democratization, and consolidation and preservation of our identity.

Lithuania's Progress Strategy "Lithuania 2030" has been worked out by the people, and is based on their proposals and ideas. Over a thousand ideas have merged into a solid document outlining the development of the country for the next twenty years.

This strategic document aims to encourage and consolidate ideas leading to better, more dignified and safer life.

As we discuss prospects for the coming two decades and seek accord for our mutual benefit, we must, in the first place, identify our shared values and ideals. This is what is going to determine our milieu for our future life and development. This accord will serve the basis for the relations between the State and its people, for building the systems of education, training and culture, as well as for the development of new attitudes in business.

**We believe that Lithuania's Progress Strategy "Lithuania 2030" will serve as a document of public accord, an expression of conscious public will and determination, calling on to consolidate the shared values and to create a modern, dynamic, open, and patriotic state.** Thus, let us agree that "Lithuania 2030" is our road to success, and let us embark on it together.

**STATE PROGRESS COUNCIL**

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<sup>1</sup>The concept Lithuanian Nation is used in the ethnic, but also political and civic meanings.

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## INTRODUCTION

### Why is this Strategy important?

The world has been constantly changing, which calls for faster response to changes, better use of opportunities, easier adjustment and adaptation. Therefore, our social life, economy, and governance must resort on principles that adequately equip us to face new challenges.

**Lithuania's Progress Strategy "Lithuania 2030" (hereinafter referred to as the Strategy) reflects a national vision and priorities for development as well as guidelines for their implementation by 2030.** This is a roadmap to be followed in decision making and in drawing –up national plans or programmes.

Country's wellbeing and development is based on national security, which needs to be ensured to achieve sustainable national progress. National progress processes, which affect the public awareness and maturity as well as national prosperity, will contribute to consolidating national security.

The Strategy identifies national development policies, which are understood and accepted by the Lithuanian people, communities, NGOs, business organizations, and government institutions. The Strategy does not set any specific goals or objectives for individual sectors of the economy, stressing instead the need for fundamental change. Each Lithuanian is welcomed to play a part here.

The Strategy was built on the principles of sustainable development, as well tangible and intangible national resources of state and social development: natural resources, rich history and cultural heritage, professional and qualification opportunities, high-engagement work culture, a stable legal system, good information technology and digital infrastructure. At the same time, the Strategy points out the outstanding problems: identity crisis, the power of stereotypes, emigration, closed society, lack of tolerance and trust, lack of concern for one another and the environment, as well as fragile faith in country's success. Our main initiatives aim to address these problems.

The Strategy will require public approval, commitment to change, mutual trust, respect and pro-activeness. If the public is but a passive observer, the initiatives will be doomed to failure, and we will be unable to address the issues of social exclusion, public reticence, community solidarity, gender equality, and other key areas. We have to overcome inertia and contrasts, and set clear goals to be consistently pursued. The citizens should know that their rights will be properly protected, social tensions reduced, and safe environment ensured enabling everyone to pursue their favourite activities, get a reasonable remuneration, and ensure personal and family well-being, while at the same time contributing to the national success.

## STRATEGY DEVELOPMENT AND IMPLEMENTATION

### What is its background?

Challenges, expectations, goals and possible solutions for country's progress over the coming two decades were analysed by non-governmental organizations, academia, business organizations and public institutions, experts (an overview of the current situation is presented in Annex 1).

The preparation of the Strategy involved public at large. Various social groups were eager to join the discussion platform by bringing forward their ideas and sharing their views. The Strategy was extensively discussed across the regions, many presentations were arranged; there were idea generation centres operating across the country; a National Day of Ideas and an Open Forum “Lithuania 2030” were held.

*1 000 ideas for  
Lithuania!*

The Strategy is the culmination of joint efforts between prominent figures in business, culture, art, science and public life, as well as government representatives, brought together in the three task forces of the State Progress Council to generate and incorporate into the Strategy their own ideas as well as those of social partners and the public at large.

### How are we going to implement the Strategy?

The Strategy is the first and the most important long-term strategic document based on the National Security Strategy. All state agencies, regardless of their level, will join in the Strategy implementation, which is a dynamic and holistic process that encourages continuous generation of ideas and fulfilment of specific tasks. Communities, governmental and business organizations will take part in the Open Forum “Lithuania 2030” and implement social, economic and governance projects. An important role in mobilizing and strengthening communities and promoting social action will be assumed by local authorities. Each of us will be actually involved in the implementation of the Strategy, and we will have a significant input in the fulfilment of the vision by our daily work, personal culture and conduct of value, and personal aspirations. The public will be regularly reported on the progress achieved. The progress report will constitute a part of the annual Government performance report, submitted to Seims for consideration. (for more information on the implementation of the Strategy see Annex 4).

## NEED AND PURPOSE OF THE STRATEGY

### Why do we need this Strategy?

The twenty-first century is the time of fast changes in technologies, economy and climate to that matter. It is difficult to predict what technology will be dominating in twenty years from now, and what impact it will have on our life, environment, economy and general processes, or to know what businesses will be prevailing and what capacities will be leading us towards the success. What is obvious is the fact that success will follow those that will be ready to timely adapt to changes, embrace innovations and boldly take competition challenges. This requires knowledge of the world and its diversity through modern tools: foreign languages, ITs. It is only open to changes and innovations economies that will be successful, and attract human and financial resources.

The projection of directions when everything is changing fast is very difficult, just like the projection and development of rapid response or correction measures. Since Lithuania inevitably falls under the direct impact of changes, it needs a long-term strategy to strengthen fundamental public capacities, thus ensuring a harmonious development of the State and helping to respond to global economic and environmental changes and pressure coming from the global competition, as well as to create high standards of living for all.

Changes in societal culture, attitudes, behaviour and social values will determine the success of the country's development and help to better prepare for the emerging challenges of global competition. **Therefore, this Strategy seeks to promote fundamental changes in society and to facilitate the formation of a creative, responsible and open personality.** Such a personality will promote innovative processes and lead to positive changes across all walks of life.

Our country has a glorious history, unique cultural heritage, rich traditions, and admirable natural environment. We can be proud of the high-engaging work culture, as well as academic achievements, a large number of professionals that are eager to embrace innovations, we can also boast of a very well developed information technology infrastructure. Our focus and consolidation have helped us to restore our statehood, to achieve membership in NATO and the European Union. We have models to look up to: the example of our Scandinavian neighbours encourages us to move forward.

*Trust and creative  
empowerment of people is our  
greatest strength*

However, what we miss is belief in ourselves, in each other, in our country and in the success of our future. Often, we hope that someone will take care of us, find us a job, clean up our environment, etc. This leads to declining personal responsibility for our life, family, community, the environment, and the entire country, as well as to inertness and fear to take action. In the future, it may hinder to achieve the country, ready to take challenges, dictated by rapid global changes, friendly to innovations and embracing global competition.

What we need today is a clear road map to long-term success in future. Lithuania needs creative personalities, who are not afraid to make mistakes and assume

responsibility for them. Most importantly, we must have a belief that we can make Lithuania a success story. Such belief is a major driving force in overall progress.

## What is our focus?

Lithuania is neighbouring with Scandinavian countries that have long been renowned for their wise wellbeing creation policies. Therefore, as we purposefully take over their experience, **we should strive to become an integral, successful, politically and economically consolidated part of the Nordic-Baltic region, which is home to five Nordic and three Baltic States.**

The Nordic-Baltic orientation does not ignore national specificities, nor does it speak about cultural or historic dependence on the Nordic region. On the contrary, different identities and traditions are embraced, emphasizing convergence based on values which lie at the heart of a successful welfare state.

The success of the integration of this region will depend on solidarity, enhanced mutual confidence, healthy competition, partnership and intergovernmental support of the three Baltic States. We need to pool our efforts to successfully address issues of sustainable development, environmental protection, energy, transport, economy and democracy building.

As a part of a multipolar world, Lithuania is for a strong Europe. Membership in NATO and the European Union serve as a security guarantee for Lithuania. The desire to become a full part of the Nordic-Baltic region is compatible with the country's long-term Eastern European policy and is not in conflict with the ambition to become a regional leader in terms of the Eastern European neighbourhood. The adoption of Nordic best practice will make Lithuania more attractive for the Eastern European neighbours that seek to upgrade their governance and strengthen ties with the European Union. Lithuania's achievements, geographical location, economic cooperation and inter-institutional collaboration with Eastern-European countries, present an excellent opportunity to become an axis for spreading European values and principles of democracy further to the East of Europe.

## VISION

We aim at a creative empowerment of each and every member of the society, focusing on ideas that would help **Lithuania to become a modern, energetic country, embracing differences, and with a strong sense of national identity.**

**LITHUANIA IS A SMART COUNTRY: A GOOD PLACE TO  
LIVE AND WORK**

This is a country with creatively empowered population, and its progress is in the hands of **responsible, creative and open-minded** people. By cherishing our country, we will embrace historical memory, preserve the environment, learn from the best international practices, and seek cultural, social and economic unity with Northern and Baltic countries.

The implementation of the vision will be guided by progress-relevant values, like:

- **Openness** to a different view, to positive initiatives, to a dialogue, cooperation, and innovations.
- **Creativity** in generation and implementation of new ideas, treating challenges as new possibilities of building success.
- **Responsibility** for actions taken, morality, active concern not only about themselves, but also the environment, community and the country at large.

