

Operational Programme for the Development of Human Resources 2007-2013

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1. OVERVIEW OF CURRENT SOCIAL AND ECONOMIC SITUATION IN LITHUANIA AND ANALYSIS OF DEVELOPMENT PROSPECTS

1.1. EMPLOYMENT AND UNEMPLOYMENT IN THE LITHUANIAN LABOUR MARKET IN 2001–2005

Keynotes

- The growth of the Lithuanian economy and numerous initiatives implemented in Lithuania with a view to improving the business environment, encouraging the establishment of new jobs and increasing the productivity and activity of the labour force have facilitated the growth of employment rate and decline of unemployment. However, the long-term unemployment and the unemployment among young people (aged 15–24) yet remain to be a serious problem.
- Despite a slight turn upwards of the employment rate observed in the services sector and even its decrease in the agricultural area, the employment structure in Lithuania in terms of these indicators still differs significantly from that recorded for the majority of economically advanced EU Member States. The rate of workforce productivity, too, exhibits a trend of rapid growth; however, it still remains one of the lowest compared to the EU average.
- Due to the negative trends observed in the country's demographic situation (low birth rate, population ageing and extensive emigration), the total population in the country, including the population of the employable age, is decreasing in size. Although the level of educational background of the employed population is relatively high, the shortage of skilful workforce is becoming one of the crucial problems impeding the economic development of Lithuania. The level of labour force qualification in frequent cases does not respond to the market demands; the phenomenon of structural unemployment may be also observed and the workforce shows a low level of professional mobility. At the present time, the system of vocational guidance is still in the process of development; therefore, the quality of training in many cases is not sufficient, employers seem to be reluctant in putting stronger focus on employee training and only a very small number of people in Lithuania are engaged in lifelong learning activities.
- Increasing importance is being attached to the quality of work places; however, the process of creating new well-equipped and safe job places intended for highly qualified workers is still rather slack. Moreover, this process is encumbered by weak entrepreneurial skills of employees, unpopularity of flexible labour organization forms and underdeveloped social partnership.
- The regional gaps existing with respect to the population employment and unemployment rate, income level and the accessibility of labour market and social services are still very distinct. Traditionally, the territorial (domestic) mobility of labour force is low in Lithuania; however, gradual developments in this area may be traced, too.
- Despite the fact that the effort on building the information society is supported by considerable allocations of funds, the benefit these investments are expected to bring will only show in the medium-term perspective. The current level of basic computer literacy skills is rather low (compared to the EU average); the problem of digital exclusion also exists.

From the year 2000, the situation in Lithuania took a turn for the better in terms of a rapid economic growth, improvement of business environment, increase of investment as well as growth of production and services sales and increase of trade volumes and domestic consumption. All this, in turn, facilitated the growth of employment and the decrease of unemployment. The improvement of the economic and labour market situation was further facilitated by the process of integration into the EU economic and political area and, eventually, by the country's accession to EU on 1 May, 2004. The investments envisaged in the Single Programming Document of Lithuania for the period 2004–2006, too, provided a notable contribution to the creation of new jobs, enhancement of population employability, competence and qualification and better adaptability of companies to changes in the market.

During the stage of pre-accession, the basic tool employed by the Government of the Republic of Lithuania in implementing its employment promotion policy was the Employment Promotion Programme of the Republic of Lithuania designed for the period 2001–2004. With a view to implementing the European Community Treaty provisions, the Republic of Lithuania drafted and adopted its first National Action Plan for Employment 2004 setting out the commitments undertaken by the country and the principal tools to be used in implementing the National Employment Policy. The basic objectives of the Lithuanian employment policy aimed at the promotion of employment and investment in human capital are defined in the National Lisbon Strategy Implementation Programme. The programme focuses on the following principal goals:

- attract to the labour market more people and retain them (by ensuring quality and safe employment and by modernizing the existing labour market protection and social security systems);
- enhance the adaptability of employees and companies;
- reduce the structural unemployment through increased investment in human resources.

At the same time, the aforementioned goals disclose the major challenges faced by the Lithuanian labour market. In the context of growing economy and increased demand for labour force, the shortage of qualified employees becomes one of the problems impeding the economic development of Lithuania. The situation is further aggravated by the existence of negative demographic development trends (decreasing birth rate, extensive emigration, ageing of population). It is not always ensured that certain groups of employed population (the disabled, people of elderly age, persons from social risk groups, the long-term unemployed) should be appropriately encouraged to stay at or come back to work. The adaptive skills of companies and their employees to the global changes taking place in the area of trade, competition and technology still need to be developed.

Workforce employment trends

The data referred to in the present as well as other sections hereto, unless specified otherwise, are taken from the official Eurostat database or the records of employment surveys conducted by the Department of Statistic. In certain cases, the text may provide references to both sources, as the estimation techniques applied by the Eurostat and the Department of Statistics sometimes diverge. When the statistic indicators need to be compared with other EU Member States, the Eurostat data are taken for reference. The references to the EU average figures are based on the data for all 25 EU Member States.

Over the last period of several years, the rate of employment in Lithuania was continuously growing – from 57.5% in 2001 to 62.6% in 2005 (the Eurostat data, See Fig. 1). However,

according to this indicator, Lithuania in 2004 was still lagging behind compared to the EU average (63.8%) and its neighbours Latvia and Estonia (63.3% and 64.4% respectively). The major factors which predetermined the growth of employment rate include the growth of economy, the increasing demand for labour force, both in the private and the public sector, and the workforce emigration. The first in taking up the available job vacancies was the active part of the workforce – hence a visible trend of unemployment rate decline. However, the total level of labour force (aged 15–64) economic activity in 2001–2005 exhibited a decrease of 1.3% (dropped from 69.7% down to 68.4%). Based on the records of statistic surveys conducted by the Department of Statistics, the level of labour force economic activity in 2006 continued to decrease. It suggests that the potential of a considerable part of economically inactive labour force has not yet been exhausted and its potential is still available to the labour market.

The Lisbon Strategy has set the target for the Member States to achieve that the total rate of employment by the year 2010 should reach the level of 70%. Having considered the available economic and labour force potential, Lithuania in its National Lisbon Strategy Implementation Programme has envisaged by 2010 to achieve the employment rate of 68.8% - the target somewhat lower and yet comparatively high.

