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SIGMA

**Support for Improvement in Governance and
Management in Central and Eastern European Countries**

**PUBLIC MANAGEMENT PROFILES OF
CENTRAL AND EASTERN EUROPEAN COUNTRIES:**

LITHUANIA

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(AS OF SEPTEMBER 1999)

Political Background

Lithuania regained independence in 1990, when candidates backed by the Lithuanian reform movement won elections to the Lithuanian Supreme Council. During a national plebiscite in February, 91 per cent of voters (76 per cent of all those eligible) voted in favour of an independent, democratic Lithuania. In March 1990, the Council proclaimed the restoration of Lithuanian independence, formed a new cabinet of ministers, and adopted the Provisional Basic Law of the State.

The first democratically and directly elected president of the republic was Algirdas Mykolas Brazauskas, who was elected on 14 February 1993. Recent presidential elections were held on 21 December 1997, resulting in the election of Valdas Adamkus. He took office on 25 February 1998. The next presidential elections will be held in 2002.

Elections to the *Seimas* (the Lithuanian parliament) were held in 1992 and 1996. In the 1996 elections the Conservative Party and associated candidates gained 70 out of 141 seats, and another 16 seats went to its coalition partner, the Christian Democrats and associated candidates. The coalition established a new government in early December and won a significant majority in nationwide municipal elections held in March 1997. In June 1999 Christian Democrats unilaterally denounced the coalition agreement. The next elections to the *Seimas* are scheduled for the year 2000. The current prime minister is Rolandas Paksas. The breakdown of seats in the *Seimas* as of July 1998 were as follows:

Party	Seats
Homeland Union (Lithuanian Conservatives)	62
Lithuanian Christian Democratic Party	14
Lithuanian Centre Party	14
Lithuanian Democratic Labour Party	12
Lithuanian Social Democratic Party	11
Union of Christian Democrats	1
Lithuanian National Party "Jaunoji Lietuva"	1
Lithuanian Democratic Party	1
Lithuanian Party of Political Exiles and Political Prisoners	1
Lithuanian Peasants' Party	2
Lithuanian Polish Election Action	2
Lithuanian Liberal Party	3
New Democracy/Women's Party	1
National Democratic Movement for Independent Lithuania	1
Independent	12

1. The Constitutional Framework

1.1. Constitutional Bases

On 11 March 1990, the Supreme Council adopted the Provisional Basic Law of the Republic of Lithuania, which was viewed as the constitution, thereby suspending the former constitution of 12 May 1938. However, the Provisional Basic Law was only a constitutional Act of a transitional character; it did not change the structure of state power, and not all of the institutions characteristic of a democratic state were re-established. The Provisional Basic Law remained in force until the autumn of 1992.

On 25 October 1992 citizens voted in a referendum to approve the constitution of the Republic of Lithuania, which re-established all the traditional state institutions, i.e. the *Seimas*, the presidency, the government, and the judiciary. In addition, the constitution introduced some new institutions to support the democratic functioning of the state, including the constitutional court, the ombudsman, and the state control department. The constitutional court's status and procedures for executing its powers are established by the Law on the Constitutional Court of Lithuania, which the parliament adopted on 3 February 1993. The constitution also introduced the principle of independence for local governments.

After adoption in 1992, the constitution was amended twice. On 20 June 1996 the Law on Supplementing Article 47 of the Constitution was passed. This law added paragraph no. 2 to Article 47, which established that foreigners "may be permitted to acquire ownership of non-agricultural land plots required for the construction and operation of buildings and facilities necessary for their direct activities". The second amendment to the constitution extended the term of members of local government councils from two to three years and was made on 12 December 1996.

The constitution may be referred to on the *Seimas* official Website (<http://www.lrs.lt>) at <http://www.lrs.lt/cgi-bin/preps2>.

1.2. Nature of the State

Lithuania is a unitary state and a parliamentary republic, based on the rule of law and expressing the common will and interests of its people. The foundations of the social system are protected by the constitution, which also establishes the rights, freedoms and obligations of citizens.

1.3. Division of Power

Under the constitution, sovereign state power is vested in the people of Lithuania and is exercised by the *Seimas*, the president of the republic, the government and the judiciary.

The president of the republic is the head of state and represents the state of Lithuania. The main duties of the president are defined by the constitution and by the Presidential Law of Lithuania (26 January 1993, No. I-56). The president decides basic foreign policy questions and, together with the government, implements foreign policy. He signs international treaties and submits them to parliament for ratification. The president appoints, upon approval of the *Seimas*, the prime minister, instructs him to form a government and approves the composition of the government. He appoints, upon the approval of the parliament, the chief commander of the army and the head of the security service. He proposes to the parliament candidates for state controller, chairman of the board of the Bank of Lithuania, supreme court judges, three constitutional court judges, and the chairman of both the supreme court and the constitutional

court. He appoints, with the approval of the parliament, the judges and chairman of the court of appeal and of regional and district courts.

The *Seimas* is the supreme body of state power. It comprises 141 deputies elected for a period of four years. The *Seimas* is a one-chamber parliament and has the power to adopt the constitution and amend it. It approves or rejects the candidacy of the prime minister proposed by the president of the republic, reviews the programme of the government submitted by the prime minister and decides whether to approve it or not, and upon the recommendation of the government, establishes or abolishes ministries.

The government is the highest authority of executive power. It comprises the prime minister and ministers. The government administers the affairs of the country, protects the inviolability of the territory of the Republic of Lithuania, and ensures state security and public order; implements laws and resolutions of the *Seimas*, as well as the decrees of the president; co-ordinates the activities of the ministries and other governmental institutions; prepares the draft budget of the state and submits it to the *Seimas*, executes the state budget and reports on the implementation of the budget to the *Seimas*; drafts Bills and submits them to the *Seimas* for consideration; establishes diplomatic relations and maintains relations with foreign countries and international organisations; and discharges other duties prescribed to the government by the constitution and other laws.

Local self-government is organised on the basis of the administrative-territorial division of Lithuania. There are 56 municipalities which constitute the level of local self-government. It is represented by the municipal councils elected by the local population for a period of three years on the basis of universal, equal and direct suffrage by secret ballot.

2. Legislative Authority

2.1. Electoral Rules

Any Lithuanian citizen who is not bound to another country by oath or pledge and who is at least 25 years' old on election day can be elected to the parliament. Individuals who are serving in the military, police, national guard, security, or other armed service cannot be elected to the parliament. All citizens of Lithuania who are over 18 years' old on election day have the right to vote, except those who have been declared incapable by a court of law.

Members of parliament are elected for a term of four years according to a mixed majority and proportional representation system. First, 71 of the 141 parliamentary seats are filled by direct, absolute majority vote in the 71 single-member constituencies. These elections are considered valid if more than 40 per cent of all registered voters in the single-member constituency have cast ballots. The winning candidate is the one who receives more than half of the votes cast in the constituency. If no candidate is elected in the first round, a run-off election is held between the two leading candidates. Second, the remaining seventy parliamentary seats are elected using a nationwide, party-list, proportional system whereby all Lithuanian electors form one multi-member constituency. One-fourth of the electorate must vote for the election to be valid.

Parliamentarians can be appointed to the post of prime minister or minister, but not to any other office. Members are remunerated for their service and reimbursed for all work-related expenses using state budget funds. While serving in the parliament, a member cannot receive any other salary, except payment for creative work (e.g. teaching or writing), and cannot perform duties in other governmental organisations or in private establishments.

Early parliamentary elections can be held by a decision of the parliament when approved by three-fifths of all the members. In addition, the president can announce early parliamentary elections if the parliament fails to adopt a decision on the new programme of the government within 30 days of its presentation, rejects the government's programme twice in succession within 60 days of its initial presentation,; or, when asked by the government for a vote of confidence, chooses to deny granting its confidence.

2.2. Main Powers of Parliament

The parliament (*Seimas*) is the main legislative authority and the highest body of state power of Lithuania.

The constitution enumerates the powers of the *Seimas*, which include the right to:

- consider and enact amendments to the constitution;
- enact laws;
- adopt resolutions for the organisation of referendums;
- announce presidential elections of the Republic of Lithuania;
- form state institutions provided by law, and appoint and dismiss their chief officers;
- approve or reject the candidature of the prime minister proposed by the president of the republic;
- consider the programme of government submitted by the prime minister, and decide whether to approve it or not;
- upon the recommendation of the government, establish or abolish ministries;
- supervise the activities of the government, and express non-confidence in the prime minister or individual ministers;
- appoint judges to, and chairpersons of, the constitutional court and the supreme court;
- appoint to, and dismiss from, the office of state controller and the chairperson of the board of the Bank of Lithuania;
- announce local government council elections;
- form the central electoral committee and change its composition;
- approve the state budget and supervise the implementation thereof;
- establish state taxes and other obligatory payments;
- ratify or denounce international treaties whereto the Republic of Lithuania is a party, and consider other issues of foreign policy;
- establish administrative divisions of the republic;
- establish state awards of the Republic of Lithuania;
- issue acts of amnesty; and
- impose direct administration and martial law, declare states of emergency, announce mobilisation, and adopt decisions to use the armed forces.

2.3. *Internal Organisation*

The *Seimas* meets biannually in two regular sessions (spring and autumn). The spring session opens on 10 March and closes on 30 June. The autumn session opens on 10 September and closes on 23 December. The *Seimas* may resolve to prolong a session.

The *Seimas* is organised on the basis of committees (permanent and temporary) and parliamentary groups (factions).