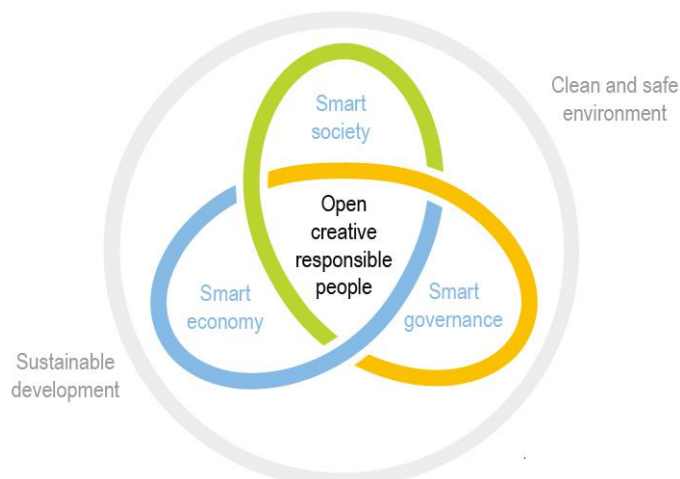
The Strategy is aimed at creating an environment that would enable progress-related values. There are three key areas of progress: **society, economy and governance**. Developments in these areas will consolidate progress values and build on the principles of sustainable development. The progress-related values will become conscious human target in each area of progress; and as regards public policy – it will become the most important measurement indicator in strategic decision-making.

Changes will take place in the following areas:

**Smart society:** happy society that is open [**openness**] to the ideas of each citizen [**creativity**], to innovations and challenges, demonstrating solidarity, self-governance and political maturity [**responsibility**].

**Smart economy:** economy that is flexible and able to compete globally [**openness**], generating high added value, based on knowledge, innovations entrepreneurship [**creativity**] and social responsibility as well as “green” growth [**responsibility**].

**Smart governance:** governance that is open and participatory [**openness**], delivering, meeting public demands and ensuring high quality services [**responsibility**], as well as competent government, able to take targeted strategic decisions [**creativity**].





It is only a creative entourage that can empower an individual to unlock his creative potential and play a part in the smart society. Relying on the creative powers of society and smart economy, which is based on knowledge, entrepreneurship and responsibility, will generate high added value and create public wellbeing. Qualitative changes in society and economy will be facilitated through an efficient government that ensures the delivery of high quality services. Progress in these areas and sustainable development of the country require clean and safe environment, and an integral interaction between these areas.

The implementation of the vision would enable **Lithuania to become, in the year 2030, one of the 10 most advanced European Union Member States by:**

- Quality of Life Index (now 23<sup>rd</sup> in the EU)
- Happiness Index (now 20<sup>th</sup> in the EU )
- Democracy Index (now 22<sup>nd</sup> in the EU)
- Sustainable Society Index (now 13<sup>th</sup> in the EU)
- Global Competitiveness Index (now 17<sup>th</sup> in the EU)
- Globalization Index (now 25<sup>th</sup> in the EU)

The Strategy provides for national development guidelines (critical factors for the progress) that indicate the status we are striving for. It also presents key initiatives that might have a visible impact on the environment. The guidelines and initiatives in the areas of the society, economy and governance have to facilitate the development of appropriate environment and consolidation of the progress values.

## SMART SOCIETY

The Smart Society is a happy society, which seeks greater personal and economic security and dynamism, as well as fairer income distribution, cleaner environment, better social and political inclusion, better access to education and training, skills improvement and good public health.

***Three million creators!***

National progress values find their way in the society together with growing public awareness and maturity. It takes a mature society to be confident in itself and in the future of its country. It is a society whose members are not afraid of changes; it is open to new ideas and global competition. The required changes must ensure the development, application and recognition of individual skills. Major public institutions and public areas of life should also undergo purposeful changes to focus on the development of creativity and leadership skills at an early age. Future Lithuanian citizens will feel safe and free in an ever changing world only when they are not afraid of changes, of making mistakes and learning from them.

The society must learn to be more organised, more benevolent, more cooperative, which would lead towards the culture of mutual understanding and trust. As a result, people would be ready to assume responsibility not only for themselves, but also for the others, for the society, with a strong feeling of national ownership. The realisation that the government cannot and will not solve all the problems should enable each of us to mobilize our powers and responsibilities in taking and carrying out many important decisions. We need an energetic society.

It is important to re-consider our national identity, and understand what unites us in the modern world. We should be able to draw strength from our history, at the same time remaining a modern and open society. In times of globalization, we should not treat Lithuanians leaving the country as a lost part of the nation, and the incomers – as strangers. We can and must mobilize the Lithuanian diaspora for a build-up of economic and social prosperity in Lithuania, for the promotion of culture, traditions, for the preservation of quality environment. It is important to realize that we are one nation. On the other hand, the sense of community must be promoted not only with respect to the emigrants or immigrants, but also inside the nation at large, embracing different social groups, different generations, and different cultures. Lithuania has been famous for its admirable nature and culture, creating favourable conditions for living as well as for work. We should seek to preserve and promote the natural and cultural heritage and wise use of the resources.

The society must recognize the rights of socially marginalized people, helping them to maintain dignity and play a full part in the society, be active participants as regards social inclusion policies and related actions; it also has to help combating the stereotypes and stigma, to preserve and enhance the quality of life, social wellbeing, especially as regards children, and equal opportunities for all.

## How will we achieve smart civic society?

To implement the vision of a smart society, we need to pool our efforts and to implement major changes in the development of the society:

### **Energetic civil society: independent, healthy, confident, creative and proactive**

The society has been enabled to build its own future and change the environment, from individual home to the state at large. The citizens are proactive, enterprising, trusting their fellow-citizen, creative in their solutions and ready to take risks. Imagination, creativity and critical thinking are seen as important national resources and are developed from childhood throughout the entire life. Leadership is promoted, just like ability to work in a team, focussing on stronger organisational capacities of the society. Cultural life is of particular importance for each member of the society. It is understood not only as museums, exhibitions or theatres, but also as a lot more: a culture of civic awareness and self-expression, generating added value in various sectors of the society. Communities and non-governmental organizations are empowered to handle, following the subsidiarity principle, the majority of issues of relevance. People feel they are owners of the state, they believe in their rights, their civil power, and can practice that. Good public health ensures active participation in civic life. Health is seen as the most valuable asset and is important for both personal and public well-being and, therefore, a healthy

lifestyle is consistently fostered from young age, focusing on disease prevention and health preservation.

**Solidarious society: consolidated, dignified, responsible for a common fate, brought together by the idea of “Global Lithuania”.**

The Lithuanian nation is the society of living traditions. It draws its strength from the past, preserves the Lithuanian language and culture, and fosters other traditional languages and traditions in Lithuania. It is also a modern nation, always ready to participate in the ever growing dialogue between different cultures. Its community sense is based on the idea of “Global Lithuania”, which means that Lithuania’s nation is solid and integral, without any divisions into Lithuanians living in Lithuania and Lithuanians living abroad. Lithuanians living outside Lithuania are active in public life and contribute to the economic and cultural prosperity. “Global Lithuania” is also open to foreign nationals who voluntarily contribute to the promotion of Lithuania and its interests worldwide. The Lithuanian media is also contributing to the promotion of successful Lithuania. Solidarity between generations, strong family as a vital cell of society and the guarantee for national survival, bringing up a mature, free, creative and responsible individual – these are the values fostered in our society with rooted positive attitudes as regards solidarity with different social groups (ethnic, etc.), as well as tolerance, compassion, social responsibility and responsible consumption.

**Learning society: modern and dynamic, ready for future challenges and able to perform in an ever changing world**

The Lithuanian society is open to global changes: Lithuanian people are educated, interested in science and innovations, easy and familiar with the latest technologies, good at foreign languages, and eager to pursue lifelong-learning. Lithuania enables learners to pursue individual development and empowers creativity as well as productive interaction between business and science. The higher education is able to compete in the world: Lithuania’s scientists have been contributing internationally to the solution of the most pressing global problems. Access to non-formal education and lifelong learning is made available across Lithuania. Lithuania has been renowned for its admirable versatile natural and cultural environment creating favourable conditions for life and work.

**SMART SOCIETY – key initiatives for change:**

**Energetic society**

- To gear the general education system to creativity, citizenship and leadership skills. To develop programmes focussed on creativity, quest and personal development, as well as competence assessment and self-assessment framework, putting them in place across all the educational establishments. To reorganize the concentrated examination system to a balanced system of accumulation and recognition of various learning achievements, the system that captures ever-growing personal experience and recognizes ever-higher achievements in education. To facilitate proper learning environment, establish science laboratories, create arts education tools, wellness areas, etc. in all schools.
- To develop high quality cultural services across the country in order to ensure diversity of cultural services and their accessibility. To promote partnership between culture and other areas of life through creative cultural products and services.