The rate of female employment was also increasing – from 56.2% in 2001 up to 59.4% in 2005 and even hit the respective EU average (56.3%.) (based on the Eurostat data). However, it was lower by 0.1% than in Latvia and even by 2.7% than in Estonia and significantly lower compared to the Scandinavian countries (e.g., the rate of female employment in Denmark and Sweden in the year 2005 was 71.9% and 70.2% respectively). In view of Lisbon Strategy objectives, Lithuania has set the target to achieve by the year 2010 a 60% rate of female employment. Despite the positive trend of employment increase, women still find themselves in the labour market at a disadvantaged position: it is more difficult for them to pursue career; the level of salaries/wages paid to them is comparatively lower, whilst the risk of poverty and social exclusion – comparatively higher.

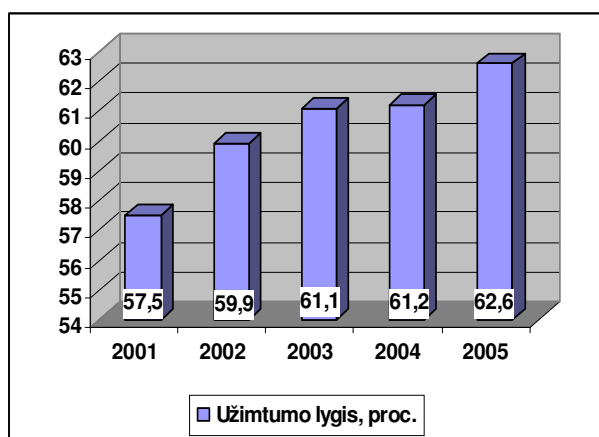
It is reasonable to expect that by the year 2010 Lithuania will achieve a 50% target set by the Lisbon Strategy with respect to the employment rate among elderly population (aged 55–64). In 2001–2005, this indicator in our country increased even by 10.3% and reached the 49.2% level in 2005 (based on the Eurostat data). The rate of elderly population employment in Lithuania was considerably higher than the EU average (42.5%) but lower, for instance, than in Estonia (56.1%) or in some Scandinavian countries (59.5% in Denmark and 69.5% in Sweden).

In 2005, the age limit for exiting the labour market in Lithuania stood at 63.5 years. The National Lisbon Strategy Implementation Programme has set the target to increase it by 2010 up to 64.5 years (it must be noted, however, that based on the estimation technique applied by the Eurostat, the average age limit in 2004 stood at 60.8 years). Nonetheless, the positive trends observed in the area of employment should not be taken as a sound excuse to ignore the disadvantaged labour market position of elderly people (aged over 50). Their educational background and general skills are often treated with a certain tinge of scepticism; for them, re-entering the labour market, once they have left it, is very difficult. In frequent cases, elderly people lack self-confidence and motivation to improve their knowledge and skills in order to be able to retain their professional qualification for a longer time.

The distribution of labour force by different types of economic activity is gradually changing: it is shifting away from the sectors of production and agriculture and joining a more efficient sphere of

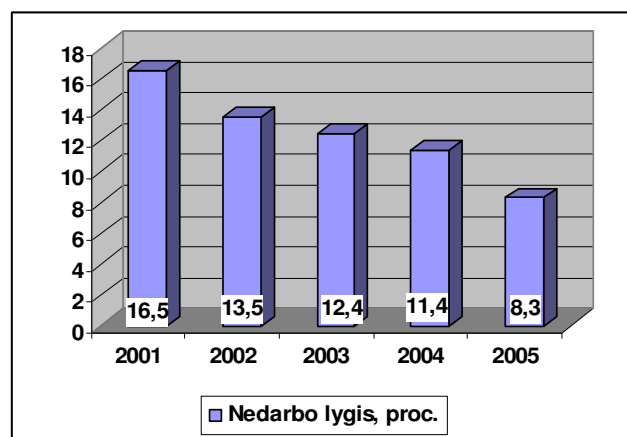
services. In 2005, 56% of the total employed population were engaged in the services sector (by 0.4% more than in the year 2001). The agricultural activity in rural areas is generally concentrated in small-size “subsistence“ farms which provide for a considerable share of rural population the only source of subsistence. However, ensuring either the required level of employment or the sufficient income for the farmers and their families is not enough. In 2005, the workforce engaged in the Lithuanian agricultural, hunting and forestry sectors accounted for 13.9% of the total employed population marking a decrease by 3.5% compared to 2001. In terms of employment structure, Lithuania still differs significantly from other EU Member States featuring a higher level of economic development. Based on the data as of 2004, the EU average for the share of employed population engaged in the sectors of agriculture, hunting and forestry stood at 5.1% and made up 69.5% in the sector of services (in Lithuania, 15.8 % and 56% respectively).

Fig. 1 Employment rate in Lithuania 2001–2005



Source: Eurostat

Fig.2 Unemployment rate in Lithuania 2001–2005



Source: Eurostat

The rate of employment in Lithuania exhibits measurable gaps observed on the county level. Based on the data provided by the Department of Statistics, the highest level of employment in 2005 was recorded in Vilnius, Tauragė, Marijampolė and Utena counties (63.5–65.2%) and respectively the lowest (58.7–60.5%) in Alytus, Panevėžys and Šiauliai counties. However, it should be noted that there exist huge disparities in terms of economic structure development level and availability of up-to-date infrastructure between the largest cities (Vilnius, Kaunas, and Klaipėda) and the majority of rural and peripheral municipalities. The largest cities enjoy the emergence of new and relatively modern production industries and service businesses, whilst the peripheral regions are generally left with the “inherited” industrial capacities already turned obsolete and a considerable share of population engaged in the agricultural activities. For instance, the residents of Tauragė county are largely engaged in the industries generating a relatively low added-value, despite the fact that the rate of employment recorded for that particular county is rather high. Accordingly, in 2004 the average monthly disposable income per household worker in Tauragė county was the lowest in Lithuania and the income of employed workers approximately twice as low.

Nor the employment indicators aggregated on the county level reflect the fact that in rural neighbourhoods, compared to regional centres, there is observed a lower economic activity of

labour force, a higher rate of unemployment among young population and a lower level of labour force competence and productivity.

The situation is further complicated by a low level of labour force domestic mobility. Due to these as well as other reasons, the distribution of labour force on a country-wide level appears to be very uneven with the most qualified labour force concentrating largely in the centres of economic growth. Thus, we may reasonably state that the level of labour force qualification in rural areas and peripheral regions is lower and does not comply with today's requirements; the female activity in the labour market is lower, too.