The *Seimas* forms committees from among its members for the consideration of draft laws and other issues assigned to it by the constitution. The following permanent committees (in alphabetical order) have been created by the *Seimas*:

- Budget and Finance
- Economics
- Education, Science, and Culture
- Environmental Protection
- European Affairs
- Foreign Affairs
- Health Affairs
- Human and Civil Rights, and Ethnic Affairs
- Legal Affairs
- National Security and Defence
- Rural Development
- Social Affairs and Labour
- State Administration and Municipalities

For resolving short-term issues or issues of narrower scope, and for carrying out concrete assignments, the *Seimas* may also form, from among its members, investigatory, control, auditing, preparatory, drafting and other ad hoc commissions. The board of the *Seimas* may also form preparatory, drafting ad hoc commissions and co-ordinating commissions. The board of the *Seimas* consists of the speaker, deputy speakers, the chancellor of the *Seimas* and the minority leader (opposition leader).

The following commissions have been established:

- Commission for special investigation of the rights of participants in the resistance
- Commission on family and child affairs
- Commission on Ignalina nuclear power plant region problems
- Commission on investigation of economical crimes
- Commission on parliamentary supervision of state control

- Commission on youth and sport affairs
- Commission of representatives of the American Lithuanian community
- Special Commission on supervision of implementation of Law on Operational Activities

Seimas members may also form interim groups for the implementation of common interests concerning a specific matter, after an application has been submitted to the speaker of the *Seimas*, signed by no fewer than five *Seimas* members.

The committees perform the analytical, preparatory part of the legislative work, and they present specific issues for discussion in plenary session.

The assembly of spokespersons comprises the members of the *Seimas* board and representatives of the parliamentary groups. The principal tasks of the assembly of spokespersons are to consider and approve the work programmes of the *Seimas* session and the agendas of sittings; to co-ordinate issues concerning the organisation of the work of the *Seimas* committees and parliamentary groups (factions); to submit drafts of the decisions on these issues to the *Seimas* and the board; and to give advice to the *Seimas* speaker as requested.

The assembly of spokespersons approves the norms of representation of the majority and minority in all committees according to the number of *Seimas* members belonging to the majority and minority. The minority (the opposition and other parliamentary groups which do not belong to the *Seimas* majority, and the mixed group of *Seimas* members) must distribute seats among themselves in the committees, according to the number of seats approved by the assembly of spokespersons.

There is an administrative structure in the *Seimas* to support the work of the *Seimas*, which is the chancellery of the *Seimas*.

On 22 December 1998, the *Seimas* passed the new *Seimas* Statute, which came into force on 1 February 1999. The procedural provisions for the legislative process in the new statute fundamentally reform the organization of parliamentary work. In order to ensure quality improvement of drafted legislation and efficiency of the legislative process, the *Seimas* committees unequivocally became the central bodies managing the scrutiny of drafts, debates and adoption of legal Acts. The new statute strengthens transparency, and provides opportunities for participation of various interest groups and of society in the discussions. The new statute also enhances parliamentary control of the executive branch, and institutionalizes the rights of parliamentary opposition.

2.4. *The Legislative Process*

The Lithuanian legal system is one of written law. Since the independent state of Lithuania was re-established, it has been necessary to adapt the law to the new democratic constitution and EU requirements. Almost every important code has required modification, which has resulted in the abolition of much legislation, and the adoption of new laws which are similar to those of Western countries.

Lithuania's legal system is based on the following hierarchy of normative Acts:

- the constitution;
- international agreements ratified by the *Seimas*;
- laws (constitutional or ordinary) and others Acts adopted by the *Seimas*;
- decrees of the president of the republic;

- government resolutions, which are passed to ensure enforcement of laws, or because the parliament has delegated, in a law, its legislative authority to the government in a specific area;
- orders of the prime minister;
- orders and other Acts of ministers;
- decisions of the representative bodies of local government (local government councils);
- orders of the governing bodies of local government.

In accordance with this hierarchy, rules resulting from an inferior Act may not oppose rules resulting from a superior Act.

The right to submit draft laws to the *Seimas* belongs to members of the *Seimas*, the president and the government. Draft laws may also be submitted by 50,000 citizens, who each must have the right to vote.

Legislation is passed by a simple majority vote of the members present. No parliamentary quorum is required. Constitutional laws, however, require the approval of more than half of all the members. Amendments to constitutional laws require a three-fifths majority vote of all the members.

Legislation passed by the parliament comes into effect when signed and officially announced by the president, except when the legislation provides for a later effective date. Other Acts passed by parliament, as well as the parliament's statutes, are signed by the chairman of the parliament, who heads the work of the parliament. Laws and other Acts are published in the government's official bulletin, the "State News" bulletin (*Valstybes Žinios*).

Draft laws and draft Acts of the *Seimas*, as well as proposals concerning the legislation thereof, are submitted to the *Seimas* for consideration by the institutions and persons who, pursuant to the constitution, have the right of legislative initiative.

The legislative process takes place in the following stages (although procedures will vary according to the type of legislation):

- registration of drafts laws and other standard Acts;
- presentation of draft laws and other standard Acts at sittings of the *Seimas*;
- consideration of draft laws in the principal committee;
- consideration of draft laws at *Seimas* sittings;
- passage of draft laws through *Seimas* sittings.

During the period 1996 to 1997, the *Seimas* adopted 401 laws, 336 decisions, and 164 resolutions. The majority of draft laws, approximately 80 per cent, are submitted by the government.

3. The Central Executive

3.1. Legal Bases of Executive Authority and Administration

The activities of the government are bounded by the constitution and laws of Lithuania, other legal Acts adopted by the *Seimas* and decrees of the president. The main powers of the executive authority are laid

down in the constitution and Article 2 of the Law on Government (adopted on 28 April 1998). A new government is granted authorisation to act after the *Seimas* approves its programme by majority vote of the *Seimas* members present at the sitting. In addition, the constitution states that “the Government of the Republic of Lithuania shall resolve the affairs of State administration at its sittings by issuing directives which must be passed by a majority vote of all members of the Government. The State Controller may also participate in the sittings of the Government.”(Article No. 95)

All governmental structures are statutorily defined.

3.2. *Composition and Powers of the Government (Council of Ministers)*

The government consists of the prime minister and ministers. Currently, the government comprises 15 members. The government is the main central policy-making and executive body.

The prime minister, with the approval of the *Seimas*, is appointed and dismissed by the president of the republic.

Ministers are appointed and dismissed by the president of the republic on the nomination of the prime minister.

3.3. *Division of Executive Power*

The government exercises the executive power of the state. The main powers of the government as a body are to:

- protect the constitutional order and inviolability of the territory of the Republic of Lithuania, administer the affairs of the country, and ensure state security and public order;
- implement laws and resolutions of the *Seimas* concerning the implementation of laws, as well as decrees of the president of the republic;
- co-ordinate the activities of ministries and other governmental institutions;
- prepare the draft budget of the state and submit it to the *Seimas*; execute the state budget and report on the implementation of the budget to the *Seimas*;
- hold, use and dispose of state property according to the procedures and situations established by law;
- draft bills and other legal Acts and submit them to the *Seimas* for consideration;
- submit proposals to the *Seimas* to establish and abolish ministries;
- if necessary, establish and abolish governmental institutions;
- approve regulations of ministries and governmental institutions;
- establish diplomatic relations and maintain relations with foreign countries and international organisations, submit proposals to the president of the republic to appoint or recall;
- appoint diplomatic representatives of the Republic of Lithuania in foreign states and international organisations;
- organise state administration in counties;

- propose to the *Seimas* to establish direct state administration on the territory of a local government in cases provided by law;
- discharge other duties allocated to the government by the constitution, the Law on Government and other laws;
- address the constitutional court with a request to investigate the conformity of laws and other Acts adopted by the *Seimas* with the constitution;
- appoint and dismiss county governors as well as government representatives;
- supervise the administrative activities of local authorities.

The government is collectively responsible to the *Seimas* for the general activities of the government. The ministers, in directing the spheres of administration entrusted to them, are responsible to the *Seimas*, the president of the republic, and are directly subordinate to the prime minister.

The government has the right to initiate legislation in the *Seimas*. The government must adopt a resolution on laws to be submitted to the *Seimas* or on draft resolutions of the *Seimas*.

The prime minister represents the government and directs its activities. He or she has the power to:

- form the government and submit its composition for the approval of the president of the republic;
- submit proposals to the president on the appointment and dismissal of individual ministers;
- appoint and dismiss the government chancellor, his or her deputies, and other public servants of the prime minister's office appointed on the basis of political or personal confidence;
- appoint and dismiss the government secretary;
- appoint and dismiss from office the heads of governmental institutions;
- submit the government programme to the *Seimas* for consideration;
- submit proposals to the government on the appointment and dismissal of county governors;
- establish additional payments to the heads of governmental institutions, county governors, and government representatives;
- convene and chair government sittings and confirm the agenda of a government sitting;
- extend powers to conduct negotiations and sign international treaties of the Republic of Lithuania;

The prime minister, in the event of his disapproval of a minister's approach to the activity of the government, may submit to the president of the republic a proposal to dismiss the minister.

The government meets formally once a week, usually on Wednesdays; these meetings are called "government meetings". They are chaired by the prime minister. Only members of the government have the right to speak at government meetings; any other participant has to be invited to speak by the prime minister.

3.4. *The Office of the Government/Office of the Head of Government*

The government office services the government and the prime minister. The total staff of the government office is approximately 110.

The prime minister's office forms a distinct division of the government office and acts as an advisory body to the prime minister. It consists of employees called "state councillors" appointed on the basis of political and personal trust, as opposed to career civil servants. It is headed by the government chancellor. The organisational structure and functions of the staff of the prime minister's office are approved by the prime minister upon the government chancellor's recommendation. The salaries of the staff of the prime minister's office and expenses for other activities are financed by the government office. The total staff of the prime minister's office is approximately 20.