- To develop a healthy lifestyle as a prerequisite for a dynamic society. To mobilize public and institutional efforts towards better public health through measures preventing the use of alcohol, tobacco and drugs and increased public awareness as regards the benefits of a healthy lifestyle.
- To develop individual health care services for increased efficiency of preventive measures, and to apply more extensively targeted public health promotion measures.
- To develop community self-governance (through empowerment of schools and grass-root administrations), which strengthens participation of communities and non-governmental organizations in public life. National and local authorities have to deliberately seek to delegate to the public ever more powers and responsibility to act independently as regards the implementation of the subsidiarity principle.
- To strengthen communities and non-governmental organizations, to develop community leaders and support civic initiatives.

### **Solidarious society**

- To develop cultural and political awareness in Lithuania, by shaping authentic policy of the history, promoting public debate on national identity, highlighting positive historical experience. To strengthen historical self-awareness and self-esteem by promoting different cultural and artistic expression, by reviewing national cultural, educational programmes and the repertoire of public events and symbols, as well as by ensuring preservation of cultural and national heritage and its reasonable application for public needs.
- To consolidate the Lithuanian studies as the basis for humanistic education, encompassing training of generic cultural competencies, development of a creative individual, and public education. To ensure the fundamentals of humanities education in all the Lithuanian higher education schools.
- To create a vibrant public space for information through promotion of socially responsible media and critical public skills enabling critical analysis of information in the public domain. To introduce media literacy programmes in all education institutions. To respect the freedom of the press, and encourage self-regulation processes in the media.
- To bring together the Lithuanian nation scattered across the world, to strengthen the relations of Lithuanians living abroad with the homeland. To carry out an effective programme for the involvement of Lithuanians living abroad, focusing on cooperation based on mutual respect and partnership and encouraging Lithuanians living abroad to continue fostering national identity. To purposefully develop and implement public policy on immigration.
- To strengthen the family institution, creating a family-friendly environment: expanding comprehensive services and infrastructure-friendly system, to facilitate the implementation of family procreative functions, forming a positive public attitude towards the family. To create favourable conditions for combining work and family responsibilities: by ensuring pre-school child care availability, developing after-school activities and community activity centres, providing a possibility to have a flexible work schedule.
- To reduce social exclusion by developing and implementing national poverty reduction programs.
- To raise public environmental awareness, to promote sustainable consumption and responsible approach to economic development.

### **Learning society**

- To create an effective system of lifelong learning, effectively adapting information communication technologies and ensuring acquisition and development of knowledge and skills required for an active society.

- To develop national programmes unlocking learners' potential and talents, as well as systems for talent identification and development, and for academic mobility. To support non-formal academic, sporting and creative education of gifted children: to bring together the country's best teachers, science, culture and sports experts, to attract foreign professionals.
- To create environment favourable for science and research, ensuring Lithuania's appeal for top researchers and scientists.
- To create a world-class studies and research centre, with a view to strengthening the existing national infrastructure and mobilizing the best scientific and teaching potential. The centre would bring together study opportunities in the interdisciplinary network, providing for interdisciplinary research and development, and opening up the research infrastructure for business-science interaction.
- To enable Lithuania's high school students to study at foreign universities for at least one semester, particularly focussing on Nordic-Baltic student exchanges.
- To develop a rich cultural environment through investments in the development and integration of public cultural establishments, and promotion of public participation in cultural developments. To facilitate cultural dynamism, particularly through international cultural exchanges and international artist mobility. To promote Lithuania's domestically and internationally, focussing on digitalization of the cultural heritage and contemporary cultural content.

## SMART ECONOMY

The economy will be smart, if we are able to make proper use of opportunities, created by a civic-minded society. Favourable business environment calls for targeted reduction of the red-tape and other business constraints. It is absolutely essential that vicious and businesses-intolerant provisions, which do not recognize any possibility for a mistake, should be revoked. It is necessary to focus on the promotion of entrepreneurship and support for business start-ups. Every enterprising citizen must have a possibility to start up and develop business, as well as a chance for mobility in the employment and research markets. Only then a greater part of the value will be generated in knowledge-and-creativity-driven enterprises with most employees creating smart and innovative products and services. High-value-added jobs will not only use the inner potential, but also join the global competition for skilled labour.

As a part of common and strongly consolidated European economic and financial market, it will be easier for us to achieve financial stability and this will cause no major problems. A wider and more efficient application of financial engineering will attract private capital and strengthen economic competitiveness internationally.

*Success is with those ready  
for it!*

At the same time, we have to take care of our environment, which is the basis for value-added, long-term stability and progress across all economic sectors. We need to develop technologies that would minimize adverse environmental impact and ensure resources-friendly sustainable growth. Competitive and environmentally sustainable energy sector will be of utmost importance for national economy: it is necessary to achieve energy independence and sustainable development of environment-friendly use of resources.

As a part of the successful Nordic-Baltic region, we must take advantage of the opportunities offered by it to become a dynamic, ambitious, and investment-appelling country. We need to encourage the set-up of international companies and scientific research and service centres in Lithuania. This will not only guarantee high-paying jobs and halting brain drain and emigration, but also will play a very important role as catalysts for change, by bringing to Lithuania the leading world trends, modern technologies as well as challenging the public education and innovation policy and business conditions.

Smart economy must create opportunities to unlock to the maximum the most important resource of Lithuania: creative, innovative, responsible and enterprising people.

### How will we achieve smart economy?

In order to implement the vision of smart economy, we need to focus our efforts on the following major changes in economic development:

### **Most favourable business environment in the Nordic-Baltic region**

The society and the authorities clearly understand the importance of business for the economy and each individual, they appreciate the role of business and enterprises, recognizing and encouraging new innovative initiatives, despite potential risks. The institutional environment and infrastructure ensure financial and other resources necessary for innovative and efficient operations, as well as organizational, technical and intellectual services, and promote business development at all stages of its development. Advanced economic infrastructure, based on choice and competition.

### **Prevailing culture of social corporate responsibility, and economic development, based on sustainable use of resources**

Economic growth is based on the principles of sustainable development and „green” concept of growth, so it does not adversely affect the environment and human health. Natural resources are used rationally to preserve natural biodiversity and cultural landscapes, and reduce environmental pollution. Businesses understand and take responsibility not only for their business success, but also for their impact on the community, regional or national development and environment. Development of socially responsible business is also encouraged by the communal and responsibility culture prevailing in the society.

### **Integrity of national economy**

The economy is open to both internal and external competition, able to respond to external changes and challenges of globalization. It has parallels to the highest standards in the global economy, so it is competitive not only in the region, but also worldwide. The country's industry and services, research organizations, are largely integrated into the global value-chain, creating high added value and making effective use of global resources of knowledge, ideas, finances, etc.

#### **SMART ECONOMY – key initiatives for change:**

##### **Business environment:**

- To simplify the business environment and remove excessive, cumbersome and non-transparent regulation in the areas of business and business development that are most restricted. To create an open, transparent and rational institutional business environment.
- To shape positive public opinion about business and entrepreneurship.
- To ensure availability and variety of intellectual and financial resources. To strengthen intellectual property protection and entitlement management.
- To develop open, competition-friendly business regulatory framework.
- To actively participate in the development of a free-service market in the Nordic-Baltic region.
- To create a simple, transparent and predictable taxation system with a view to encouraging high value-added jobs.
- To create state-of-the-art information technologies and digital infrastructure.

- To ensure the need for mobility by creating an effective integrated public transport system, a modern infrastructure of high quality, and by developing sustainable mobility initiatives.

### **Social corporate responsibility, sustainable use of resources:**

- To develop corporate social responsibility and social solidarity, which are perceived as a standard modern business practice.
- To develop an environment-friendly corporate culture and to promote “green” economy through “green” and harmonized public procurement.
- To increase incentives for business to invest in “green” technologies, products and services.
- To roll-out advanced, resource-saving and environment-friendly (mitigating climate change) technologies and products in the sectors of industry, energy and transport.
- To ensure the stability of ecosystems and the protection of biodiversity through sustainable forestry and sustainable development of agriculture and fisheries.

### **Economic integrity:**

- To promote integration of industries and services, and research organizations into global and Nordic-Baltic systems of business, culture, science and education, to become important players.
- To focus funding of science and research institutions on the development of market-relevant innovations.
- To step up business integration in the international chain of high value generation.
- To facilitate integration of business, education, science and culture; to create favourable conditions for the development of creative and cultural industries and their international competitiveness.
- To build corporate and institutional capacities to make use of the opportunities provided by global information networks.
- To make every effort to attract global investment in Lithuania.
- To achieve the degree of harmony in national industry and services, thus enabling generation of high added value, and serving as catalyst for the progress in research and other industries.



## SMART GOVERNANCE

The approach of the public sector to the goals put forward by the people and ways to achieve them play an important role in the development of the country. The absence of open, competent, efficient and participatory governance will delay the long-awaited outcomes.

Progress can only be encouraged by a credible government. Therefore, public governance has to be performing and enabling. It is important that the culture of governance should change towards reasonable decision-making and culture of consensus. Not only basic needs of security and human dignity must be met, but also quality public services must be delivered. The authorities must be able to act strategically and purposefully, primarily focusing on key priorities. It should be a concern of us all to make sure the value-for-money is achieved, therefore public governance must be performing, and decisions should be cost-effective.