Unemployment rate development trends

In 2005, the rate of unemployment in Lithuania reached the level of 8.3% and was lower by 0.4% than the EU average (based on the Eurostat data). This indicator was significantly lower than in some EU Member States, for instance, Poland (17.7%) or Slovakia (16.3%), but higher than in such countries as Ireland (4.3%), the United Kingdom (4.7%) or Denmark (4.8%). From the year 2001, the rate of female and male unemployment as well as the rate of unemployment by different age cohorts started decreasing. In 2005, the rate of female unemployment stood at 8.3%, i.e. by 0.1% higher than recorded for men (according to the Eurostat data). Based on the data of the Lithuanian Department of Statistics and the Lithuanian Labour Exchange, a notable trend of unemployment rate decline could be observed over the entire period including Quarter I 2006. The total rate of unemployment stood at 6.4%. The decreasing trend with respect to the rate of unemployment was underlined, too, in the preliminary evaluation report of the present document. The major reasons behind the decrease of unemployment level are the economic growth, better employment opportunities both in Lithuania and abroad and the implementation of active measures undertaken by the Lithuanian Labour Exchange and the education system institutions.

The unemployment rate decline trends are also reflected in the statistics on the numbers of jobless people registered with the Lithuanian Labour Exchange. As of 1 January, 2006, the total number of the registered unemployed comprised 87.2 thousand persons. In 2005, the number of registered unemployed decreased by 31%, or by 39.2 thousand persons. As of 1 January, the share of the registered unemployed made up 4.1% of the total population of employable age, which marked a decrease by 1.9% compared to the previous year. The average number of the unemployed in 2005 stood at 100.8 thousand, i.e. by 41.7 thousand less than recorded in 2004. Over the last 3 months of 2005, the rate of registered unemployment decreased by another 0.2% falling down to the level of 3.9%. As of 1 January, 2006, the highest rate of unemployment calculated as per cent share of the total population of employable age was recorded in Ignalina (12%), Akmenė (11.5%) and Druskininkai (10.0%) municipalities. The decrease of unemployment rate could be observed throughout all the territories of the country, except the municipality of Visaginas city, where based on the data as of 1 January, 2006, there was recorded a 0.1% increase compared to the previous year. The rate of unemployment was decreasing much faster than the country's average in those territories where the unemployment rate was originally the highest. During 2005, the most drastic changes with respect to unemployment situation took place in Pagėgiai (a 6.3% decrease), Mažeikiai (a 5.4% decrease) and Šalčininkai (a 4.9% decrease) municipalities. On the level of counties, the highest decrease of unemployment rate, i.e. by 3.6%, was recorded in Telšiai county.

The trend of rapid decline was also observed with respect to the unemployment rate among young population (aged below 25): in 2001–2005, it decreased from 30.9% down to 15.7% (according to the Eurostat data). Based on the data provided by the respective Lithuanian authorities, this visible

declining trend of youth unemployment rate was observed over the entire period including the year 2006. Considerable significance to the aforementioned indicators is attached in the Preliminary Evaluation Report, too. The trend of youth unemployment is related both to the migration of young people and the increased demand for workforce in the domestic labour market. However, the unemployment among this group of population is still a rather serious problem, as it is almost twice as high as the country's average. In the area of youth unemployment, there shows a certain negative trend, too, i.e. the number of young people with no qualification or even educational background has increased among the unemployed. These young persons lack motivation to enter the labour market and stay there. This, in turn, entails further problems – addiction to alcohol, drugs and other toxic substances, delinquency, etc.

The Integrated Guidelines for Growth and Jobs (2005–2008 m.) and the National Lisbon Strategy Implementation Programme set the targeted time limit for providing each unemployed person with new possibilities facilitating their integration into the labour market (training, retraining, apprenticeship, employment under supported employment programmes, etc.), which for youth shall be 6 months and for adults respectively 12 months. This target is envisaged to be achieved by the year 2010. In 2005, the respective indicator for young unemployed people was 85% and 83% for the total unemployed population.

One of the most critical issues related to the unemployment in Lithuania is the problem of long-term unemployment (when a person remains unemployed for a period of at least one year). It should be noted, however, that certain decline in the rate of long-term unemployment occurred in line with the decrease of the total unemployment rate could be observed during the last years (based on the data of the Department of Statistics, from 10.2% in 2001 down to 4.5% in 2005). Nevertheless, the relative share of the long-term unemployed among the total population still remains to be large: the decrease recorded in 2001–2003 (from 57% down to 48%) was again followed by the increase in 2004–2005 placing the rate of long-term unemployment at the level of about 55%. This situation bespeaks of a negative trend, as the long-term unemployment represents one of the key factors contributing to the increase of social risk and poverty and it directly relates to the social exclusion. Moreover, in 2002–2005, there could be traced another trend – the increase of long-term unemployed population in rural areas (from 21.5% up to 25.1%). The rate of long-term unemployment among women was slightly higher than recorded for men. It was noticed that the number of young long-term unemployed people (aged 15-24) declined in 2002–2005 almost threefold and their relative share among the total long-term unemployed population comprised 6.2% (cf. with 9.8% in 2002), whereas the share of long-term unemployed elderly people (aged 50–74) in the total structure of long-term unemployed population, to the contrary, grew up.

According to the records of the Labour Exchange, about 70% of the registered unemployed are not prepared to compete on the labour market since they lack the required vocational training and practical experience and have lost their working skills due to a long break from work. A number of long-term unemployed people are economically inactive, i.e. they are not registered with the Labour Exchange, have lost hope to find a job and are reluctant to start their own business, etc. To tackle this problem, the Member States decided to include into the Integrated Guidelines for Growth and Jobs (2005–2008 m.) a commitment whereby they undertake to achieve that by the year 2010 25% of long-term unemployed population should be involved in active labour market policy measures (training, retraining, apprenticeship, supported employment programs, etc.). In 2005, the Lithuanian indicator stood at 16%.

Despite the rapid decrease of the total unemployment rate observed on the overall level of the country, in some counties, in particular on the level of individual districts, it is still rather high. At

the end of 2005, over 10% of the employable age population in Ignalina, Akmenė and Druskininkai municipalities as well as Panevėžys and Šiauliai counties were unemployed. On the other hand, the highest rate of decrease in unemployment rate compared to the country's average was observed namely in these problem counties and municipalities. The National Lisbon Strategy Implementation Programme sets the target to achieve that by the year 2013 the unemployment rate in any Lithuanian municipality should not exceed the country's average by more than 35%. Based on the records of surveys conducted by the Department of Statistics, the aforementioned limit in 2004 was exceeded only in Alytus county.

Position of the disabled in the labour market

In 2006, the total number of the disabled persons receiving the disability pension comprised 276 thousand (a 13% increase compared to 2004). Based on the approximate data for 2004, the break-down of this number by disability types appears as follows: mobility disability (70 thousand), mental disability (28 thousand), visual impairment (15 thousand), aural disability (5 thousand), systematic and other types of disability (95 thousand). The disabled of the employable age count 60 thousand, of them 130 thousand are partially capable to work.