The head of the prime minister's office, the government chancellor, is a political official reporting directly to the prime minister. He or she is responsible for the work of the state councillors, staff members of the prime minister's office and heads of departments under the government when implementing the government programme. He assists the prime minister in organising the activities of the government office, ministries and other government institutions implementing concrete measures approved by the government as part of the government programme and also maintains contacts with public and political organisations. The government chancellor, within his or her area of responsibility, may issue instructions (decrees), but they are not applicable to the members of the government. State councillors and public servants of the prime minister's office report directly to the government chancellor. The government chancellor may also appoint or dismiss state councillors upon the prime minister's instructions. Members of the staff of the prime minister's office, heads of divisions and advisors (career civil servants who advise on specific issues) of the government office are subordinate to the prime minister.

Career public servants of the government office provide substantive support to the government, prime minister and prime minister's office. The government office is headed by the government secretary, and all employees of the government office report directly to him. The composition of the government office must be approved by the prime minister, upon the recommendation of the government secretary.

The government secretary is the supreme career civil servant of government institutions accountable to the prime minister. Upon the prime minister's approval, he appoints and dismisses the deputy government secretary, the heads of divisions of the government office, and advisors on certain issues within the government office. Heads of institutions servicing the government office are appointed and dismissed by the government secretary subject to the procedure established by law. He or she is in charge of the work of the government office and the activities of services and inspectorates under the government.

The government secretary is also in charge of organising government sittings and takes part in them. The government secretary ensures that sittings are recorded and that government resolutions as well as decrees of the prime minister are published and announced. The government secretary organises meetings and discussions of the secretaries of ministries. In his or her area of responsibility, the government secretary may issue instructions or decrees for ministries (specifically, for the secretaries of ministries) or institutions under the government.

3.5. *Line Ministries*

The parliament, upon the proposal of the government, creates and abolishes ministries by adopting a law. The tasks, functions and rights of ministries are established in the laws and statutes governing them.

At present there are 14 ministries, as follows:

- Agriculture
- Culture
- Economy

- Education and Science
- Environment
- Finance
- Foreign Affairs
- Health Care
- Interior
- Justice
- National Defence
- Public Administration Reforms and Local Authorities
- Social Security and Labour
- Transport

A minister is responsible for the policy area covered by his ministry; he or she must ensure that the ministry fulfils its tasks, including policy development, implementation of laws and decrees of the president and the prime minister, government resolutions, and other legal statements. For activities within the ministry's area of responsibility, the minister may issue decrees and other regulations and guarantee their implementation.

Article No. 30 of the Law on Government (28 April 1998, No. VIII-717) sets the common pattern of internal organisation of ministries. Ministries consist of departments, divisions and other structural units.

Central non-ministerial bodies, such as departments, control or accounting agencies, inspectorates and other institutions may be set up under the ministries. The departments (central non-ministerial bodies) under the respective ministry are administered by a director or vice-minister.

On the recommendation of the appropriate minister, vice-ministers are appointed or dismissed from office by the prime minister on the basis of political confidence. The number of vice-ministers is established by the prime minister, in accordance with the minister's recommendation. The secretary of the ministry — the highest career civil servant in the respective ministry — is appointed and dismissed from office by the minister.

The minister manages the structural units of the ministry directly or through vice-ministers, and he or she manages the secretariat of the ministry and the central non-ministerial bodies under the ministry, as well as other institutions and organisations which report directly to the minister through the heads of these institutions.

The vice-minister is directly responsible to the minister. His or her responsibilities are established by the appropriate minister. The vice-minister co-ordinates and assures the execution of the minister's policy through the secretary of the ministry and relevant heads of the institutions of the ministry. The vice-minister may head a department under the ministry.

Unless otherwise provided by laws regulating the activity of the ministry, the secretary of the ministry is responsible for the administration of the ministry and for the organisation and quality of drafts of legal Acts. He or she organises and controls all the relevant administration institutions of the ministry. The secretary of the ministry is responsible for the economic and financial activities of the respective ministry and submits the staffing levels of the ministry to the minister for his or her approval. The secretary of the ministry organises the drafting of laws and issues regulations concerning work organisation.

The minister can create an advisory board, called a collegium, to assist him. The board's members are appointed by the minister. The board reviews the ministry's most significant activities, drafts of the minister's most important decrees, orders and other legal statements, and hears reports from the heads of the ministry's subdivisions and the institutions within the ministry's jurisdiction.

3.6. *Interministerial Co-ordination*

Interministerial meetings are organised to co-ordinate the preparation of draft legislation and to resolve disagreements concerning draft laws that will be presented to the government for consideration.

If no agreement can be reached, the drafts may be discussed with the state councillors in the prime minister's office. If agreement is still not reached, the government chancellor or ministers appeal to the prime minister, who may propose a discussion of the issue in question in the respective government committee. The committees are chaired by members of the government appointed by the prime minister.

Representatives of the ministries (ministers or their authorised vice-ministers) and, if necessary, other authorities concerned with the matter under discussion participate in the meetings of the committees.

In the process of discussing at the government meeting a matter which has already been discussed beforehand in the committee meeting, the chairman of the committee informs the government meeting of the conclusions or findings of the committee's debates.

All drafts of resolutions and other legal Acts must be co-ordinated with the ministries concerned, and with other institutions. If a minister has responsibility for a resolution, then he is also responsible for co-ordinating the draft with the relevant ministries. All draft legislation must be co-ordinated with the Ministry of Justice. Ministers have a legal obligation to exchange information in the preparation of legal Acts. If there are different opinions on the items presented for discussion, these opinions must be heard. In case of need, opinions are also expressed by corresponding trade unions and public organisations. Every draft law must be accompanied by an explanatory letter prepared by the ministers responsible for the draft.

Draft laws and other proposals submitted to government meetings must also be supplemented with relevant calculations and cost estimates and an opinion expressed by the Ministry of Finance. There may be preparatory meetings or consultations with ministers to review submissions before they are included in the agenda of the government meeting. On the instructions of the prime minister, preparatory reviews of certain draft projects regarding domestic or foreign policies are organised by the prime minister or one of the ministers. The minister appointed by the prime minister as the organiser chairs the meeting at which government members and other persons concerned with the issues at hand participate; the prime minister or other ministers participate as necessary. Such (extra) meetings aim at finding the most favourable and commonly acceptable decisions to be presented for consideration at the government meeting. A proposal may be extended for putting off consideration of the issue, but the final decision is made at the government meeting. If an acceptable solution is not found, a proposal is extended to discuss the issue at the government meeting, to put off its consideration indefinitely, to look for new options or even not to consider the issue altogether. Article No. 39 of the Law on Government provides rules for arbitration procedures.

The government gives priority to the development of interministerial co-ordination capacities at lower levels so as to decrease the overload of the political decision-making system. On 13 October 1998, a Co-ordination Commission of the Civil Servants' Training Programme in Preparation for EU Membership was established in order to strengthen interministerial co-ordination on training. On the same date, a Co-ordination Council was established to improve interministerial co-ordination in the field of Justice and Home Affairs. On 27 April 1999, the government set up 29 working groups to prepare Lithuania's

negotiating positions for the screening exercise, which mirror different chapters of the *acquis communautaire*.

3.7. Central Non-Ministerial Bodies

The government can create government institutions (e.g. departments, services and inspectorates) to carry out functions that are not allocated to any ministry, provided that state budget expenses are not increased. The Law on Government (28 April 1998) establishes the legal basis for central non-ministerial bodies.

The following central non-ministerial bodies are subordinate to the government:

- Competition Council
- Department of National Minorities and Emigration
- Department of Sport
- Department of Statistics
- European Committee
- European Law Department
- Lithuanian Archives Department
- Public Procurement Office
- State Inspection on Nuclear Energy Safety
- State Privatisation Agency
- State Tobacco and Spirits Control Office
- State Veterinary Agency
- Lithuanian Genocide and Resistance Investigation Centre
- Geodesy and Cartography Service
- Arms Fund
- Tax Conflict Commission
- Property Fund
- Council on Disabled People's Affairs
- Youth Affairs Council
- High Commission on Administrative Conflict

Central non-ministerial bodies can be set up by the government, individual ministries and the *Seimas*; they report directly to the institution which set them up. For example, the State Language Commission was established by decision of the *Seimas* and is therefore controlled by the *Seimas*.

The heads of government institutions, who have the title of director of departments and services and chief of inspections, are appointed by and directly subordinate to the prime minister. Each head is personally responsible for how the institution fulfils its tasks. Government institutions are controlled by their heads, the prime minister, the government, government commissions and officials of the government office on the instructions of the prime minister.

3.8. *Executive Budgeting Processes*

The budget year is the calendar year. The Ministry of Finance is responsible for preparing the draft state budget, in co-ordination with line ministries, for consideration by the government. The government must approve and submit a draft state budget to the parliament no later than 75 days before the end of the budget year. If the parliament does not approve the state budget law by the beginning of the new budget year, monthly budget expenditures cannot exceed one-twelfth of the state budget expenditures of the previous budget year. The Ministry of Finance is in charge of implementing the state budget.

The current budget system comprises the state budget and 56 local government budgets, which together form the country's national budget. Lithuania also operates about 20 extra-budgetary funds, although not all of them are operational. The most important fund is the social security fund, which remains in balance. Others have been kept in small surplus. In 1998, Lithuania significantly reduced the number of extra-budgetary funds by incorporating some of them into the consolidated budget.

Local governments have considerable autonomy within the limits of the legal Acts that establish tax rates and tax allocations between central and local governments. Local governments are required to keep their budgets in balance or surplus, as are extra-budgetary funds, after receipt of any state transfers. Indirect help that the central government can provide is mostly in the form of loan guarantees (such as to the social security fund) or short-term loans (such as to local governments).