Confidence in the governance processes and just decisions calls for our active participation in decision making and implementation, therefore, public governance must be transparent and open. Government's role should be changing accordingly: from executor to organizer and coordinator; and public services must be provided with the help of the citizens, the private sector, local communities and NGOs.

*Leadership-driven governance!*

Changes in public governance, new relations between the people and the representative public authorities should result in a respectful attitude of the mentioned authorities towards the citizens, as well as the understanding of their mission to serve the people and act for the public good. This will help build public confidence and encourage active participation in addressing relevant public issues.

### How will we achieve smart governance?

In order to implement the vision of smart governance, we need to focus our efforts on the changes in the following major areas of governance development:

#### Strategically potent government

Competent and performance-driven public authorities have necessary capacities to develop and implement strategies, continuously monitor global trends, creatively apply best practices. Clear action policies are set in consultation with the public and social partners, and within available resources. The government promotes the performance-and-efficiency-driven governance culture with a view to meeting growing public demands. Outcomes achieved are measured, analysed, evaluated, and performance information is used not only for reporting, but also for regular improvement of the activities. Governance culture is based on the principles of cooperation and consensus; public problems are addressed both through individual, as well as joint efforts.

### **Open and empowering governance**

Public authorities are open and accountable to the public, public information is understandable and clear. The government keeps the society, including businesses, informed on the issues of services, relevant requirements, etc., and holds public consultations. The transparency of strategic decisions is ensured not only through publicity and consultations, but also public participation in public policy-making and decision-taking processes. Communities and NGOs that are closest to the citizen and best familiar with the situation are empowered to act, thus promoting leadership skills. Community members are aware of their rights and responsibilities, they have competencies and skills to implement and to represent their interests and participate in decision-making. Depending on the goals and quality requirements, public services may be provided not only by authorities but also the community, non-governmental organizations or businesses. This type of service providers are encouraged to feel like government trustees; and the public sector provides only those services which are beyond the non-governmental organizations, community organizations and businesses.

### **Governance meeting public needs**

The public sector ensures the delivery of high quality services that meet public demands. The services provided are good quality and consensus-based. The quality of services is under regular monitoring, and service users are involved in their development processes. The scope of public services is in line with public needs, they are easily accessible to all the people of Lithuania in the most convenient way in terms of technological possibilities.

#### **SMART GOVERNANCE: key initiatives for change:**

##### **Strategically powerful government**

- To develop leadership and management competencies in central and local authorities and communities.
- To ensure that strategic decisions are made in cooperation and through consensus and broad consultations with social and economic partners.
- To put in place a competency management model, covering all the aspects of human resources management, enabling to mobilize all the competencies to successful achievement of institutional objectives and implementation of priorities.
- To make the public service lean, flexible, professional, accountable and performance-driven. To enforce the uniform performance and management standards across the public sector.
- To streamline institutional operation scale through regular functional review and elimination of redundant tasks.
- To establish a culture of evidence-based management, to ensure strategic management of competencies needed to improve performance, and enhance analytical capabilities. To ensure that management decisions are made on the basis of evidence-based information.
- To implement value-for-money initiative in the field of public governance by streamlining functions (e.g. centralization of key functions, better asset management) and delivery of public services in selected directions (e.g. more and better services with the same resources or less resources for the same or higher quality service).

## **Open and empowering governance**

- To create actual opportunities for public services to be delivered not only by authorities, but also the communities, NGOs and the private sector.
- To develop mechanisms involving citizens and other stake-holders in identification of public needs, and to ensure their participation in a constructive form of dialogue at all levels of decision-making.
- With a view to promoting transparency and greater accountability, to publish centralized information on public expenditure per each governmental level. Information published by authorities must be delivered in a clear and understandable way.

## **Governance meeting public needs**

- To engage citizens in the identification of the mode of delivery of a specific service as well as in service improvement, to carry out regular opinion polls as regards satisfaction with the services provided, and to reach mutual agreement on service standards and scale.
- To encourage agreements with local community regarding the scale and quality standards for the services (Citizens Charters).
- To deliver public services in accordance with the subsidiarity and the one-stop shop principles, ensuring easy and user-friendly access.
- With a view to ensuring effective provision of services, to use the latest technologies, including electronic service delivery.
- To increase public accountability and performance by coupling motivation of public institutions with customer satisfaction and quality of the services.
- To ensure high quality of life and employment opportunities for all (regardless of where they live) by upgrading and developing infrastructure and promoting small and medium business development across the country. To achieve uniform social and economic standards in all the regions.

## ANNEX 1. CURRENT OVERVIEW

### Smart society

1. Society's ability to adapt to change, using it for generation of wealth and as a competitive advantage, is basically determined by the degree of openness and creativity in the society. Lack of openness in the society is reflected in the index of globalization, which currently places Lithuania 25<sup>th</sup> in the European Union<sup>1</sup>. The index measures economic, political and social globalization. Our country's social globalization is the lowest in the European Union. General level of creativity in the society is gauged by different instruments. According to the survey<sup>2</sup> conducted by the University of Maastricht, Lithuania is 17<sup>th</sup> in the European Union by its creativity; while its creativity climate is ranked 24<sup>th</sup>. These data suggest the lack of the right conditions for the development and expression of creativity.

2. One of the most important factors in social development is a well-developed and successfully operating life-long learning system. The number of the population involved in learning and competence development places Lithuania the 20<sup>th</sup> in the European Union<sup>3</sup>. This clearly demonstrates the need to develop a lifelong learning system. For the development of personal creativity and civic awareness, it is particularly important to develop individual abilities. The current education system lacks flexibility, and underestimates the importance of critical thinking, creativity and pro-action. Often, training programmes are based on repetition and consolidation, failing to stimulate processes of thinking, analyses and creativeness. On the other hand, it should be noted that the number of 30-34 year-olds in Lithuania with a qualification degree or its equivalent is well above the European Union average<sup>4</sup>. This only confirms the desire of knowledge and higher education in the society.

3. Advanced skills are particularly important for the country's wealth and progress, and serve as a driving force for creativity and innovation, which are the basis for smart economy. The study by the Organisation of Economic Cooperation and Development on fifteen year olds assesses their reading skills, literacy in mathematical and natural science<sup>5</sup>. Conducted in 2009, the survey revealed that the Lithuanian pupils' skills were far behind the average of the countries surveyed. Since the lowest achievement level is achieved by the majority of pupils, Lithuania is attributed to the high social justice group. However, problems are seen as regards the number of people with the highest level of achievement. As regards reading skills, the highest level is reached by only 0.1 per cent of pupils (average is 0.8 per cent); as regards the natural science literacy – only 0.4 per cent (average is 1.1

<sup>1</sup> Axel Dreher, “KOF Index of Globalization“ Zurich, 2010. < <http://globalization.kof.ethz.ch> > [Checked on 30 09 2011].

<sup>2</sup> Axel Dreher, “KOF Index of Globalization“ Zurich, 2010. < <http://globalization.kof.ethz.ch> > [Checked on 30 09 2011].

<sup>3</sup> Eurostat. Participation in education and training, 2010. <[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=trng\\_1fse\\_01&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=trng_1fse_01&lang=en)> [Checked on 30 09 2011].

<sup>4</sup> Eurostat. Tertiary educational attainment, 2010. <[http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/dataset?p\\_product\\_code=T2020\\_41](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/dataset?p_product_code=T2020_41)> [Checked on 30 09 2011].

<sup>5</sup> Eurostat. Tertiary educational attainment, 2010. <[http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/dataset?p\\_product\\_code=T2020\\_41](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/dataset?p_product_code=T2020_41)> [Checked on 30 09 2011].

per cent.); and as regards the mathematical literacy – 1.3 per cent (average is 3.1 per cent) in highest level is reached. This suggests the lack of attention to individual training, which would not only allow the acquisition of basic knowledge, but it would also facilitate the pursuit for advanced skills.

4. Individual creativity is not only about the quality of education programmes, but also the physical environment<sup>6</sup>. Educational institutions need to promote creativity-conducive environment, so that education opportunities were not restricted by scarce material resources. It should be noted that the practical skills infrastructure is particularly important for the development of advanced skills. According to the 2010 data by the Ministry of Education and Science, only 4 per cent of gymnasiums and secondary schools had a natural science laboratory. Moreover, the Lithuanian schools, compared to the average of OECD countries, are particularly poorly equipped with audio and video devices, computer software for training purposes<sup>7</sup>.

5. The family plays an important role in the formation of a creative and responsible personality. Lithuanian children feel the least happy in Europe at the moment<sup>8</sup>. Many children grow in socially vulnerable families; according to 2010 data, the number of children growing in this type of families was 23.335 (3.7 per cent of the total figure)<sup>9</sup>. Families with children spend more than a third of the income on food and beverages, and on average, 38.7 itas, or 5.7 per cent of total household consumption, on education, recreation and culture (only 0.9 per cent on education, if taken separately)<sup>10</sup>. Family problems are associated with growing parental occupational engagement, decline in generation solidarity and inadequate culture of mutual relations, as demonstrated by numerous family conflicts. All this leads to the need for society to create conditions which would enable development of a harmonious family that may focus much more on individual development.