In 2005, the state disability pensions were paid to 30,8 thousand people, 2,1 thousand whereof had the disability degree of 75–100%, 18,5 thousand with the disability degree of 60–70% and another 10,2 thousand respectively with the disability degree of 45–55%. Based on the data for 2003, the employment rate among the disabled was on the level of 20%, i.e. about twice as low as the 25 EU average. On the other hand, the number of the disabled registered with the labour exchange increased (See Fig. 3 and 4) and the relative share of the disabled registered unemployed, compared to the total number of the registered unemployed, grew up over the period of 2001–2005 by 3.6%. To some extent, these developments imply a positive trend, since they bespeak of a higher economic activity level among the disabled.

Fig.3 The number of the registered unemployed disabled in 2001 -2005

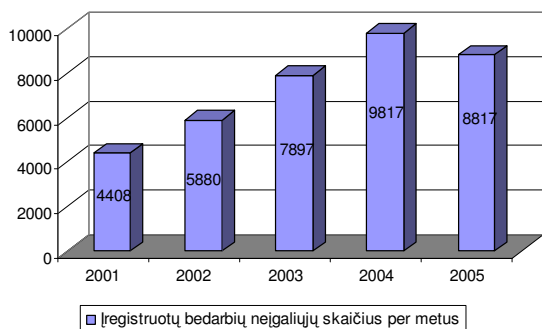
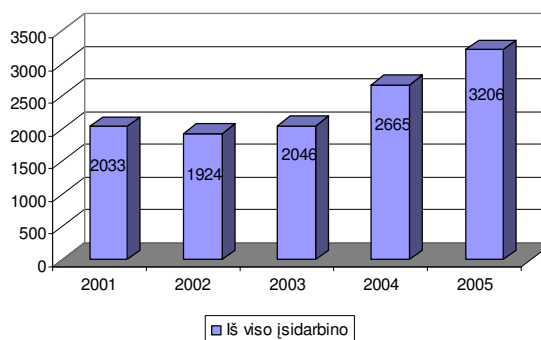


Fig. 4 The number of the employed disabled in 2001–2005



Source: The Department of Statistics under the Government of the Republic of Lithuania

The main factors restricting the employment opportunities for people with disability are related to the poor response of public and working environment to the specific needs of the disabled, which, in turns, limits the accessibility of science and education system and other public services (e.g., in

2005, only 318 persons with disability participated in vocational training programs, though, in fact, this is by 121 persons more than in the year 2001). Within the structure of services intended for people with disability, the dominating position was retained by the institutional care, whereas other services were still very poorly developed. The employment opportunities for the disabled are also limited by stereotypes still vital within the society and a sceptical approach towards the employability capacities of the disabled on the part of employers.

In 2005, a new Law on the Social Integration of the disabled, introducing a revised concept of disability and putting a strong emphasis on the necessity to facilitate the integration of the disabled into the labour market through the measures aimed at enhancing their employability, came into force. Hence, stronger focus was put on professional rehabilitation and the establishment of professional rehabilitation system for the disabled that would encompass such basic services as vocational guidance and consultancy, assessment of professional competences, recovery of the existing skills and development of new ones and retraining, etc.

In 2006, 252 persons in need of professional rehabilitation services were registered with the Lithuanian Labour Exchange – the institution in charge of organizing the professional rehabilitation activities for people with disability. Of them, 206 were referred to join the professional rehabilitation program and one third of those, who had completed the program course, succeeded in getting a job.

The major problems encountered in the process of establishing the system are the underdeveloped infrastructure of services as well as the lack of skilful specialists needed in different segments of professional rehabilitation system and the absence of methodology ensuring a complex, continuous and effective rehabilitation. The accessibility of professional rehabilitation network services is yet very limited and the rehabilitation capacities still need to be expanded so that the system could accommodate a larger enrolment. At the present time, the sole provider of complex rehabilitation services in Lithuania is the Valakupiai Professional Rehabilitation Centre located in Vilnius. Individual services are also provided by another four institutions and different public organizations and the vocational training services intended for the disabled are rendered (in accordance with the accredited programs) by some Lithuanian vocational training establishments. The development of professional rehabilitation infrastructure is also using the assistance provided by the European Regional Development Fund and available under SPD Measure 1.5 whereby there have been launched 6 currently ongoing projects.

With a view to facilitating the employability of the disabled, the organizations which have been granted the status of a social company are offered certain privileges. In 2005, this status was extended to 6 companies; thus, by the end of the year there already operated 37 social companies providing employment to 2155 persons, 1125 whereof were disabled.

Institutions under the Ministry of Social Security and Labour in charge of implementing the employment policy

An important role in facilitating the growth of employment and reduction of unemployment rate is played by active labour market policy programs being executed by the institutions (under the Ministry of Social Security and Labour) in charge of implementing the employment policy.

The Lithuanian Labour Exchange with its 46 local labour exchanges offices and 45 subdivisions operating on a territorial level provides to its customers (jobseekers and employers) the employment support services of a general type (information, consultancy, mediation in job placement arrangements), implements active labour market policy measures and supported job

placement programs as well as performs the labour market monitoring. The services of information and consultancy are rendered by 6 youth, 4 employment and 50 information and consultancy centres established at the local labour exchange offices and operating on the territorial level. The average number of clients who approached the aforementioned centres in 2005 exceeded 821 thousand persons, 113.9 thousand whereof visited the Lithuanian Labour Exchange website, 42.7 thousand performed the independent search of information and employment opportunities using specialized computers SIP and PIC and over 53 thousand made use of a computer-based testing program. During the year, there were provided over 298, 8 thousand individual consultancy and counselling services.

The seven local training offices established at the Lithuanian Labour Market Training Authority and operating on the territorial level specialize in providing the services of professional guidance and counselling to jobseekers as well as vocational training and informal education quality assessment and management services to the unemployed and people who have received notices on their dismissal. 14 labour market training centres falling within the regulation area of the aforementioned Training Authority carry out the activities of vocational training and qualification advancement intended for the unemployed and other categories of adult population.