The 1998 budget introduced a system in which intra-governmental revenue-sharing arrangements would be based on an objective formula. Prior to 1998, local governments shared personal and corporate tax revenues with the national government. To improve revenue predictability, all of the personal income taxes were earmarked for municipal government outlays. In addition, a more objective basis was established for revenue equalisation outlays. Revenue equalisation funds are used to promote the redistribution of resources from more prosperous regions to poorer regions and to provide funding for special purposes, such as local capital investments. Prior to 1998, access to these resources was based on an annual assessment by the central government of supplemental budgetary requirements. As from 1998, revenue equalisation fund allocations are based on a formula which weights population size (population of Lithuania divided by population of municipality), size of the municipality (square metres of municipality divided by number of inhabitants in the municipality), number of children under the age of 18 and number of disabled persons. Coefficients set according to this formula are fixed for a period of three years.

The government made progress in introducing programme budgeting. The implementation of this priority objective will facilitate effective planning, management and control of the state budget, effective implementation of state and government priorities and monitoring of state institutions, as well as ensuring the effective use of internal resources. This programme management exercise will facilitate the preparation and management of Lithuania's comprehensive EU Accession Programme. In preparing the 1999 state budget, funds were allocated in accordance with state and governmental priorities by establishing detailed goals, tasks and means for implementation of particular programmes. The new version of the draft Law on Budgeting is under consideration. The institutional development programmes are also part of the programme budget. In preparing the draft budget for 2000, the government will improve programming principles, develop the computerized budgeting system, establish a database containing evaluation criteria, and examine existing budget programmes.

The new budgetary structure will consolidate the administration of state financial resources and provide a legal basis for fiscal decentralisation and the increasing independence of municipalities. The following steps have already been taken in the implementation of the budget reform:

- the 1999 national budget was formed on the basis of programmes with indicative figures for three years;
- comprehensive training of staff was carried out;
- publicity on budget formation was increased.

The government has approved a concept paper as a basis for revision of the existing budget law. The new budget law will be drafted following this conceptual framework and presented to the *Seimas*. In addition, the new Law on Budget will increase the release of information about the budget to the public, reduce non-budgeted resources of the state, standardise adoption of laws which influence state budget revenues, standardise the formation and execution of municipal budget procedures, improve expenditure control systems and other budget management systems, and clarify responsibilities of government agencies in the budget process. The government intends to further decrease the scope of its operations in the coming years by further privatisation of banks, insurance companies and other state enterprises.

3.9. *Advisory and Consultative Arrangements*

The government may form “standing” and *ad hoc* commissions. The government appoints a government member or another person to supervise the work of a commission. The tasks, functions, powers, procedures and financing of the commission are established by the government. Funds to finance standing commissions are allocated from the state budget, while funds for contingencies are allocated from the government reserve fund.

For example, standing and *ad hoc* commissions are formed to co-ordinate implementation of the government programme, analyse complex problems, prepare drafts of international treaties, solve problems connected with natural disasters, organise country-wide events, carry out a financial or technical examination of a project, or prepare an important project.

A commission consists of members of the government, state councillors from the prime minister’s office, civil servants from the chancellery of the government, ministries and governmental institutions, government consultants and academics. If necessary, representatives of political parties and organisations, trade unions and public organisations are invited to participate in a commission’s work.

To discuss specific issues and prepare proposals, the prime minister may create working groups. A working group is headed by a person appointed by the prime minister. The prime minister sets the specific goals and tasks of a working group.

In addition, the government engages short-term state consultants to give recommendations in certain spheres of activity. These consultants may prepare a report on a particular issue for consideration by the government.

4. *Executive Linkages*

4.1. *The Executive and the Presidency*

The president is part of the executive branch and is primarily responsible for foreign affairs.

The prime minister or an appropriate minister must, within three days, sign the decrees of the president of the republic concerning the issues specified in Article 85 of the constitution. Responsibility for these decrees lies with the prime minister or with the minister who signed them.

The office of the president consists of a group of advisors, the president's chancellery and the administration department. Representatives of the president's office are granted the right to attend government meetings.

4.2. *The Executive and Parliament*

The government presents draft laws and other draft proposals to parliament for consideration. These cannot be presented directly to parliament by ministries and government institutions.

The *Seimas* draft work programme must be delivered to the president of the republic and to the government. The draft of the session work programme is finalised by the assembly of spokespersons upon receipt of the written proposals of the government and of the president of the republic. The government has the right to request that the government's report on an urgent issue be included in the agenda of the week's sittings. On the decision of the *Seimas*, a discussion may follow such a report.

Article No. 94 of the *Seimas* Statute provides that a part of the evening sitting on Thursdays should be assigned to government replies to questions from *Seimas* members. However, usually at the beginning of each evening sitting of the *Seimas*, members of the government answer questions submitted orally or in writing by the *Seimas* members.

At the request of the *Seimas*, the government or individual ministers must account to the *Seimas* for their respective activities. During each session of the *Seimas*, at the beginning of the evening sitting, members of the government answers questions of the *Seimas* members, submitted either orally or in writing, for a period of thirty minutes.

A member or group of members of the *Seimas* can address a written interpellation to members of the government.

Within three working days after each government sitting, copies of the decrees adopted by the government must be delivered to the *Seimas* for distribution to all committees and parliamentary groups.

A representative for relations with the *Seimas* is assigned to the prime minister's office, whose primary responsibility is to ensure relations between the government and the *Seimas*.

The *Seimas* can influence or control the work of the government by revising the budget during the budget year or by approving an additional budget.

The government can only implement its programme after it has been approved by a majority vote of the *Seimas* members present at the sitting. If the *Seimas* refuses to approve the programme of the government twice in succession, the government must resign.

If the *Seimas* expresses no confidence in the government, then the government has the right to present a proposal to the president of the republic announcing pre-term elections to the *Seimas*.

If asked by a *Seimas* committee or commission, a minister or an officer authorised by an individual minister must participate in the sitting of the committee or the commission and provide explanations on the issues under consideration.

4.3. *The Executive and Political Parties*

A coalition government was formed after the last elections for the first time since the re-establishment of independence (1990). After discussions and negotiations by interested parties, a coalition agreement between the Christian Democrats and the Homeland Union (Lithuanian conservative party) was signed. By mutual agreement between the coalition partners, the coalition agreement was not publicly announced. The Christian Democrats withdrew from the coalition in the summer of 1999.

On 12 January 1999, the *Seimas* unanimously adopted the Law on Funding of Political Parties and Political Organisations. Effective as from 1 January 2000, political parties and political organisations that have received more than 3% of votes in national and municipal elections will be entitled to financial support from the state. The total pool of financial support will be 0.1% of the state budget for the given year. No financial aid will be distributed this year, because the 1999 state budget did not foresee these expenditures. However, if the law had been effective already for 1999, political parties would have been aided by LTL 6 million. The Law on Funding of Political Parties and Political Organisations also has procedural provisions to ensure transparency when the aid is provided by non-state sources and to regulate expenditures made by political parties.

Other funds of political parties and political organisations consist of membership fees, proceeds from publishing activities, donations from private citizens or public organisations (non-governmental, voluntary associations), and other proceeds derived from legal sources. Bodies of state power and government, state enterprises, state offices, or state organisations have no right to finance, in any form or manner, political parties or political organisations and their subdivisions. The same is true of *Seimas* members, local government council members and groups representing political parties or political organisations. Political parties and political organisations may not be financed or receive any funds from government institutions of other countries or their organisations. Political parties and political organisations may be financed or receive other resources from international organisations, non-governmental organisations, financial foundations, or individual persons, but only according to procedures established by law. Any funding or assets obtained illegally shall become the property of the Republic of Lithuania by a decision of the court. A party or political organisation member is not entitled to ownership of the property of the party or organisation and is not responsible for the liabilities of a political party or political organisation.

4.4. *The Executive and Organised Civil Society*

According to the *Seimas* Statute, interest groups have a formal right to be consulted. That is, a committee must submit a draft law to all interested state institutions and, as necessary, to public organisations (non-governmental voluntary associations), so that such institutions and organisations may send their evaluations (Article No. 154 of *Seimas* Statute). The main form of society's involvement is membership of political parties.

There are 70 trade union organisations in Lithuania. The terms of their establishment, activities and termination of activities are defined in the Law on Trade Unions of Lithuania (21 November 1991, No. I-2018). Trade unions represent and defend the legal rights of their members in state institutions, economic and public organisations, and their relations with employers, state authorities and administrative bodies. Different kinds of public organisations operate according to different legislation. The operation and establishment of public organisations is regulated by the Law on Public Organisations, which defines a public organisation as a “voluntary union of legal and natural persons which performs managerial, economic, social, cultural, educational and scientific research tasks and functions which are established by the association members”. There is separate legislation for associations.

4.5. *The Executive and the Media*

There is a government press service. Reflection of government policy in the mass media is the responsibility of the government spokesperson for the press. The government spokesperson for the press prepares and disseminates official information on government activities as well as on government meetings, co-ordinates work of information services of ministries and government institutions, organises press conferences and briefings, and provides necessary documentation to media representatives accredited to the government.

When important government resolutions are proposed for adoption, the respective state councillors of the prime minister's office and advisors on specific issues from the government office submit their comments (prepared as a rule on the basis of the explanatory note or other materials attached to the draft resolution and submitted by ministries or governmental institutions) to the government spokesperson for the press who, if necessary, disseminates these comments to the mass media. The government spokesperson makes it possible for officials involved in the drafting of resolutions to present their resolutions on radio or television.

The government Website address is <http://www.lrvk.lt>. It contains information about the composition of current and former governments, the government programme and its implementation, all resolutions adopted by the government, prime minister's decrees, press releases, the structure of the government, government contact telephones numbers, draft laws and other information.

5. *Subnational Government*

5.1. *Decentralised State Administration*

The 1992 constitution provides for the establishment of higher-level administrative units, organised and supervised by the government, to ensure the observation of the constitution and the law, as well as the implementation of laws at the local government level.

The Law on Territorial Administrative Units (approved on 19 July 1994, No. I-558) calls for the creation of ten higher administrative territorial units, called counties, which are managed by the state government. The government of the county constitutes a part of the state government.