6. A particular role in national progress is given to social activism, which manifests itself through self-governance and civic awareness. These elements are best reflected by the Lithuanian Society's Civic Empowerment Index<sup>11</sup>. The index reveals small but steady growth in civil empowerment over the past four years. However, it is still inadequate, and the civic capacity of the population is still low. The empowerment index of the Lithuanian society in 2010 was only 35.5 points out of 100 possible.

7. The formation of socially active society is largely influenced by active involvement in community life. In 2010, 34 per cent of the population participated in local community life, and only 11 per cent were involved in the activities of public organizations and movements<sup>12</sup>. It should be noted that young people represent but a lower proportion in local communities (in 2010, the figure was 26 per cent). The lack of social activism in youth is also reflected in a study on 16-24 year-olds. The 2009 survey reveals that only 45 per cent of the youth representing the mentioned

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<sup>6</sup> Ministry of Education and Science, (Non) creativity in education, 2009.

<[http://www.smm.lt/svietimo\\_bukle/docs/pr\\_analize/kurybiskumo%20ugdymas.pdf](http://www.smm.lt/svietimo_bukle/docs/pr_analize/kurybiskumo%20ugdymas.pdf)> [Checked on 30 09 2011].

<sup>7</sup> Ministry of Education and Science, Program for International Student Assessment (PISA) of 15-year-olds, 2010. <[http://www.nec.lt/failai/1810\\_PISA\\_Rezultatai.pdf](http://www.nec.lt/failai/1810_PISA_Rezultatai.pdf)> [Checked on 30 09 2011].

<sup>8</sup> Unicef, Child poverty in perspective: An overview of child well-being in rich countries, 2007. <<http://www.unicef.org/media/files/ChildPovertyReport.pdf>> [Checked on 30 09 2011].

<sup>9</sup> Statistics Lithuania, Children in Lithuania, 2011. <<http://www.stat.gov.lt/lt/pages/view/?id=1878>> [Checked on 30 09 2011].

<sup>10</sup> Statistics Lithuania, population and social statistics, 2008. <<http://www.stat.gov.lt/lt/pages/view/?id=1878>> [Checked on 2011 09 30].

<sup>11</sup> Civil society institute, Lithuanian Society's Civic Empowerment Index, 2010. <<http://www.civitas.lt/lt/?pid=74&id=78>> [Checked on 30 09 2011].

<sup>12</sup> Ibid.

age bracket are socially active, i.e. they are involved in the activities of at least one organization or a local government institution<sup>13</sup>.

8. For social development and particularly the development of creativity it is very important to have relevant public space and cultural milieu. However, the prevailing public attitudes are not favourable due to lack of openness and tolerance to other mind-set, and respect for a creative personality; the media are dominated by negativism and are marked by the lack of analytical thinking. The public sees human rights, respect for human life and peace as the most important values, leaving behind tolerance, solidarity and fulfilment, which are selected as important values by less than 16 per cent of the Lithuanian population<sup>14</sup>. Furthermore, it should be noted that a large part of the society does not participate in creative artistic activities: more than 56 per cent do not participate in any artistic activities, compared to 38 per cent average in the European Union<sup>15</sup>. Lack of interest in artistic life is reflected also in the household expenditure share for cultural activities. An average share of household expenditure on art in the European Union (excluding new Member States) is 4.5%, while in Lithuania – 2.7% of total expenditure<sup>16</sup>. It should be noted that the Scandinavian countries spend twice as much; for example, expenditure on culture in Denmark, Sweden is 5.8% to 5.6%, Finland – 5.1%.

9. A very important factor in strengthening social solidarity is cultural and political ownership. A share of the population proud of the citizenship of Lithuania is particularly low, i.e. 23%, while the European Union average is 46%<sup>17</sup>. This shows the need to address the issue of building stronger identity within the society. In order to encourage social changes, needed for the implementation of the vision, it is important to promote a sense of communion in the society. Strong societal links are best shown by the level of public participation. Unfortunately, Lithuanians living abroad are not fully involved in Lithuania's life. It is necessary to create conditions promoting participation of emigrants not only in political or social life of the country, but also the economic processes. Besides, it is very important that we involve not only Lithuanian emigrants, but also nationals of other states willing to promote Lithuania's interests.

### **Smart economy**

10. In order to compete globally and be able of generating high added value, it is essential that economy is fit to adapt to global requirements and that creative potential is fully employed. Lithuania's economy is characterized by openness to other markets: according to the degree of integration in international markets (foreign direct investment into and from the country in percentage of GDP), the intensity of Lithuania's integration is 2.3 per cent, compared to 2.2 per cent average of the European Union<sup>18</sup>. We have a number of advantages necessary for the promotion of innovativeness: we are leading the world by the quality of broadband Internet, we have Europe's

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<sup>13</sup> Ministry of Education and Science, Socially active 16–24 year-olds, Vilnius, 2009.

<[http://www.smm.lt/svietimo\\_bukle/tyrimai\\_sb.htm](http://www.smm.lt/svietimo_bukle/tyrimai_sb.htm)> [checked on 30 09 2011].

<sup>14</sup> Eurobarometer, Values of Europeans, 2008.

<[http://ec.europa.eu/public\\_opinion/archives/eb/eb69/eb69\\_values\\_en.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_values_en.pdf)> [Checked on 30 09 2011].

<sup>15</sup> Eurobarometer, European cultural values, Involvement in artistic activities, 2007.

<[http://ec.europa.eu/culture/pdf/doc958\\_en.pdf](http://ec.europa.eu/culture/pdf/doc958_en.pdf)> [Checked on 30 09 2011].

<sup>16</sup> Eurostat, Cultural statistics, [Average annual cultural expenditure per household](#).

<[http://epp.eurostat.ec.europa.eu/portal/page/portal/culture/documents/average\\_annual\\_cultural\\_expenditure\\_per\\_household.pdf](http://epp.eurostat.ec.europa.eu/portal/page/portal/culture/documents/average_annual_cultural_expenditure_per_household.pdf)> [Checked on 30 09 2011].

<sup>17</sup> European values study, 2008 m. <<http://www.europeanvaluesstudy.eu/>> [Checked on 30 09 2011].

<sup>18</sup> Eurostat, Globalisation Indicators, 2010. <<http://epp.eurostat.ec.europa.eu/portal/page/portal/globalisation/indicators>> [Checked on 30 09 2011].

densest network of public Internet access points. Lithuania maintains a leading position in Europe by fibre-optic density. According to FTTH of the Council of Europe<sup>19</sup>, Lithuania, which regularly expands the fibre-optic network and rapidly increases the number of users, is placed at the top, leaving behind the Swedish and Norwegian FTTH markets. We are also leading the European Union by the knowledge of two foreign languages. However, the country's overall economy lacks creativity: the total innovation index places Lithuania the 25th in the European Union (Denmark, Finland and Sweden are leaders in innovations)<sup>20</sup>. Thus, in order to increase competitive advantage, we have to use the openness of the economy, giving it ever closer focus and paying special attention to unlocking the creative potential. On the other hand, it is important to note that a set of values prevailing in the society is not conducive to global competition. Although formal indicators and strategic documents show that the Lithuanian economy is sufficiently open, our day-to-day life reveals many limitations, much of red tape, non-tariff trade barriers, especially as regards business in general (the entrance of new players in the market) and the arrival of investors to Lithuania, and flows in goods and services. It reduces the flexibility of the economy, competitiveness and growth of creative potential. Lithuania's position on the European Union's external trade policy is often reminiscent of that in the protectionist countries in southern Europe, and not that promoted by the Nordic countries; it also shows that the declaration of economic openness is just words, not deeds. To reduce this gap, which we must do if we expect to have more of innovations and competitiveness, is one of the most important tasks not only in the long-term Strategy, but also in daily operational tasks. The reduction of bureaucratic obstacles to setting up and starting business, to investing and offering services is an urgent priority to be focussed on by public authorities immediately and effectively.

11. The country's economic situation and the main indicators are revealed annually by the World Economic Forum's Global Competitiveness Report, carried out in countries around the world, calculating global competitiveness index<sup>21</sup>. Lithuania is favourably assessed in areas such as higher education and vocational training, infrastructure and technological readiness. However, the overall quality of education, the quality of management training and staff training are not seen quite as well. Nor is good the situation in those areas that reflect our ability to make use of available benefits: efficiency of services and goods market, financial market development, and size of the market also get poor assessment. Analysis of individual indicators in the mentioned areas shows that some factors related to business environment have certain influence here.

12. Favourable business environment is one of the essential determinants of smart economy, based on knowledge and spirit of entrepreneurship. One of the most important conditions for business-friendly environment is reduction of regulatory burden. This burden is normally known as excessive regulation hindering business development, its response to environmental changes, and changes in course, etc. By regulatory burden, Lithuania is the 20<sup>th</sup> in the European Union, with Estonia, Sweden and Finland as the frontrunners<sup>22</sup>.

13. Conditions affecting financial flows are also important in terms of business environment: business funding availability and tax environment. The suitability of the conditions for business is revealed by elements of competitiveness index related to the scope of taxation and financial

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<sup>19</sup> FTTH Council Europe. Annual Report 2010-2011.

<[http://www.ftthcouncil.eu/documents/Reports/FTTHCE\\_AnnualReport\\_2010-2011.pdf](http://www.ftthcouncil.eu/documents/Reports/FTTHCE_AnnualReport_2010-2011.pdf)> [Checked on 30 09 2011].