The share of the registered unemployed involved in active labour market programs increased from 42.7% in 2001 up to 63.6% in 2004. In the year 2005, as many as 75.7% of the registered unemployed were offered job vacancies. In 2004, this indicator was 64% and in 2003 stood only at 54%. The total number of jobseekers who succeeded in concluding employment arrangements involving the mediation assistance on the part of the labour exchange in 2005 comprised 109.7 thousand persons, 87.9 whereof were provided with the permanent job placements and 21.8 thousand recruited on a temporary basis. The highest number of job placement offerings was available to qualified workers (approximately every second offering). As indicated by the Lithuanian Labour Exchange, each Litas spent in 2005 for placing the unemployed to job vacancies, involving them in active labour market policy programs, paying social insurance contributions and pre-retirement benefits to the unemployed as well as for further development of labour exchange capacities provided to the consolidated state budget the return in the amount of 1.3 Litas. The European Employment Service Network bureaus EURES operating at the Lithuanian Labour Exchange kept developing their activities; in 2005, they were already able to provide 26.9 thousand consultancy services on the issues of free movement of persons. In addition, the services of recruitment/job placement mediation are provided by numerous private employment mediation agencies operating in the country.

Each year, the labour market training and consultancy services deliver information and consultancy services on the issues of labour market and extracurricular vocational training for young population to about 60 thousand people; moreover, the demand for these services is continuously growing. The major customers are the unemployed referred by the labour exchange offices to seek consultancy, the learners of general education schools and the working persons.

The employer survey conducted in 2005 has revealed that the quality of labour market vocational training in terms of its adequacy to the market needs is rated by employers quite positively, though the theoretical training in many disciplines is rated better than practical. Considering the structure of the unemployed (the majority of them are not prepared to join the labour market), it would be reasonable that the duration of training programs should be prolonged to combine the practical activities of industrial traineeship. Moreover, the number of employed persons aged 45 and over taking up continuous training is growing at a somewhat slow pace. While providing the labour

market training services, the need for practical training is frequently overlooked to a considerable extent; a closer cooperation with social partners is still scarce, too.

It is reasonable to expect that the demand for qualified workforce will only grow in the future, which, in turn, is supposed to have a dual effect on the demand for adult vocational training. The need for retraining services will increase, in particular in view to a potential shift of the workforce from low productivity to growing productivity sectors. We may also presume that the demand for the unemployed training services will decrease, as the economic growth is generally accompanied by the decline of the unemployment rate. However, the duration of the unemployed training, in order to ensure its sustainability, continuity and applicability, will be prolonged.

Workforce supply trends

Despite the fact that the current situation in the area of employment and unemployment seems to be rather favourable, a deeper analysis reveals the existence of many tendencies causing certain concern. The Lithuanian labour market is exposed to the effects of numerous factors – a more open international trade, competition within the EU market, technological developments and ever growing importance attached to knowledge and qualification in enhancing the country's competitiveness on the international markets. Meanwhile, certain problems related to the supply of labour force have become evident already today. Based on the findings of jobs survey conducted by the Department of Statistics, the number of wage-work vacancies as of the end of Quarter I, 2006 amounted almost to 15.3 thousand, which was 2.4 times higher than that recorded in the same period of 2005. The number of employable age workers is decreasing and those who show low activity in the labour market in some cases lack sound incitement to take up employment (low salaries, bad working conditions).

Demographic trends

The number of population in Lithuania has been rapidly decreasing over the last decade, largely due to a low birth rate and emigration. Based on the data of the Department of Statistics, at the beginning of 2006, the total population of Lithuania counted 3403.2 thousand (by 218 thousand less than recorded in the same period of 1995). The number of workforce decreased accordingly – from 1.84 m in 1995 down to 1.61 m in Quarter III 2005. The demographic structure of population in Lithuania was also undergoing certain changes. Over the period of 4 years before the turn of the year 2005, the share of young people (aged below 25) within the workforce structure decreased by 42.2 thousand (i.e. 3.3%), whereas the share of adult population aged over 50, to the contrary, increased by 60.6 thousand (i.e. 11.6%).

These trends are related both with the general complicated economic situation experienced by a considerable share of population and with the cultural and sociological developments as well as newly formed attitudes towards the family and children. Furthermore, the difficulties in reconciling family and professional life (lack of flexible work organization forms and child care services) have a negative impact on the demographic processes. The statistics also shows a certain trend of poverty and social exclusion feminization – another factor contributing to the negative developments of the demographic situation in the country.

The Department of Statistics forecasts that the Lithuanian population in 2030 will make up 3.12 m, i.e. it will decrease by another 9%. This will inevitably affect the labour market, too – the decline in the workforce supply and the share of employed population will make it more and more difficult to ensure the sustainability of health and social security systems financed from the tax payers'

budget contributions. The demand for these services will increasingly grow in line with the growing rate of population ageing.

Emigration challenges

Based on the data of the Department of Statistics, in 1990–2006, 404 thousand people left Lithuania, of them about 15.6 thousand emigrated from the country (basically to the United Kingdom, Ireland and the United States of America) in 2005. In Quarter I 2006, the department of Statistics carried out a survey which allowed estimating the number of unofficial emigrants who left Lithuania in 2001–2005. The results of the survey show that only every second or third person emigrating from Lithuania declares the fact of his/her emigration. In 2001–2005, about 126 thousand people emigrated from Lithuania, of them 70 thousand left the country unofficially. Such intensive emigration (about 15 thousand people per year) is expected to stay at least until the year 2010. From 1 May, 2004, when Lithuania joined the European Union, it became even easier for people to emigrate and get employed abroad, and according to the relative extent of emigration (considering the size of population), Lithuania took the leading position among all EU Member States.

Emigration primarily depends on the economic factors – significant differences in terms of wage levels and living standards existing between Lithuania and other countries (basically EU Member States and the USA) On the other hand, the mobility of workforce across countries brings a number of certain benefits (and therefore it is encouraged on EU level). However, this process in Lithuania is not appropriately balanced, as the volume of outgoing workforce flows significantly exceeds the incoming flows from other EU Member States. The problem appears to be even more evident if we have a closer look at the prevailing social and demographic profile of emigrants: these are mainly young people with a solid educational background, proactive and entrepreneurial persons and young families. Furthermore, highly qualified workers of older age (predominately representatives of scientific area and medical disciplines) may be also quite frequently found among those leaving the country.

We hope that with the improvement of the economic situation and living standards in Lithuania, the rate of emigration will go down and more and more emigrants will be coming back. Similar tendency used to be observed in other countries (for instance, Ireland), too. In pursue of encouraging the return of emigrated population, it is very important to implement the systematic reforms in the areas of education, health, culture and other systems as well as to promote a wider application of corporate social responsibility principles among the employer. A significant share of qualified employees from the above-mentioned areas were impelled to emigrate namely because they could not afford waiting until the expected improvements in the management of these systems as well as working conditions and salaries finally show. Moreover, the return of emigrants in frequent cases is also prevented, *inter alia*, by the lack of information on the opportunities and developments in the country's economic situation and labour market.