The Law on the Government of an Administrative Unit (approved on 15 December 1994, No. I-707) defines the functions to be transferred to the counties from ministries, state government institutions and municipalities under the former system of local government.

The county governments are organised according to the provisions set forth in the Law on the Government of an Administrative Unit. Each county is managed by a governor, who is appointed and dismissed by the government on the recommendation of the prime minister. A council, consisting of the governor, deputy governor, and the heads of local governments located in the county, is established in each county with the governor serving as the council's chairman. The governor forms an administration to execute the functions assigned to him. The structure and by-laws of the county administration are approved by the government.

The main tasks of the governor include:

- to implement state policy in the areas of social security, education, culture, health care, territorial planning, monument protection and maintenance, land, agriculture and environment protection and other fields in the county as well as state and inter-regional programmes;

- to co-ordinate the activities of all subdivisions of ministries and government institutions situated in the county, as well as the activities of the executive institutions of local self-governments, when implementing regional programmes;
- to set priorities and prepare a programme for the county's development.

State government institutions founded on the county's territory are not subordinate to the governor, but they must inform him or her about their activities. The governor has the right to establish, reorganise and abolish government institutions located in the county which are involved in the areas of education, culture, social security and public health care, and sports. The governor can participate in the meetings of the government, as well as those of ministries, state government and local government institutions, when issues related to the county government's areas of responsibility are being discussed.

The funds for operating the county government and the office of the governor are included in the state budget.

5.2. *Regional Government*

There is no elected regional government in Lithuania. In higher level administrative units, the administration is organised by the government according to a procedure established by law.

5.3. *Local Government*

The constitution encompasses the right to local self-government. Local self-government is implemented through local government councils. Members of local government councils are elected for a three-year term in multi-member constituencies on the basis of universal and equal suffrage by secret ballot, according to a system of proportional representation. The organisation and activities of self-government are established by law. Local government councils form executive bodies which are accountable to them for the direct implementation of the law and of the decisions of the government and the local government council.

In May 1999, Lithuania ratified the European Charter of Local Self-Government and committed itself to follow all the provisions stated in the charter. Provisions of the charter have become a part of the Lithuanian legal system.

Local self-government comprises the following institutions:

- an elected representative institution — the municipal council;
- executive institutions — the mayor or the mayor and the municipal executive board (formed by the decision of the council);
- a controlling institution — the local authority controller.

At present there are 56 municipalities.

The council elects the mayor for a three-year term by secret ballot and by a majority vote of all of the council members. The mayor and the deputy mayor are directly responsible for the implementation of tasks assigned to the local government. The council decides whether or not to form a collegial executive body ("the board"). Both the mayor and the deputy mayor serve on the board. The board adopts decisions by a majority vote of the members present.

The local authority controller is elected by a majority vote of all of the council members. The controller supervises how the local government budget is used, and whether local government property and state property entrusted to local governments are exploited in an efficient and practical manner. At the request of the council and its committees, the mayor or the board, or upon his own initiative, the controller can organise control and auditing of the local government administration, institutions and organisations and of joint stock companies in which the local government has a majority of shares.

The local government administration implements the decisions of the council, mayor and board, and provides technical services to these institutions. The administration is headed by an administrator who is appointed and dismissed by the mayor. The council decides the structure and regulations of the administration. The mayor and the board resolve personnel and remuneration-related questions in accordance with existing laws and norms, and within the local government's financial resources.

According to the Law on Local Self-Government, local government institutions are not subordinate to state government institutions. Every local government has its own independent budget which it drafts and approves. The relationship between the state budget and local government budgets is regulated by the laws governing budgeting and taxation. In cases where local government institutions do not have adequate revenues to meet social needs, the state budget subsidises local government budgets for the implementation of social programmes.

Local governments enjoy considerable autonomy in approving their annual budgets, a process that takes longer than approval of the state budget. Their revenue base consists mainly of personal income taxes.

Municipal budgets receive subsidies. The procedure of calculation, confirmation, equalisation and transfer of these subsidies is established by the Law on the Methodology of Determination of Municipal Budgetary Revenues (2 July 1997, No. VIII — 385).

Self-government institutions, within the limits of the autonomous responsibilities ascribed to them by the Law on Local Self-Government, are entitled to free activities, initiative, and adoption of decisions to the extent permitted by the constitution, laws and subordinate legislation. Moreover, other problems which arise in municipal communities and which do not fall within the responsibility of state institutions have to be resolved by local authorities. State functions are delegated to local authorities by the Law on Local Self-Government and other laws. Self-government institutions, adopting decisions on issues within areas of responsibility delegated by the state, must act in compliance with laws, government decrees and other subordinate legislation.

The Law on Administrative Supervision of Municipalities (approved on 14 May 1998, No. VIII-730) states that the representative of the Government of the Republic of Lithuania supervises the compliance with the constitution and laws of the Republic of Lithuania and the implementation of government decisions by local authorities.

Relations between the councils and executive institutions of local authorities and state institutions are based on the constitution and laws of the Republic of Lithuania. Whenever state institutions consider matters related to interests of a local authority, the former must keep the local authority informed. Proposals submitted by the council must be considered by state institutions. Only the law can assign additional functions to municipalities.

Municipalities are legal persons. If the rights of the municipalities have been violated, municipalities have the right to bring a case to trial. If activities or legal acts of the municipalities violate rights of citizens or organisations, such activities or legal acts can be brought to trial.

If common interests are concerned, the Association of Local Authorities represents all local governments before the parliament and in relations with the president, the government and international organisations.

6. Personnel Management

6.1. *Legal Bases and Principles of the Public Service*

The legal base for the public service is in the process of being transformed. The Law on Civil Service (adopted 8 July 1999) sets out the main principles of the civil service, defines the status of civil servants as well as establishing the legal basis for the civil service. The law defines with precision the terms used herein and confirms the main principles underlying the civil service, i.e. the rule of law, political neutrality, equal opportunities and transparency. It also stipulates that the civil service shall be a career-based system.

The Civil Service Law is applicable to public servants at large without any reservations. It is applicable to statutory civil servants to the extent of their status, which is not regulated by respective laws and statutes. The law is not applicable to politicians, lawyers, professional military servants, employees of state and municipal enterprises and several other categories.

The civil service is divided into civil servants and public servants. Civil servants are divided into career civil servants, civil servants of political or personal trust, managers of institutions, and alternate civil servants. Public servants are divided into managers of institutions and public servants who provide public services and carry out economic and technical functions.

Civil servants are divided into 4 levels: A, B, C, D. University education is compulsory for civil servants of level A, ranking down to level D, which does not require secondary education. Civil servant positions are divided into 30 categories.

The law sets the rights and responsibilities of civil servants. Only a portion of civil servants are granted the right to go on strike. Public servants of a higher rank (from heads of division upwards) are not granted the right to go on strike (it is prohibited to be employed by a private enterprise, etc.).

The law defines civil service evaluation, promotion, penalty and demotion system. The law also specifies job conditions as well as social security guarantees. Separate legal acts will be drafted and are expected to be adopted in the year 2000 to regulate the systems of public servants' salaries and retirement pensions.

The Civil Service Law regulates the interim (transition) period. It explains how the status of a civil servant is acquired, and specifies who shall be considered a career civil servant and who shall be considered a public servant. The law sets out the terms and guidelines for the implementation of specific articles.

6.2. *Personnel Management*

The Civil Service Law defines the management of the civil service itself. It stresses that the civil service shall be generally managed by the following institutions: the government, the minister in charge of civil service as well as the director of the institution in charge of civil service management. It is stressed, however, that a separate institution should be established which would undertake the function of civil service management. The law specifies what has to be executed by whom, i.e. what are the respective functions of the government, the minister in charge of the civil service and the director in charge of civil service management. Separate articles of the law regulate the management of personnel of institutions and offices which are not subordinate to the government, as well as the management of personnel of subordinate offices and local authorities.

The government attaches high priority to the development of a professional civil service through the existing training, recruitment and promotion systems. The Ministry of Public Administration Reforms and Local Authorities is in charge of developing and implementing a new personnel management policy. The

system of personnel management is in the process of being transformed. Now that the Law on Civil Service has been adopted, a new unit will be established to further develop and implement personnel management, including career development and a training strategy.

The Lithuanian Institute of Public Administration has been established and has started its activities. The Governmental European Integration Commission approved the Implementation Programme and Action Plan for Training of the Lithuanian Civil Service for the Accession to the EU for 1999.

7. Administrative Oversight and Control

7.1. Internal Oversight and Control

Until 1998, internal oversight was carried out in a formal way by the finance unit of each ministry; this administrative supervision was considered sufficient for ensuring financial probity. In February 1998, the government approved the Programme for the Introduction of Internal Audit in the Public Sector, which served as a basis for the creation of a unified internal audit and control system in the public sector. By that time, 45 per cent of all public institutions had an internal audit division or competent officials and one-third of the rest intended to set up such divisions within a short time. The number of employees working in internal audit was 156.

A permanent interministerial commission was created in April 1998 to co-ordinate the implementation of the Programme for the Introduction of Internal Audit in the Public Sector. A draft of the Model Regulations of the Internal Audit Service was prepared and submitted to the government for consideration. Pursuant to these regulations, the service shall be independent and apply its own procedures. Among the key functions of the internal audit is monitoring and assessment of investment and computerisation projects, efficiency in the use of resources, assets accounting and its protection. The internal audit service reports directly to the head of the institution. The executive managers of the state budgetary appropriations report to the Ministry of Finance.