<sup>20</sup> European Commission, Innovation Union Scoreboard, 2010. <<http://www.proinno-europe.eu/inno-metrics/page/innovation-union-scoreboard-2010>> [Checked on 2011 09 30].

<sup>21</sup> World Economic Forum, Global Competitiveness Report 2010–2011. <<http://www.weforum.org/issues/global-competitiveness>> [Checked on 30 09 2011].

<sup>22</sup> World Economic Forum, Global Competitiveness Report 2010–2011. <<http://www.weforum.org/issues/global-competitiveness>> [Checked on 30 09 2011].

services. The taxation scope and effectiveness puts us in the 22<sup>nd</sup> position in the European Union (Estonia is 2<sup>nd</sup>). By the efficiency of financial services and diversity of financial sources we are the 22<sup>nd</sup> in the European Union, and by service affordability – we are the 19<sup>th</sup>. As regards the above indicators, the Scandinavian countries take the lead in the European Union, and the United Kingdom is also at the top with 2<sup>nd</sup> and 3<sup>rd</sup> places respectively<sup>23</sup>.

14. Economic development is strongly influenced by the focused cooperation between business, research and government set to achieve common goals. For economic competitiveness in the global scale it is particularly important to ensure not only the efficient use of available national resources, but also integration into global chains of value generation. These aspects of both domestic as well as international integrity are also revealed by the competitiveness index. We rank 14<sup>th</sup> in the European Union by university-business cooperation, and by involvement in the global value chain – the 16<sup>th</sup><sup>24</sup>. In 2009, the largest share of research and development (hereinafter called as R&D) spending by source of funding was: public funds – 54 per cent, business funds – 21 per cent, foreign funds – 13.1 per cent, higher education and non-profit institutions funds – 11.9 per cent. In government and higher education sectors, R&D expenditure in Lithuania (in 2009 – 0.64 per cent of GDP) was within the average of the European Union, but business spending on R&D remains low (in 2009 it was 0.2 per cent of GDP). The lack of investment in research and development, particularly from the private sector, is an important factor resulting in relatively low level of innovativeness. Thus, the integrity level of the economy suggests that we are at intermediate position in the European Union; therefore we must work together more closely towards global value generation.

15. For sustainable development it is important to have not only public, but also economic responsibility, i.e. when business assumes responsibility for social and natural environment, community or national development processes. Corporate social responsibility is not typical for Lithuania; it is a sporadic phenomenon manifesting itself through individual initiatives of individual organisations, focussing on strengthening of family relations, addressing children and youth-related social problems, educating talented children.

### **Smart governance**

16. Creativity, openness and responsibility are the values to be followed in taking public strategic decisions. However, it also requires for the government itself to be creative, open-minded and responsible. The Worldwide Governance Indicators Project by the World Bank assessed government efficiency, which is measured by the efficiency indicator of public policy, public services and the quality of the civil service, ranking Lithuania 21<sup>st</sup> in the European Union (the frontrunners being Denmark, Finland and Sweden)<sup>25</sup>. These aspects, in particular the quality of public services, are among the most important factors of responsible governance. Confidence in the authorities reflects the level of responsibility exercised by public authorities. In 2010, the public credibility of state and municipal institutions and agencies was 46%. These data show that the government must be more responsible and follow a targeted improvement of the quality of public services.

17. The rapidly changing environment and growing need for self-governance call for an adjusted model of governance, including increased openness and collaboration with citizens. Today, the government regulates a very large number of areas of public life and, therefore, the majority of the

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<sup>23</sup> *ibid.*

<sup>24</sup> *ibid.*

<sup>25</sup> World Bank, The Worldwide Governance Indicators Project. <<http://info.worldbank.org/governance/wgi/index.asp>> [Checked on 30 09 2011].



citizens are accustomed to expect that it will resolve all their problems and answer all the questions. Only 33% of the population think that there is too much government interference in their lives. This is one of the lowest indicators in the European Union, as the majority of EU citizens think that there is too much regulation by the government (average 58 per cent)<sup>26</sup>. This must change. Along with growing civic maturity, the government must reduce areas of intervention, thus enabling citizens and communities to take responsibility into their hands. Government powers should be redistributed from public authorities to people and communities, enabling them to act together. The role of the government should shift from implementer or executor to organizer or coordinator; and public services must be delivered together with citizens, the private sector, local communities and non-governmental organizations.

18. One of the most important aspects related to public participation, is the actual inclusion of citizens in the decision-making processes, going beyond the conventional provision of information or consultation. It is very important to involve the private sector in the provision of public services. The public participation in the processes of public governance is currently in action through better regulatory initiatives, specific pilot public-private partnership projects in the areas of health, education, social housing, public transport, environment protection and public order. Methodology for the evaluation of customer satisfaction with public services has been drawn up, thus promoting a continuous survey of public opinion; and institutions are encouraged to include in the strategic operational plans indicators reflecting changes in customer satisfaction. However, this is happening on the basis of separate initiatives. In order to achieve a coherent system of openness in the government, it needs systemic changes.

19. The participation of local communities and non-governmental organizations in the management of public affairs is currently insufficient. There are a number of reasons for that: some communities and non-governmental organizations lack stable funding, diversity, capacities, clear mechanism for cooperation with the State, a favourable regulatory environment, and the like. For the development of independent non-governmental organizations and local communities, it is very important to enable them to act and to provide necessary conditions for achievement of their goals. Therefore, a consistent transfer of public functions to these organizations is one of the essential steps towards changes in governance. It should be noted that currently there are few municipalities, which would involve local communities or non-governmental organisations in the provision of public services; the majority of community-based organizations tend to pursue but artistic goals, leaving aside other issues of relevance.

20. Active public involvement in public governance, handling of usual public affairs, or important decision-making is prevented by still unrestrained corruption, non-transparent decisions or, at times, failing justice. This considerably reduces public confidence in public authorities as well as the legal system as such. Lithuania gets 5 points from 10 by the index of perception of corruption, and is the 19<sup>th</sup> in the European Union<sup>27</sup>. The index of perception of corruption over the past 10 years has been following a positive trend: we start viewing ourselves as ever more transparent state, but the changes are very small and require greater efforts to change the existing situation. World Bank Ranking of Quality of Justice in Lithuania, assessing the performance of the contracts, defence of property rights, police and judicial activities, places the 21<sup>st</sup> in the European Union (Finland, Sweden and Denmark are at the forefront). Ignorance of the rule of law, non-compliance with publicly

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<sup>26</sup> Eurobarometer, European Values Survey, 2008.

<[http://ec.europa.eu/public\\_opinion/archives/eb/eb69/eb69\\_values\\_en.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_values_en.pdf)> [Checked on 30 09 2011].

<sup>27</sup> Eurobarometer, European Values Survey, 2008.

<[http://ec.europa.eu/public\\_opinion/archives/eb/eb69/eb69\\_values\\_en.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_values_en.pdf)> [Checked on 30 09 2011].

accepted rules and implementation of justice present a significant obstacle not only for the active involvement of the public in the governance, but also for the development processes of the country.

21. For public governance it is important to welcome a changing culture of governance: the governance must be innovative and performance-driven, and decisions must be purposeful, consensus-based, reasonable and cost-efficient. Public sector efficiency issues are currently addressed through functional and performance reviews of Government-accountable authorities, annual ministerial self-assessments, and the review of ministerial management efficiency priority areas. A systemic change, however, requires that “value for money” concept is put in practice across all the areas of activities, both in services provided, as well as in streamlining the operations. Authorities pay particular attention to performance-driven management through improved performance monitoring, programme evaluation, functional review, and impact assessment. However, the biggest challenge is still posed by practical application of the achieved outcomes in decision-making; as the governance must be based on evidence.

22. The quality of the most essential public services in the areas of health, education and social security is still inadequate under individual surveys. The recent political agenda has put this issue in the spotlight by giving consideration to a number of structural reforms in this regard. However, it is important to note that the Government's ability to provide services and ensure high quality is directly related to the size of government spending. In 2008, the public spending amounted to 37.4 per cent of GDP (the European Union average being 46.9%, with only Slovakia and Luxembourg running behind). Whereas the Government of Lithuania has a relatively small and restricted spending, it must be diversified, taking into consideration the demand for public services, and reviewed scope of functions, a consensus on priority services, as well as affordability and quality.

23. Poor quality of public services is often related to the lack of customer satisfaction management and inadequate degree of customer inclusion in service improvement processes. The lack of customer satisfaction management was demonstrated by a survey of public administration institutions as regards the application of quality management methods, conducted in 2010<sup>28</sup>. The survey revealed that 55% of interviewed institutions did not carry out any customer satisfaction polls, and 24% of the institutions had no intention to do that any time soon. This problem also reflects in the outcomes of public survey on national and municipal authorities<sup>29</sup>. In 2010, only 10% of polled respondents, who contacted authorities, were requested to assess the provided services, while the rest 90% were never asked about that.

24. The Lithuanian civil service is still too much focused on operational processes and their legal regulation. Today, for civil service, and in particular the senior management it is typical to have sectorial and rather narrow approach as regards the governance, as they find it difficult to go beyond a specific sector and develop a wider and more systematic approach on state governance. The current system does not provide for adequate development of management and leadership skills within the corps of the civil service. Considering the above, it can be reasonably argued that, in order to effectively and flexibly respond to rapid changes in the global environment and the economic challenges, the Lithuanian civil service needs systemic and urgent changes.