Incitements to take up employment

The supply of workforce (its economic activity) is related with the incitements to take up employment which, in turn, depend on the level of salaries, tax deductions and the availability of social guarantees.

During the recent period, Lithuania has adopted a number of complex tax and social policy measures aimed at the improvement of living standards for all social groups and in particular for those with low income. Despite this, the level of salaries in Lithuania, compared to the majority

EU Member States, is still very low. It should be noted, however, that salaries in 2004-2005 exhibited quite high growth rates (about 11–14%); this trend is expected to stay over a further medium-term period. A particularly notable increase of salaries was observed in those sectors which during the recent time enjoyed a rapid growth (e.g., construction industry, domestic trade, transport, hotels and restaurants) and from which many employees had migrated in search of employment abroad. The growing productivity of companies was another factor, which, too, facilitated the increase of salaries observed in certain areas of the Lithuanian economy.

The real income of the employed population is expected to increase with the envisaged approval of a lower-rate income tax (by 2008, it should be reduced down to 24%). The Government is also putting effort to ensure a continuous increase of minimum salary rate, however, the burden of taxes levied on the workforce is still very heavy. Such situation brings about certain undesirable effects, i.e. it weakens the country's competitiveness on the international scale, impedes the transformation of undeclared jobs into regular employment and prevents creation of new work places.

Quality of work places

The rate of salary is not the only criterion that determines the labour market preferences of the population (whether to take up employment or not, whether to work in Lithuania or search for employment abroad). The increasing volumes of investment today are being allocated for the creation of comfortable and safe working environment. The quality of work places encompasses, *inter alia*, such aspects as the possibility for the continuous advancement of qualification, the possibility to apply in practise the acquired knowledge and skills and take up higher added value generating activities as well as the possibility to enjoy healthy and safe working environment and receive adequate remuneration. Strong focus on the quality of work places is also facilitated by the growing cost of labour force. Employees generally look at such factors as the public image of employer and the culture of communication within a company; however, some employers are still reluctant to invest in the improvement of working environment (including the necessary adjustments to accommodate the specific needs of the disabled). The survey of employees has revealed that only 68% are satisfied with the existing working conditions (85% in the older EU Member States). Therefore, a considerable share of emigration may be viewed in terms of response to poor quality of work places.

The situation in the area of labour safety, as seen from the available statistics on occupational accidents, may not be rated as unambiguously positive, either. Over the period of 1998- 2003, the rate of occupational accidents (number of accidents per 100 thousand workers) in Lithuania decreased by about 15%, whereas the number of occupational accidents with fatal consequences (death of a worker) during the same period increased by 38%. The marginal rate of accidents is generally recorded in the industries of construction and motor transport. The increase of occupational sickness rate in some sectors could be also observed.

Labour market demand trends

When assessing the labour market demands in the short-term perspective, the number of job vacancies and the need for the required employee skills may be estimated with a rather high degree of accuracy. The general trends, which over the recent period could be observed in the economic, demographic and migration-related situation of the country, have predetermined the decrease of unemployment rate, on the one hand, and the growing deficit of workforce, on the other hand. In

2006, the number of job vacancies registered with the Lithuanian Labour Exchange counted 124.9 thousand, of them over a half (62%) were intended for qualified workforce. The highest supply of job vacancies came from the sectors of services (53%), industry (29%) and construction (29%). The lowest number of job vacancies, i.e. only 3.1%, was recorded in the agricultural sector. However, some job vacancies remain unoccupied, mainly due to the growing deficit of skilled workforce. Based on the data of the Department of Statistics casting light on the available number of vacancies by economic activity types, the highest number of vacancies in 2006 was recorded in the areas of wholesale and retail trade, transport, storage and telecommunications as well as in the areas of public administration and defence. The highest increase of demand for workforce in 2007 is expected largely in the sectors of services and construction.

The growing deficit of labour force promotes a more active cross-sector movement of employees. In addition to the decrease of workforce in the agricultural sector, traditionally observed under such situations, in 2006, low-income jobs were also abandoned by a number of employees in the sector of education (18.3 thousand), the area of municipal utility as well as social and individual care services (8.5 thousand) and the system of health (6.7 thousand). Most of those who had quit their jobs in the aforementioned sectors joined the workforce of construction industry and the sector of domestic trade. If the decrease of agricultural labour force is generally rated as a positive trend, the deficit of workforce in the sectors of education and health may gradually transform into a grave problem. The gaps existing on the regional level with respect to the employment rate are still rather distinct bespeaking of a low geographical mobility of the workforce inside the country.

The major share of the added-value generated in Lithuania is provided by the services sector. The increase of labour efficiency in this particular sector may be basically achieved through investment in human resources (improvement of employee and managing staff qualification), whereas the significance of technological innovations is somewhat lower. Talking about the sector of industry, in 2005, as seen from the data provided by the Department of Statistics, only 16.1% of the realized industrial production was created by high-technology and medium-level technology sectors (the electric machinery and equipment production industry; the medical, optical and precision equipment production industry; the office equipment and computer hardware production industry, etc.). The structure of the Lithuanian economy predominantly includes the traditional sectors employing medium-low or low-technologies (production of refined oil products; food industry; wood processing and wood products manufacturing industry; clothing production; skin processing and dyeing industry; production of rubber and plastic articles, etc.). In order to increase the efficiency of labour in the industrial sector and generate a higher added-value, it is very important to focus on new technologies and innovations as well as on the improvement of workforce skills.

Since 1995, the Lithuanian Labour Exchange each year has been making labour market projections for the coming year using the methodology prepared in cooperation with the experts from the Swedish National Labour Market Service. The results of projections are further evaluated and the vocational training curriculums, the activities of professional guidance for the unemployed as well as the implementation of training programs are planned accordingly, considering the outcomes of projections. The projections for the year 2007 were made using the data of an employer survey (5.4 thousand companies with the total workforce of 0.3 m employees) conducted specially for that purpose. The representativeness of the survey results was achieved through the proportional sampling of labour market participants by ownership forms, types of economic activity and number of employees. The coverage of survey respondents included the companies operating in the sectors of services (63%), industry (21%) and construction (9%). Within the group sampled by

the number of employees, the largest share (94%) of the respondents surveyed was represented by small and medium-sized (up to 249 employees) enterprises.