In the present system, internal control of the budget is effected through the computerized Government Budgeting, Accounting and Payment System (GBAPS), which covers budget institutions, the Ministry of Finance, and line ministries. All payments are classified according to functional and economic classifications. Cash management has been enhanced as data on revenues and expenditure are received on a daily basis. In addition, transfers are made directly to enterprises, and not through the relevant line ministries. The sound financial control of the system ensures that spending of all budget institutions does not exceed state budget expenditure limits approved in GBAPS.

According to the Resolution of 30 March 1999, legislation establishing internal financial control will be drafted and adopted, staff training will be carried out in 1999, and the internal audit system will be set up in the first quarter of 2000.

In accordance with the public sector internal control system implementation programme, proposals on implementation of the internal control system in the public sector were submitted to the government on 18 February 1999 covering the following spheres of activity: 1) the decentralised audit system, i.e. control integrated into the organisation itself, is proposed in the public sector; 2) establishment of internal audit services in all ministries and regional administrations, departments under the Government of the Republic of Lithuania and in the State Tax Inspectorate; 3) internal audit services will be established in the organisations in accordance with exemplary regulations; internal audit service regulations in each organisation shall be approved by its head; the head of the organisation shall specify the scope of internal audit in his organisation, and shall appoint the head of the internal audit service under direct subordination

and accountability to the head of the organisation; 4) the head of the internal audit service shall evaluate the need for internal audit and, on the basis of this evaluation, provide recommendations for the internal audit service structure, and will also prepare and approve internal audit work plans; and 5) the Ministry of Public Administration Reforms and Local Authorities shall organise training for the staff of the services established; the Ministry of Finance shall co-ordinate the activities of internal audit services and provide methodological guidance.

In 1996 the Law on the Provision of Information to the Public was passed (I-1418). It establishes the procedure of obtaining, processing, and disseminating public information and the rights and responsibilities of public information producers, disseminators, and journalists.

7.2. External Audit and Control

The state control is the highest institution of economic and financial control in Lithuania. It monitors revenue collection and expenditure as well as the economic and financial operations of public institutions and the management and use of public property.

The state control is an independent authority, bound by the constitution and accountable to the parliament. When performing its functions, the state control audits the state budget performance and the implementation of state programmes financed from the state budget. It has the authority to audit all institutions and bodies which receive funds from the state budget or which manage and use state-owned assets, including the Bank of Lithuania, local authorities and municipalities.

The state controller, who heads the office, is appointed by parliament for five years on the proposal of the president. The state control executive body consists of the state controller, the assistant state controllers and the senior controllers. The senior controllers oversee the control sections in the central office as well as those located in the counties. Decisions made by the senior controllers can be appealed to the state controller, and decisions by the assistant state controllers to the courts.

7.3. Public Redress

The 1992 constitution called for the creation of the institution of ombudsman in order to guarantee as much as possible the democratic work of the state administration. The powers of the ombudsmen were established by the Law on the *Seimas* Ombudsmen, adopted on 17 March 1994. Ombudsmen are appointed for a term of four years by the parliament from among the candidates nominated by the parliament's chairman.

The ombudsmen investigate citizens' complaints about officials of the state government, local government and military institutions who have allegedly abused their official position or the state bureaucracy. Their jurisdiction does not extend to activities of the president, prime minister, the Government of the Republic of Lithuania (as a collective institution), the state controller, members of the *Seimas*, or to procedural actions of prosecutors' offices, official investigators, or local government councils and their boards (as collective institutions).

Upon completing an investigation, the ombudsmen have the right to submit proposals to the court to dismiss guilty officials from their posts. Each ombudsman submits an annual written report to the parliament on his general activities during the previous calendar year.

The court system is undergoing change. The most important changes are related to the improvement of the court system, as well as the creation and development of specialised courts. In 1999, a three-tier

administrative court system will be established. It is foreseen to create five district administrative courts, one higher administrative court (in Vilnius), and a department for revision/appeal of administrative cases within the court of appeal. Administrative courts will be equal to the courts of general jurisdiction of the respective level, and their jurisdiction and proceedings will be regulated by the Law on Legal Proceedings of Administrative Cases. The jurisdiction of administrative courts will cover cases concerning the legality of administrative Acts adopted by central and local government institutions; the legality and validity of actions carried out by officials, or their failure to perform their duties; tax disputes and conflicts of interests of central and local governments; and violations of laws on elections and referenda. A new law on administrative procedures is under preparation.

The *Seimas* passed the Law on Public Administration on 17 June 1999. According to the law, every public administration institution must accept and investigate applications within its competence from individuals. The fact of acceptance of an application shall be acknowledged by an appropriate document indicating the date of its acceptance and the registration number. The acknowledged document shall be handed in or mailed to the applicant. On 14 January 1999, the *Seimas* passed the Law on Administrative Disputes Commissions. The law sets out the common procedure for handling pre-trial investigations of submitted complaints regarding individual administrative decisions.

8. Administering European Integration

8.1. *The Institutional Framework of EU-Related Policy-Making*

A special system of institutions has been established to deal with EU-related policy-making.

The Governmental Commission of European Integration (GCEI) is a special commission set up by the government to decide strategic issues of Lithuania's preparation for integration into the European Union, to develop the basic principles of the integration policy pursued by the government, and to co-ordinate and supervise the activities of the ministries and government agencies in this field. The commission was created in May 1995 and completely re-organised in March 1997. It is chaired by the prime minister, and the key ministers in the integration process are its members.

The Delegation for the European Union Pre-accession Negotiations was set up in March 1997. It is an interim interdepartmental body formed by the government to co-ordinate the work of various departments regarding the preparation for Lithuania's membership in the European Union and to develop the position of Lithuania in the negotiations. It is made up of officials from the Ministry of Foreign Affairs, vice-ministers of other ministries, staff members of government agencies and representatives of non-governmental organisations and academic institutions interested in the activities of the delegation.

Two additional institutions, the Ministry of Foreign Affairs and the newly established European Committee under the Government, are responsible for the implementation of the process of integration:

The Ministry of Foreign Affairs sets out the principle policy guidelines in the process of European integration, co-ordinates the development of the economic policy in accordance with the targets defined by the EU, and maintains links with the institutions of the European Union.

The European Committee under the Government established in June 1998 has the task of co-ordinating more efficiently the activities of all other national institutions in the context of EU integration. Its main functions are the co-ordination of law approximation and the National Programme of the Adoption of the *Acquis*, and the Institution-Building Programme. The committee's director-general is directly responsible to the prime minister.

The European Law Department under the government has the function of ensuring the compliance of draft legislation.

Departments of European Integration have been set up in each ministry and other public institutions. They are responsible for ensuring the implementation of the decisions of the Governmental Commission of European Integration. The departments co-operate on a continuous basis with the European Integration Department of the Ministry of Foreign Affairs and the European Committee under the Government.

To ensure the co-ordination of EU principles with priorities of the government as well as the conformity of terminology, ten “harmonisation of legislation” commissions have been set up for the preparation of harmonised draft legislation in separate fields of the Lithuanian legal system (competition law, company law, and others). Each commission has representatives from relevant ministries and departments and is headed by a member of the GCEI. At the same time, heads of the commissions are members of the delegation for pre-accession negotiations, ensuring in this way a direct link between the decision-making and implementing bodies.

A European Affairs Committee was created in July 1997 by the *Seimas*. Members of any other committee of the *Seimas* may be members of this parliamentary committee. It is a specialised *Seimas* committee responsible for all issues of European integration. The Committee of Economic Reform and Integration and the Committee of Foreign Affairs are also covering issues of European integration which fall within their areas of responsibility.

8.2. *Managing the Approximation of Laws*

Drafting of a new version of the NPAA began in spring 1999. One of the main objectives was to define more precisely the place of the programme in the EU integration process, improve its content and structure, and expand the scope of information included in the programme.

Lithuania’s EU Accession Programme (NPAA) is composed of the main descriptive part and two annexes: the Law Approximation Action Plan and the *Acquis* Implementation Action Plan. Lithuania's updated EU Accession Programme (the NPAA) was approved by the Governmental European Integration Commission on 31 May 1999. On 7 June 1999, it was submitted to the European Commission. Actions of the previous version of the NPAA which had not yet been implemented have been integrated into the new programme with a view to controlling their subsequent implementation.

The Law Approximation Action Plan specifies the legal measures for the implementation of the *acquis communautaire* in each sector, the institutions responsible for law approximation, and the date of implementation. The Plan has been drawn up on the basis of the *acquis* implementation dates indicated during the multilateral and bilateral screenings, which have already taken place. The Law Approximation Action Plan replaces the previous National Law Harmonisation Programme (NLHP) and is integrated into the overall structure of the Lithuania’s EU Accession Programme. Actions that had not yet been implemented are included in the Plan, which is much more extensive in terms of scope and structure.

Lithuania’s present situation of law approximation and achieved level of compatibility with the internal market legal framework suggest that at present the national legislation is in full or partial compliance with over 40 per cent of the 900 EU legal instruments indicated in the White Paper. Fulfilment of more than one hundred legal instruments indicated in the White Paper, related to EU obligations to the third countries, will not cause any problems upon accession. Taking into account the number of draft laws included in the Law Approximation Action Plan, it can be stated that Lithuania could implement about 70 per cent of the legal measures indicated in the White Paper before the year 2000.

Two additional inter-institutional law approximation commissions have been established in the sectors of taxation legislation and energy legislation. The establishment of the third commission, namely for environmental matters, is being considered for the near future.

8.3. Implementing the *Acquis communautaire*

The National Programme for the Adoption of the *Acquis* (NPAA), as an integral part of the Accession Partnership, is a key element of Lithuania's accession strategy. The NPAA was approved by the Lithuanian parliament (*Seimas*) on 17 March 1998, and by the government on the following day. On 30 March 1998, Lithuania presented the NPAA to the European Commission and EU Member States. Lithuania's updated EU Accession Programme (NPAA) was approved by the Governmental European Integration Commission on 31 May 1999.