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<sup>28</sup> Ministry of Interior, 2011. A study on the monitoring of the application of quality management tools in Lithuania's public administration institutions/establishments. <<http://www.vakokybe.lt/lt/kokybes-vadybos-metodu-diegimo-viesojo-administravimo-institucijose-ir-istaigose-stebesena>> [Checked on 30 09 2011].

<sup>29</sup> Ministry of Interior, Survey on public confidence in national and local institutions and agencies.<<http://www.vakokybe.lt/index.php?id=307>> [Checked on 30 09 2011].

The overview of the smart society, smart economy and smart governance leads to conclusion that a successful society requires changes in the most immediate environment for personal development, i.e. the family, the education system, the community, the public and cultural spaces. Such aspects as consolidation, cooperation, self-awareness, sense of community, and responsiveness to the need of the other and the community are of great importance too. The development of smart society has a direct translation in smart economy. The main trends of economic development must be linked to changes in the business environment, integration into the global business systems, the use of the education and science potential, and the development of social responsibility. The economy will only then be able to use the benefits provided by the creativity in society, resulting in high added value. Changes in the society and economy can only be fostered by governance based on progress values. This requires changes in public services, citizen interaction, cooperation with NGOs and local communities and culture of public governance.

## ANNEX 2. PROGRESS INDICATORS

| INDICATORS   | VALUE                          |                    | PLACE (VALUE)                    |                                  |  |
|--|--------------------------------|--------------------|----------------------------------|----------------------------------|--|
|  | EU27 AVERAGE                   | LT                 | 2009 / 2010                      | 2020                             | 2030                                       |
| <b>VISION IMPLEMENTATION INDICATORS</b>  |                                |                    |                                  |                                  |  |
| <b>Quality of Life Index</b><br><i>International Living, 2011</i>  | 71 point from 100              | 68 points from 100 | 23 <sup>rd</sup> place in the EU | 15 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |
| <b>The World's Happiest Countries</b><br><i>Gallup World Poll (2005–2009 data)</i>   | 39 per cent (happy population) | 25 per cent        | 20 <sup>th</sup> place in the EU | 15 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |
| <b>Democracy index</b><br><i>Economist Intelligence Unit, 2011</i>   | 7.96                           | 7.24               | 22 <sup>th</sup> place in the EU | 15 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |
| <b>Sustainable Society Index</b><br><i>Sustainable Society Foundation, 2010</i>  | 6.68 points                    | 6.77 points        | 13 <sup>th</sup> place in the EU | 10 <sup>th</sup> place in the EU | 7 <sup>th</sup> or higher place in the EU  |
| <b>Global competitiveness index</b><br>World Economic Forum, 2011–2012   | 4.71                           | 4.41               | 17 <sup>th</sup> place in the EU | 13 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |
| <b>Globalization index</b><br><i>KOF Index of Globalization, 2011</i>  | 82.82                          | 73.64              | 25 <sup>th</sup> place in the EU | 15 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |
| <b>SMART SOCIETY</b>   |                                |                    |                                  |                                  |  |
| <b>Share of society considering imagination as one of the most important qualities to be developed in the most immediate environment, at home</b><br>European values study, 2008 | 21 per cent                    | 6 per cent         | 6 per cent                       | 20 per cent                      | 30 per cent                                |

| INDICATORS  | VALUE   |   | PLACE (VALUE)   |  |  |
|---|---|---|---|--|--|
|   | EU27 AVERAGE  | LT  | 2009 / 2010   | 2020   | 2030   |
| <b>Share of students who meet the level of at least 3 (of 6) learning outcomes</b><br>Programme for International Student Assessment (PISA), OECD, 2009 | reading – 54.5<br>mathematics – 54.1<br>natural sciences – 56.5 | reading – 45.6<br>mathematics – 47.7<br>natural sciences – 54.1 | reading – 23 <sup>rd</sup> place in the EU<br>mathematics – 22 <sup>nd</sup> place in the EU<br>natural sciences – 18 <sup>th</sup> place in the EU | at least 50 per cent across all fields               | at least 55 per cent across all fields               |
| <b>University rankings</b><br>Academic Ranking of World Universities (ARWU)   | –   | –   | none of the Lithuanian universities make it to the top 500  | at least one Lithuanian university among the top 500 | At least one Lithuanian university among the top 300 |
| <b>Tertiary education attainment among 30-34 year-olds</b><br>Eurostat, 2010  | 33.6 per cent   | 43.8 per cent   | 8 <sup>th</sup> place in the EU   | 8 <sup>th</sup> or higher place in the EU            | 8 <sup>th</sup> or higher place in the EU            |
| <b>Life-long learning</b><br>Eurostat, 2010   | 9.1 proc.   | 4 per cent  | 22 <sup>nd</sup> place in the EU  | 18 <sup>th</sup> place in the EU                     | 17 <sup>th</sup> or higher place in the EU           |
| <b>Share of the population willing to participate in the cultural artistic activities</b><br>Ministry of Culture  | –   | 46 per cent   | 46 per cent   | 60 per cent  | 70 per cent  |
| <b>Civic Empowerment Index</b><br>Civil Society Institute, 2010   | –   | 35.5 per cent   | 35.5 points   | 50 points  | 60 points  |
| <b>Share of the population proud of the citizenship of Lithuania</b><br>European values study, 2008   | 46 per cent   | 23 per cent   | 23 per cent   | 50 per cent  | 60 per cent  |
| <b>Income quintile share ratio (S80/S20)</b><br>Eurostat, 2010  | 4.8   | 7.3   | 27 <sup>th</sup> place in the EU  | 15 <sup>th</sup> place in the EU                     | 15 <sup>th</sup> or higher place in the EU           |
| <b>Healthy life years (men/women)</b>   | 61.7  | 60.0  | 17 <sup>th</sup> -18 <sup>th</sup> place in the EU  | 15 <sup>th</sup> place in the EU                     | 10 <sup>th</sup> or higher place in the EU           |

| INDICATORS  | VALUE         |                                 | PLACE (VALUE)                    |   |   |
|---|---------------|---------------------------------|----------------------------------|---|---|
|   | EU27 AVERAGE  | LT                              | 2009 / 2010                      | 2020                                      | 2030  |
| Eurostat, 2010  |               |                                 |                                  |   |   |
| <b>SMART ECONOMY</b>  |               |                                 |                                  |   |   |
| <b>Summary Innovation Index</b><br>Innovation Union Scoreboard, 2010                                | 0.465         | 0.227                           | 25 <sup>th</sup> place in the EU | 15 <sup>th</sup> place in the EU          | 10 <sup>th</sup> or higher place in the EU  |
| <b>The ease of doing business</b><br><i>Doing business</i> , 2012                                   | –             | 9 <sup>th</sup> place in the EU | 9 <sup>th</sup> place in the EU  | 5 <sup>th</sup> or higher place in the EU | 1 <sup>st</sup> among Nordic-Baltic states,<br>At least 3 <sup>rd</sup> place in the EU |
| <b>Gross domestic product (GDP) per capita in purchasing power standard (PPS)</b><br>Eurostat, 2010 | 100 per cent  | 57 per cent                     | 24 <sup>th</sup> place in the EU | 15 <sup>th</sup> place in the EU          | 10 <sup>th</sup> or higher place in the EU  |
| <b>Market Integration - Foreign Direct Investment (FDI) intensity</b><br>Eurostat, 2009             | 2.1 per cent  | 0.5 per cent                    | 23 <sup>rd</sup> place in the EU | 15 <sup>th</sup> place in the EU          | 10 <sup>th</sup> or higher place in the EU  |
| <b>New Business Ownership Rate</b><br><i>The World's Business School</i> INSEAD (2009–2010)         | 2.07 per cent | 1.59 per cent                   | 18 <sup>th</sup> place in the EU | 14 <sup>th</sup> place in the EU          | 10 <sup>th</sup> or higher place in the EU  |
| <b>Research and development expenditure (GDP %)</b><br>Eurostat, 2009                               | 1.25 per cent | 0.2 per cent                    | 20 <sup>th</sup> place in the EU | 15 <sup>th</sup> place in the EU          | 10 <sup>th</sup> or higher place in the EU  |
| <b>Number of Patents</b><br><i>The World's Business School</i> INSEAD (2009–2010)                   | 1.9           | 1.04                            | 26 <sup>th</sup> place in the EU | 15 <sup>th</sup> place in the EU          | 10 <sup>th</sup> or higher place in the EU  |
| <b>University-industry collaboration</b><br>World Economic Forum, 2010                              | 4.3 points    | 4.2 points                      | 14 <sup>th</sup> place in the EU | 12 <sup>th</sup> place in the EU          | 10 <sup>th</sup> or higher place in the EU  |