Based on the survey results, the largest burst of new jobs in 2007 should be expected in the services sector – the forecasts allow to assume that there might be created as many as 24 thousand new work places (largely in the area of wholesale and retail trade, in companies operating in the area of transport, IT and the sector of hotels and restaurants). The transport sector is expected to grow in line with the overall economic growth, however, it, as many other sectors, is likely to face the problem of labour force deficit. The sector of processing industry plans to establish 16 thousand new job places, mainly in the industries of wood processing and furniture manufacturing, apparel and textile, food and production of metal articles. The construction companies plan to create 8 thousand new work places. It was namely the construction sector where the share of population, which had abandoned the agricultural activity, was absorbed; the rate of salary increase in this sector was one of the highest. The employer survey shows that the measures the companies have adopted in pursue of retaining their existing employees are largely focused on the quality improvements of work places. The major factors include salaries, investment in the advancement of employee qualification and improvement of working environment. The deficit of workforce is supposed to increase competition among the employers in attracting labour force; furthermore, the employers will be impelled to change their attitude towards the workforce of older age and the employees with disability, etc.

Many other employer questionnaires and surveys reveal the existence of similar tendencies: skilful workforce is in deficit across all the major sectors of the country's economy. Based on the findings of a survey conducted in 2005 by the Lithuanian Institute of Public Policy and Management, the highest growth of workforce demand in the medium-term perspective may be expected in the following areas:

- Construction;
- Wood processing and furniture production;
- Transport and storage;
- Production of rubber and plastic articles;
- Production of metal and metal articles;
- Real estate, lease and other related activities;
- Production of transport means and other.

Based on the analysis of the Lithuanian economy demands and the demand for qualified workforce carried out by the aforementioned institute, the highest demand for highly qualified specialists (graduates of postgraduate studies) is expected in the knowledge-intensive sectors of economy (in particular, in the knowledge-intensive services sectors): IT trade, financial mediation, computer hardware and the related activities, production of electric and optic equipment, etc.

It is difficult to make long-term projections of labour market demands due to several reasons. First, the labour market demands depend not only on the natural rotation of employees but also on the development trends of individual sectors, technological developments and other factors; therefore, it is hardly possible to project the values of all independent variables, foresee the exact patters of their interaction or predict the potential impact of external forces on the demand. The accurate determination of demand shifts in terms of exact values or even direction is yet prevented by the disparities in the country's economic development; therefore, the current forecasting effort only

enables to foresee the general trends, which, unfortunately, provide no clue to the potential future developments of demand by individual professions or skills*.

When projecting the labour market demands for different regions of the country, it is necessary to consider the specifics of economic structure in each particular region: some regions may show a stronger orientation towards the agricultural activities, whereas others appear to be focused on the development production industry or services businesses. The specifics of economic structure, in turn, predetermines the specifics of labour market needs which, however, given the context of the ongoing overall upgrade of the country's economy, are subject to continuous change. Therefore, it is only possible to make very general forecasts as to what particular skills will be required in each particular region in the long-term run. Moreover, the effort to forecast future developments in each particular region justifies only partially, since Lithuania is a small country and the majority of its regions are likely to follow the same labour market development trends as will be observed on a country-wide level.

In the future, the labour market of the country will face an increased demand for qualified and flexible workforce able to adapt to the challenges of ever changing economy, primarily in high and medium-level added-value generating sectors. Thus, the lifelong learning and the geographic and professional mobility of the workforce now become the challenges of the highest priority. The country's competitiveness will increasingly depend on the quality of production, innovations, and labour productivity. Furthermore, the Lithuanian economy will have to undergo further restructuring aimed at reorienting the country towards the production of higher added-value products and services. These trends, in turn, directly depend on the competence and qualification of the workforce.

It should be noted, that the current level of the Lithuanian workforce qualification is not adequate enough to match the actual needs of the market. Such inadequacy occurs due to several closely interconnected reasons. First, the educational background of young population in frequent cases is not appropriate in view to the actual market needs – due to certain systemic problems in the area of vocational training and higher education. In addition, the integration of education and training system graduates into the labour market is impeded due the fact that the vocational information, guidance and counselling system has not yet been properly developed. Furthermore, employers pay too little attention to the activities of employee training. Finally, still very little share of the Lithuanian population chose to take up lifelong training – due to the lack of motivation, time and financial resources.

The current existence of the workforce-related problem is also partially evidences by the fact that the rate of labour efficiency in Lithuania stays among the lowest on EU scale (only 52.5% of the EU average in 2005) and in some sectors (for instance, textile and apparel) it even differs tenfold. The lowest rate of labour efficiency is recorded for the sectors of processing industry and construction. On the other hand, in the recent period, it was growing rather rapidly (the second highest rate of growth among the EU Member States recorded in 2004). The potential increase of labour efficiency rate expected in the long-term run would also help to tackle the problem of workforce deficit.

* The Lithuanian Labour Exchange is currently working on the task financed from the funds available under SPD Measure 2.1 of preparing and implementing a methodology for making short-term (3 years) projections of labour market demands and qualification requirements which is supposed to enable planning of demand both for the continuous training and, which is even more important, for the primary vocational training.

System of vocational training and high education

The formal system of vocational training and high education, too, encounters a number of serious problems: inadequate quality of training, obsolete infrastructure, lack of practical training

(particularly in the area of vocational training). In designing and delivering training curriculums, closer cooperation between the vocational training and education institutions, on the one hand, and the employers, on the other hand, is still rather scarce.

Low prestige and quality of vocational training explains the presence of distinct disproportion between the enrolment of vocational training and high education schools. For instance, based on the data for 2002 and 2003, the enrolment of vocational schools made up only 18.1% and 17.7% of the total number of general school graduates respectively. With respect to the popularity of vocational training, Lithuania shows a notable lag behind the EU average. Moreover, as seen from the data of statistic surveys, in 2004 and 2005, only 32% and 37% graduates of vocational schools respectively took up employment according to the speciality. Besides, it is quite likely that these persons were placed to low added-value jobs not requiring the application of knowledge and skills they had acquired at the vocational school. Hence, we may presume that the state funds allocated for training needs were not effectively utilized. Furthermore, the results of employer surveys show that the graduates of vocational training establishments especially lack the special professional skills. Therefore, employers are impelled to provide a large number of their young workers with on-the-job retraining. However, such retraining, too, has certain disadvantages – due to scarce time and financial resources, employees are basically trained in mastering certain individual job tasks and, therefore, lack general theoretical knowledge of technological processes and their management.