The *Acquis* Implementation Action Plan identifies actions in each sector aimed at ensuring the successful implementation of the *acquis communautaire*. The actions covered by the Plan could be classified into:

- comprehensive organisational actions (programmes, strategies, information systems, databases, registers, methodologies, etc.);
- institutional development actions (establishment of new institutions or units, reorganisation of the existing institutions or units, adjustment of functions, implementation of decisions, strengthening of control, etc.);
- actions focusing on economic reform and development (development and implementation of investment projects, development and implementation of privatisation projects, restructuring of state-owned companies, banks and other enterprises, measures for competition enhancement);
- actions aimed at qualifications improvement (development of training programmes, drafting of plans and methodological aids, training of civil servants, including seminars, in-service training, etc.);
- individual organisational actions (strengthening of the material basis of an institution or unit, other small-scale organisational tasks).

Of the total of 266 actions of Group A of the Plan, 171 actions, or 64 per cent, have already been implemented, 43 actions, or 16 per cent, are in an advanced stage of implementation, and 52 actions, or 20 per cent, are being implemented. As regards the 263 actions of Group B of the Plan, 48 actions, or 18 per cent, have been implemented.

On 1 June 1999, 52 actions (40 per cent) had been implemented, 72 (56 per cent) were being implemented, and 5 actions (4 per cent) were temporarily not being implemented, of the total of 129 actions for the 1st, 2nd and 3rd quarters of 1999.

The major proportion of NPAA funds are attached to institution-building; it accounts for nearly 86 per cent of the total costs of the NPAA, or 7 989 million LTL. Nearly 12 per cent of the total costs of the NPAA is allocated for legislation. The remainder is allocated for the development of new structures (1.9 per cent of the total costs of the NPAA) and for actions aimed at qualifications improvement (136 million LTL and 1.5 per cent of the total costs of the NPAA).

According to preliminary estimates, the spending on actions already implemented amounts alone to 328 million LTL. The volume of spending on other actions, the implementation of which is currently in progress, is being updated, but it is already evident that the amount will not be less than that indicated in the expenditure column of the NPAA, i.e. around 1 200 million LTL. According to preliminary estimates, the planned budgetary financing of the NPAA (nearly 365 million LTL) accounts for 5.3 per cent of the

budget revenue for 1998. The share of Phare projects accounts for 20 per cent of the total financing of the NPAA for 1998.

By the end of the first quarter of 1998, over one-quarter of the NPAA actions had been implemented. By 1 June 1998, the implementation of 72 actions had been completed within the time limits set in the NPAA.

In the process of law harmonisation, a number of important legislative measures have recently been taken, e.g. in agriculture, the veterinary sector, marking of goods, company law, intellectual property, securities, tourism, conformity assessment, customs, statistics, competition, social protection, health care, environment, finance, and telecommunications.

9. Plans for Reform and Modernisation

The Ministry of Public Administration Reforms and Local Authorities, which came into operation in July 1994, is responsible for preparing and participating in the implementation of public administration reform strategies. The ministry also has responsibility for introducing local self-government reforms, co-ordinating relations between local governments and the central government, reforming and developing the civil service, and carrying out the government's civil service policies.

Public administration reforms encompass two broad dimensions: first, the institution-building activities; second, the enhancement of the operational capacity to achieve the required performance standards. To show that the importance of this issue is properly appreciated and to stress the sustainability of the government's approach, a new Public Administration Reform Strategy for the years 1999-2002 has been drafted. It states the basic concepts of the government in the sphere of public administration and sets out further guidelines for the reform. The main goals of the strategy are:

- to facilitate the channels of communication between citizens and public administration institutions;
- to bring public administration closer to the public, as decisions concerning their everyday life should be taken in neighbourhood administrative institutions;
- to modernise public administration and increase its sense of responsibility;
- to link public administration reform with accession to the EU.

In order to improve the decision-making process on the government level and at the same time synchronise strategic planning with the financial resources allocation mechanism, several structural changes were made and many new steps should be taken. For the implementation of the above aims, the Strategic Planning Committee was established, and its regulations approved.

To foster co-ordination and implementation of public administration reform, a decision was made to establish a permanent Public Administration Reform Commission. The Ministry of Public Administration Reforms and Local Authorities drafted its terms of reference.

Future activities of this commission include:

- review and corresponding clarification of regulatory institution functions;
- possible transfer of market surveillance functions to self-regulatory or private institutions;
- transfer of market control functions from state enterprises to public administration institutions;
- reorganisation of market surveillance institutions into legal bodies under central government ministries;

- introduction of standardized names for market control institutions according to the principal type of activity;
- definition of the status of market surveillance services (explicitly determining free market control services);
- definition of principles guiding the provision of market control services (explicitly determining that employees of market control institutions may not be directly connected to the objects under their supervision).

In implementing these principles and recommendations made by the governmental commission on the organisation, functions and performance of inspectorates and other control agencies, the government will prepare the draft Law on Executive Agencies in the first half of 2000. The law will provide the legal basis guiding the organisation of regulatory institutions and their accountability procedures.

10. Key Statistics

10.1. Budgetary Data

TOTAL STATE EXPENDITURE, 1998

(in thousands of LTL)

	Total Allocated Expenditure	Running Expenditure	Capital Expenditure
<i>Total Expenditure</i>	<i>6 848 157</i>	<i>6 170 076</i>	<i>678 081</i>
<i>General subsidy to municipalities</i>	<i>395 782</i>	<i>395 782</i>	
<i>Special purpose subsidy to municipalities</i>	<i>336 997</i>	<i>336 997</i>	
<i>Total after Subsidies to Municipalities</i>	<i>7 580 936</i>	<i>6 902 855</i>	<i>678 081</i>

EXPENDITURE FOR MINISTRIES, 1998

(in thousands of LTL)

	Total Allocated Expenditure	Running Expenditure	Capital Expenditures
<i>Environment</i>	42 096	40 746	1 350
<i>European Affairs</i>	3 420	3 320	100
<i>Finance</i>	29 384	27 819	1 565
<i>Defence</i>	462 165	397 141	65 024
<i>Culture</i>	121 680	114 602	7 078
<i>Informatics and Communications</i>	13 614	10 444	3 170
<i>Social Security and Labour</i>	561 452	535 852	25 600
<i>Urban Affairs and Construction</i>	7 569	6 669	900
<i>Transport</i>	15 482	10 997	4 485
<i>Health Protection</i>	121 462	85 535	35 927
<i>Education and Science</i>	307 482	277 405	30 077
<i>Justice</i>	14 859	14 219	640
<i>Foreign Affairs</i>	115 836	102 770	13 066
<i>Economy</i>	75 759	71 559	4 200
<i>Public Administration Reforms & Local Authorities</i>	4 061	3 561	500
<i>Interior</i>	163 620	126 575	37 045
<i>Agriculture</i>	567 454	516 423	51 031

EXPENDITURE FOR OTHER ORGANISATIONS, 1998

(in thousands of LTL)

	Total Allocated Expenditure	Running Expenditure	Capital Expenditure
<i>President's Office</i>	34 463	18 463	16 000
<i>Seimas</i>	52 216	48 216	4 000
<i>Central Electoral Committee</i>	3 364	3 314	50
<i>Ombudsman's Office</i>	2 740	2 620	120
<i>Constitutional Court</i>	4 790	4 640	150
<i>State Control</i>	12 785	12 785	
<i>Language Commission</i>	4 212	4 052	160
<i>Public Service Ethics & Disputes Commission</i>	500	470	30
<i>Journalistic Ethics Inspector</i>	162	157	5
<i>State Memorial Commission</i>	1 045	745	300
<i>State Securities Commission</i>	3 738	3 538	200
<i>Government Chancellery</i>	17 060	16 560	500
<i>State Commission on Energy Prices</i>	1 399	1 269	130

EXPENDITURE FOR LEGAL INSTITUTIONS, 1998

(in thousands of LTL)

	Total Allocated Expenditure	Running Expenditure	Capital Expenditure
<i>Lithuanian Supreme Court</i>	8 146	7 066	1 080
<i>General Prosecutor and territorial offices</i>	69 620	62 520	7 100
<i>Courts (Ministry of Justice)</i>	118 532	107 732	10 800
<i>Mortgage institution (Ministry of Justice)</i>	10 723	6 723	4 000

EXPENDITURE FOR COUNTIES, 1998

(in thousands of LTL)

	Total Allocated Expenditure	Running Expenditure	Capital Expenditures
<i>Alytus</i>	22 974	18 762	4 212
<i>Kaunas</i>	43 023	31 802	11 221
<i>Klaipeda</i>	38 555	24 670	13 855
<i>Marijampole</i>	20 211	13 099	7 112
<i>Panevezys</i>	32 050	20 663	11 387
<i>Šiauliai</i>	37 913	24 330	13 583
<i>Taurage</i>	15 301	9 720	5 581
<i>Telšiai</i>	24 970	13 737	11 233
<i>Utena</i>	25 997	18 142	7 855
<i>Vilnius</i>	53 241	42 499	10 742

EXPENDITURE FOR NON-MINISTERIAL BODIES, 1998

(in thousands of LTL)

	Total Allocated Expenditure	Running Expenditure	Capital Expenditures
<i>Lithuanian Archives Department</i>	10 503	9 226	1 277
<i>Sports Department</i>	33 799	27 849	5 950
<i>Department of National Minorities and Regional Problems</i>	7 591	3 569	4 022
<i>State Security Department</i>	20 044	15 340	4 704
<i>Department of Statistics</i>	19 117	14 806	4 311
<i>State Geodesy and Cartography Service</i>	5 997	5 967	30
<i>State Competition and Consumers' Rights Protection Service</i>	2 043	1 903	140
<i>State Tobacco and Spirits Control Office</i>	1 533	1 433	100
<i>State Veterinary Agency</i>	26 884	21 651	5 233
<i>Public Procurement Office</i>	923	903	20