| INDICATORS   | VALUE        |             | PLACE (VALUE)                    |                                  |  |
|--|--------------|-------------|----------------------------------|----------------------------------|--|
|  | EU27 AVERAGE | LT          | 2009 / 2010                      | 2020                             | 2030                                       |
| <b>Number of companies involved in international innovation projects</b><br>Eurostat, 2008   | 793.5        | 369         | 14 <sup>th</sup> place in the EU | 12 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |
| <b>Greenhouse gas emissions, million tonnes per capita</b><br>European Environment Agency, 2010  | 3.49         | 3,51        | 12 <sup>th</sup> place in the EU | 10 <sup>th</sup> place in the EU | 7 <sup>th</sup> or higher place in the EU  |
| <b>SMART GOVERNANCE</b>  |              |             |                                  |                                  |  |
| <b>Government Effectiveness</b><br><i>The World's Business School</i> INSEAD (2009–2010)   | 4.97         | 4.22        | 21 <sup>th</sup> place in the EU | 15 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |
| <b>Regulatory Quality</b><br><i>The World's Business School</i> INSEAD (2009–2010)   | 5.98 points  | 5.77 points | 17 <sup>th</sup> place in the EU | 13 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |
| <b>Trust in national institutions (trusting the police, civil service, parliament and the government, in average)</b><br>European values study, 2008 | 46 per cent  | 30 per cent | 30 per cent                      | 45 per cent.                     | 55 per cent.                               |
| <b>E-government development</b><br>United Nations, E-Government Survey, 2010   | 0.6601       | 0.6295      | 15 <sup>th</sup> place in the EU | 13 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |
| <b>Corruption Perceptions Index</b><br><i>Transparency International</i> , 2011  | 6.3 points   | 4.8 points  | 19 <sup>th</sup> place in the EU | 15 <sup>th</sup> place in the EU | 10 <sup>th</sup> or higher place in the EU |

### **ANNEX 3. STRATEGY DEVELOPMENT PROCESS**

1. The Strategy seeks the widest possible public consensus on the national vision and progress values; therefore its development process is set to involve the largest possible number of public representatives and social partners.
2. Its main author is the society, which actively participated at all the stages of the development of the Strategy. Public discussions were arranged with a view to attracting as many contributors to the common vision as possible. The regions had operating idea generation centres; a National Day of Ideas was held across Lithuania; the Bank of Ideas welcomed all the proposals ([www.Lietuva2030.lt](http://www.Lietuva2030.lt)). Furthermore, a Week of Ideas for Lithuania was held at schools, and students were welcomed to express their ideas about the future of their country, and the most gifted students participated in the project Students to the Government putting forward their ideas. Residents of Lithuania and Lithuanians from all over the world were invited to share their views on the Strategy development in public consultations ([www.lrv.lt](http://www.lrv.lt)).
3. The Strategy development process was led by the State Progress Council, which brought together outstanding figures from business, culture, art, science and public life as well as Government representatives. The State Progress Council analysed and assessed proposals and ideas put forward by specific task forces, social partners as well as the public at large. The Council merged all the ideas and proposals into the Strategy and launched for national consideration. The State Progress Council held seven official meetings, and was closely involved in all the stages of the preparation of the Strategy, promoting it nationwide through different media, and participating in all the related discussions.
4. To assess the current situation, and analyse ideas and proposals put forward by the public, specific task forces have been set up: “Creative society”, “Smart economy” and “Civil society and values”. These task forces enjoyed voluntary contributions from non-governmental organizations, academia, business organizations and ministries, as well as independent consultants and experts.
5. In pursuit of constructive dialogue with social and economic partners, round table discussions were held in cooperation with the Knowledge Economy Forum, academia, youth and student organizations, the Lithuanian community in Great Britain, associated organizations of social and economic partners, media and business organizations. The project was also discussed with Lithuanian emigrants in Lithuania’s diplomatic missions, consultations with non-governmental organizations were held, public discussions with local communities and businesses were held in five regions, and radio programmes were prepared with the State Progress Council and the task forces.
6. All the Strategy related information is available at: [www.Lietuva2030.lt](http://www.Lietuva2030.lt) and social network Facebook ([www.facebook.com/Lietuva2030](http://www.facebook.com/Lietuva2030)).



## ANNEX 4. MECHANISM FOR STRATEGY IMPLEMENTATION

1. The implementation of the Strategy is an on-going dynamic process, with proactive society and the State Progress Council, set up by the Government. This process is not only a direct implementation of strategic guidelines and initiatives; it also includes solutions of other issues of public relevance, and promotes continued development of progress-related ideas. Therefore, the State Progress Council initiates a broad debate, inviting people to get actively involved in the implementation of the common vision. The implementation of the “Lithuania 2030” will be ensured by the key participants: Open Progress Forum "Lithuania 2030", the State Progress Council and its Secretariat.

2. The mission of the **Open Progress Forum “Lithuania 2030”**: to promote and maintain a permanent dialogue with the society on a country's development processes, priorities and values. The Forum will bring together academic, business, artistic communities and other public representatives for a debate and sharing of ideas. The Forum "Lithuania 2030" will be held at least two times a year.

3. **The State Progress Council** will not only support the communication and encourage public discussion of the ideas, but will take the leadership in the activities of the Forum “Lithuania 2030”. It will also oversee the implementation of the Strategy and monitor its results. The State Progress Council will annually assess the relevance of the Strategy initiatives and will be responsible for drawing up annual inventory of the progress-related actions and its presentation to the Government. In view of these aspects, the composition of the Council will be adjusted to include active representatives of the society (~ 50 per cent), parliamentary groups (~ 20 per cent) and government agencies (~ 30 per cent). The State Progress Council will convene at least once every 3 months.

4. **The Secretariat of the State Progress Council** will be based at the Office of the Prime Minister and will be responsible for coordination of the implementation of the Strategy and on-going monitoring at governmental level. The Secretariat will provide necessary support to the State Progress Council as regards supervision and monitoring of the performance. It will also actively participate in the activities of the Forum “Lithuania 2030”, focussing on the analysis of the discussion conclusions and their implementation proposals.

5. The Strategy will be implemented in the following main directions (implementation diagram is presented in Figure 1):

- “quick wins”: commitment to take 10 progress priority actions a year;
- consistent implementation of the vision through the system of strategic planning documents (medium and short-term planning documents);
- direct involvement of communities and NGOs.

6. **Quick wins: annual progress actions.** Considering the progress achieved and existing state of events, the State Progress Council will identify ten key actions for the implementation of the most important initiatives. Annual progress actions will also be debated and discussed at the open Forum “Lithuania 2030”.

7. The State Progress Council will submit to the Government a list of progress actions, and recommend that they are included in annual governmental and/or ministerial priority lists, thus

linking governmental annual priorities with the Strategy initiatives, and ensuring the implementation of the progress-related actions.

8. The inclusion of annual progress actions into the governmental priorities is a very important step towards the achievement of the Strategy results, having not only annual but also longer-term effect. All the resources required should be mobilized for the implementation of Government's priorities, which has a direct impact on the state budgeting. With a view to ensuring effective implementation of the Strategy, the Seimas of the Republic of Lithuania, when considering a draft budget, should take into account allocation of appropriations, and the link between governmental priorities and the Strategy.

9. **Consistent implementation of the Strategy.** The progress values, outlined in the Strategy, will have to be mainstreamed across all the areas of public policies, and they will have to reflect in taking decision on strategic goals or any other important decisions. The Strategy will be implemented also through the system of strategic planning and documentation. A National Progress Programme will be drawn up for the implantation of the Strategy, with a forecast of European Union and national funds allocations for 2014-2020 in terms of the achievement of long-term priorities. The development of the National Progress Programme will be coordinated by the Ministry of Finance.

10. Each ministry or government agency will be directly involved in the implementation of the Strategy. The authorities will have to follow the provisions of the Strategy in drafting their individual strategic plans, and ensure the achievement of the goals set forth in the National Progress Programme. Therefore, the provisions of the Strategy will have a direct influence on institutional actions.

11. The success of the Strategy will be measured by monitoring the progress in indicators that are directly linked to the main achievable outcomes 2030. Given a substantial length of this period, and in view of the goals of the Strategy 2020, interim indicators for 2020 were established.

12. A comprehensive interim assessment of the strategy has been foreseen for 2020, aimed at the improvement of the implementation process of the Strategy, and better outcomes. Evaluation of the Strategy or its individual components may be effected more frequently to assess relevant aspects, such as effectiveness, efficiency, appropriateness and need for continuity of individual guidelines.

13. The people and the State Progress Council will be regularly reported to on the progress of the Strategy in terms of the achievement of the goals. Information on the progress of the Strategy will be put to public consideration as part of the Government Performance Report, submitted annually to the Seimas. It should be noted that national progress processes will be measured not only against the Strategy's progress indicators, but also the indicators of national economic competitiveness. The Strategy progress report will also include information about the progress achieved as regards the implementation of Government's priorities as well as progress actions. The scoreboard of progress indicators and progress actions results will be available at: [www.Lietuva2030.lt](http://www.Lietuva2030.lt).

14. **Direct involvement of communities and non-governmental organizations.** The implementation of the Strategy will involve public at large, focusing on communities and non-governmental organizations. The Lithuanian society and business organizations will be encouraged to contribute to the implementation of progress policies. Much in this respect is being done already today, which is regularly covered at: [www.Lietuva2030.lt](http://www.Lietuva2030.lt).

**Figure 1. Strategy implementation diagram**