<i>State Inspection on Nuclear Energy Safety</i>	<i>2 832</i>	<i>2 802</i>	<i>30</i>
<i>Lithuanian Quality Control Office</i>	<i>6 192</i>	<i>5 922</i>	<i>270</i>
<i>Government Communication Centre</i>	<i>6 829</i>	<i>5 297</i>	<i>1 532</i>
<i>Arsenal</i>	<i>2 313</i>	<i>1 663</i>	<i>650</i>

**BUDGETARY ALLOCATIONS OF ENTERPRISES AND ORGANISATIONS,
WITHIN SPHERES OF REGULATION, 1998**

(in thousands of LTL)

Ministry of Sphere of Regulation	Enterprises and Organisations	Total Allocated Expenditure
<i>Environment Protection</i>	<i>Lithuanian Hydrological-metereological Service</i>	<i>6 810</i>
<i>European Affairs</i>	<i>Lithuanian Developmental Agency</i>	<i>3 860</i>
	<i>European Law Department</i>	<i>1 499</i>
<i>Finance</i>	<i>Customs Department</i>	<i>105 139</i>
	<i>Training Centre</i>	<i>1 985</i>
	<i>Inspection Department</i>	<i>6 981</i>
	<i>Tax Inspection</i>	<i>121 284</i>
	<i>Commission on Property Estimation</i>	<i>244</i>
	<i>State Documents Technological Protection Office</i>	<i>3 172</i>
	<i>Lithuanian Assaying House</i>	<i>812</i>
<i>Culture</i>	<i>Cultural Heritage Protection Department</i>	<i>24 499</i>
	<i>National Martynas Mazvydas Library</i>	<i>1 522</i>
	<i>Library for the Blind</i>	<i>1 119</i>
	<i>Lithuanian National Museum</i>	<i>3 823</i>
	<i>Lithuanian Art Museum</i>	<i>7 639</i>
	<i>State M.K. Čiurlionis Art Museum</i>	<i>3 401</i>
<i>Communications & Informatics</i>	<i>State Data Protection Inspection</i>	<i>466</i>
	<i>State enterprise "Lithuanian Post"</i>	<i>7 773</i>
<i>Social Protection & Labour</i>	<i>Service of Techniques Supervision</i>	<i>1 621</i>
	<i>Child Rights Protection Service</i>	<i>211</i>
	<i>State Labour Inspection</i>	<i>4 562</i>
<i>Urban Affairs & Construction</i>	<i>Department of Communal Economy and Services</i>	<i>922</i>
	<i>Lithuanian Geology Service</i>	<i>6 081</i>
	<i>Vilnius Castle Board of Management</i>	<i>14 478</i>
	<i>State Enterprise Construction Products Certification Centre</i>	<i>40</i>
	<i>State Territory Planning and Construction Inspection</i>	<i>832</i>
	<i>Public institution "House Credit Fund"</i>	<i>9 000</i>
	<i>Land and Real Estate & Registration State Enterprise</i>	<i>3 000</i>
<i>Transport</i>	<i>State Bridge Inspection</i>	<i>151</i>
	<i>State enterprise Inner Waterway Management Council</i>	<i>10 907</i>

	<i>Water Transport Control Inspection</i>	688
	<i>Lithuanian Railroads</i>	25 278
	<i>State Railroads Inspection</i>	159
	<i>Transport Investment Board</i>	2 316
	<i>State enterprise Vilnius Airport</i>	84
	<i>Aviation company "Lithuanian Airlines"</i>	14 255
<i>Health</i>	<i>State Patients Fund</i>	512 784
<i>Economy</i>	<i>State Energy Inspection</i>	2 528
	<i>Joint stock company "Geoterma"</i>	3 120
	<i>State enterprise Ignalina Atomic Power Plant</i>	20 000
<i>Public Administration Reforms and Local Authorities</i>	<i>Standardisation Department</i>	3 929
	<i>Metrology Inspection</i>	2 344
	<i>Public institution State and Municipal Servants Training Centre "Dainava"</i>	342
	<i>Public Administration Training Centre</i>	152
	<i>Department of Tourism</i>	1 707
<i>Interior</i>	<i>Department of VIP Protection</i>	24 068
	<i>Fire Prevention Department</i>	101 149
	<i>Frontier Police Department</i>	133 793
	<i>Department of Prisons</i>	132 796
	<i>Special Investigation Service</i>	21 583
	<i>Tax Police Department</i>	10 038
	<i>Police Department</i>	389 915
<i>Agriculture and Forestry</i>	<i>Land Exploitation and Law Department</i>	7 921
	<i>Lithuanian Agriculture House</i>	2 626
	<i>State enterprise "Milk Analysis"</i>	75
	<i>Joint stock company "Labtarna"</i>	70

BUDGETARY ALLOCATIONS FOR OTHER INSTITUTIONS AND ORGANISATIONS, 1998

(in thousands of LTL)

	Total Allocated Expenditure
<i>Techniques Library</i>	3 882
<i>Medical Library</i>	1 064
<i>Mass Media Support Fund</i>	4 589
<i>State Youth Affairs Council</i>	2 392
<i>State Privatisation Agency</i>	831
<i>Small and Medium-size Business Development Agency</i>	212
<i>Lithuanian Genocide & Resistance Research Centre</i>	5 902
<i>Support Fund for Victims of Genocide and Resistance</i>	594
<i>National Radio and TV</i>	46 277
<i>State Patent Bureau</i>	2 152
<i>State enterprise Holiday Home "Baltija"</i>	2 333
<i>State enterprise Sanatorium "Lietuva"</i>	118
<i>State enterprise "Greminta"</i>	416
<i>Government's Chancellery's housekeeping stock company</i>	916
<i>Stock company "AutoStock 200"</i>	
<i>Lithuanian Millennium board of directors</i>	945
<i>House of Scientists</i>	241
<i>Information Centre for Lithuanians coming back to Lithuania</i>	194
<i>Studies credits</i>	7 457
<i>Science and Studies</i>	541 169
<i>Consumer Union (higher co-operative schools)</i>	170
<i>Vilnius county public movement "Stop the Crime"</i>	99
<i>Council of Disabled People's Affairs</i>	32 047
<i>Soberness Fund</i>	300
<i>Red Cross Society</i>	1 559
<i>Reconstruction related to traditional religions, public buildings & related needs</i>	6 783
<i>Central Council of Disabled People's Society</i>	435
<i>Central Council of Blind and Poor-sighted Union</i>	50
<i>Crime Prevention Centre</i>	495
<i>Compensation to citizens for increased heat energy prices (Ministry of Finance)</i>	70 000
<i>General support fund for acquisition of houses and flats</i>	31 400
<i>Payments for various compensations</i>	5 000
<i>Compensation for persons involved in Chernobyl accident</i>	1 000
<i>Extraordinary grants for victims' families, 11-13 January 1991</i>	600
<i>State aid for members of 1940-1990 resistance movements</i>	9 000

<i>Special fund to support setting up and operating trade unions</i>	99
<i>Deposit insurance fund</i>	20 000
<i>Means to index salaries, pensions, scholarships & allowances</i>	84 682
<i>Government's Reserve Fund</i>	75 200
<i>Redeeming government securities issued for Bank's restructuring</i>	23 355
<i>Expenditures connected to domestic and foreign debt</i>	156 790
<i>Interest for government's securities and foreign loans</i>	490 400

**SUMMARY: EXPENDITURES OF LITHUANIAN STATE BUDGET
BY FUNCTION, 1998**

(in thousands of LTL)

	Total Allocated Expenditure	Running Expenditure	Capital Expenditure
<i>General state administration</i>	694 895	610 919	83 976
<i>State defence</i>	474 768	409 124	65 644
<i>Public order and protection of society</i>	1 189 840	1 048 889	140 951
<i>Education</i>	913 424	852 257	61 167
<i>Health protection</i>	675 562	637 134	38 428
<i>Social security, ward and guardianship</i>	624 395	593 340	31 055
<i>Housing and household</i>	922	864	58
<i>Health (sport), recreation, culture</i>	302 795	253 660	49 135
<i>Fuel and energy supply services</i>	28 480	5 210	23 270
<i>Agriculture, forestry, fishery and veterinary services</i>	670 308	535 379	134 929
<i>Mining of mineral resources (except fuel), industry and construction</i>	99 106	84 184	14 922
<i>Transport and communications</i>	90 631	65 876	24 755
<i>Other economic activities</i>	77 160	71 409	5 751
<i>Expenditures not ascribed to main functional groups</i>	1 738 650	1 734 610	4 040
Total	7 580 936	6 902 855	678 081

10.2. Personnel Data

The Civil Service Register was established for the centralised collection of civil service data and has been managed since 1996 by the Civil Service Division of the Ministry of Public Administration Reforms and Local Authorities. This register contains data on the number of public servants, vacancies and filled positions, qualification improvement of civil servants, salaries, etc. In 1997, this register contained data on 19,220 civil servants (both at political and career levels, including counties and municipalities). In 1997, the average age of a Lithuanian civil servant was 43; the length of service in a public administration institution was 3.8 years; and 63.6 per cent of public officials had a university education. In 1998 (excluding three institutions), the register showed 17,856 civil servants, with an average length of service of 4.4 years; and 70.3 per cent of public officials had a university education.

In 1997-1998, the number of positions in ministries and state institutions was cut by 30 per cent (by January 1998 this reduction had already affected 511 posts).

The government resolution of 13 January 1998 (No. 34) established the following number of staff for each ministry:

Foreign Affairs	298
National Defence	275
Finance	265
Interior	235
Agriculture	220
Economy	215
Environment	190
Transport	165
Social Security and Labour	145
Education and Science	132
Justice	100
Health Care	96
Public Administration Reforms & Local Authorities	95
Culture	71