System of vocational guidance (vocational information, vocational counselling and career planning competences development system)

The main providers of extracurricular vocational guidance services to the participants of labour market and the youth are the Lithuanian Labour Market Training Authority and the Lithuanian Labour Exchange. The services of occupational vocational information and career planning competences development are provided by general education schools as well as vocational training and high education establishments. The major problems encountered in providing the services of vocational guidance basically pertain to the insufficient consistency of legal framework, the lack of activity planning and coordination effort and low involvement of social partners. High relevance, too, is attached to such issues as optimisation of the institutional vocational guidance services provision network, development of information systems, enhancement of services quality and training of specialists. The aforementioned issues are addressed to in the approved Vocational Guidance Strategy 2004 wherein it is highlighted that the system of vocational guidance primarily aims at providing high quality vocational guidance services, enhancing the employability of young and adult population, fostering their entrepreneurial skills and continuous pursuit of knowledge, etc.

Employee training in companies, institutions and organizations as well as the public sector

So far, very little attention has been paid to employee training on the part of employers who were also reluctant to invest in that area of activities. Fortunately, this attitude is gradually changing and the increasing number of employers today seems to be aware of how important the issue of employee training is. However, the number of companies engaged in organizing the continuous

training courses for their employees in Lithuania is almost threefold lower than that recorded in the older EU Members States. Based on Eurostat data, only 43% of Lithuanian companies provide training services to their employees (cf. 25EU average of 61%, 96% in Denmark and 91% in Finland). On-the-job training is still underdeveloped since employees lack incentive, the cost sharing mechanisms are not in place and the involvement of services provided by the vocational training system is low (due to the quality related problems discussed above). The growing demand for employee training is also evidenced by a high degree of interest among the Lithuanian companies in EU assistance available for 2004 – 2006 under SPD Measure 2.2 (“Development of workforce competence and adaptability to changes”). Rather solid experience has been already acquired in extending training assistance to companies making all the advantages and disadvantages of the support delivery model employed (whereby companies are free to select the providers of training services at their own discretion) quite evident. The assessment of investments in human resources of companies in terms of their effectiveness as well as the evaluation of this particular financing model in terms of its relevance is scheduled for the end of 2007, i.e. the time by which we already expect to have more reliable and comprehensive data on the progress and effectiveness of the projects financed under SPD Measure 2.2, and it will be followed by appropriate actions to be taken in view of any necessary improvements.

The demand for the continuous training of employees working in the specialized public sector (including the area of health care and social services) is evident, too. The employees of public sector need to be continuously catching up with the increasing requirements set with respect to their competence, labour efficiency and quality of performance. These requirements are primarily imposed by society emphasizing the need for more effective implementation of policy measures, more accurate projection of economic and social developments, more successful problem prevention policies and more effective utilization of state funds.

Continuous training and lifelong learning

Based on the Eurostat data, in 2005, only about 6.3% of the country population aged 25–64 were engaged in the lifelong learning activity. Though from the year 2000 this indicator started heading upwards (at that point it was only on the level of 2.8%), in 2005, Lithuania was still well behind the EU average (10.8%). This gap was even more evident compared to the rate of lifelong learning observed in the Scandinavian countries (27.6% in Denmark, 34.7% in Sweden and 24.8% in Finland). The role of companies, institutions and organizations operating in the private sector in providing the labour market and, in particular, training service so far has been rather modest, though in the future it may become more active. As envisaged in the National Lisbon Strategy Implementation Programme, the rate of lifelong learning by the year 2010 should reach the level of 10%.

As seen from the records of surveys, in 2003, only 28% of the Lithuanian population were participating in training of any level or stage (cf. the EU average of 42%) and even less, i.e. only 10%, were engaged in informal training (cf. the EU average of 21%, 17% in Latvia and 19% in Estonia). Thus, the need to increase the number of people participating in lifelong learning programs as well as the potential available with that respect is high. Especially problematic is the issue related to the lifelong learning activity of people from certain age and social groups. For instance, the qualification of older age employees acquired in the Soviet period in frequent cases appears to be too narrow and specialized to respond to up-to-date labour market needs.

The level of general knowledge and skills possessed by the majority of population is rather low, in particular in the areas of computer literacy, entrepreneurship, communicability, initiative and creativity. The general knowledge and skills play a very important role in enhancing the adaptability of population to market changes, in facilitating their participation in the labour market and in ensuring the quality of employment.

With respect to computer literacy, the data of the Department of Statistics show that the level of basic computer skills among the population aged 16–74 in 2004 stayed within the range of 25–33% (Excel, e-mail, copy/paste functions). This indicator approximately corresponded to the population competence level recorded in Poland or Latvia but was significantly lower than that observed, for instance, in the Scandinavian states (54–66%). About 26% of population participated in computer training courses – again a notable gap compared to the Scandinavian countries, which are far ahead in the area of computer literacy (about 60%). The problem of digital exclusion, too, is very acute and threatens basically the rural population, the disabled, persons of older age, families raising 3 or more children and one-parent families. Such situation is predetermined by lower income and a lower level of education of the aforementioned social groups as well as by values, a sceptical attitude of society towards persons of older age taking up training in the area of modern technologies, also by the existing deficiencies of the social services provision network and poor adaptation of environment to specific needs of these social groups. However, it should be noted that at the present time, there are being implemented projects financed by PHARE and EU Structural Funds and aimed at establishing about 900 Internet public access points in rural areas. It is expected that these projects will help to reduce, at least to a partial extent, the problem of digital exclusion. Furthermore, community centres, day centres and other establishments providing social services, too, should be equipped with computers and Internet access to be made available for public use.

Labour market potential to create new job places

The situation in the area of employment and unemployment depends, *inter alia*, on the labour market potential to create new and quality job places – i.e. on its potential to increase the demand for workforce. Primarily, it relates to the competitiveness of business – its capability to adjust itself to the requirements of domestic and international markets and capacity to deliver marketable products and services.

Despite the implementation of business development promotion policy, the progress on creating new jobs, especially in the areas employing up-to-date technologies and new labour organization and remuneration forms, is somewhat sluggish. One of the reasons impeding the emergence of new work places is the low level of entrepreneurship among the Lithuanian population, which, in turn, is partially predetermined by the lack of knowledge. The number of employers and self-employed population was fluctuating: in 2003, it increased compared to 2002 and then again took another declining turn in 2004 – 2005. The total number of the aforementioned category of population in 2005 counted 200.2 thousand.

Another tendency that could be observed over the period discussed was the decreasing relative weight of the population share represented by part-time employees – it declined from 9.1% in 2000 down to 6.5% in 2005. The share of part-time employees is especially low among female population – only 8.5% (cf. 32.5% in EU), and this implies the presence of certain difficulty in terms of balancing job and family obligations. The reason behind this tendency could be a rather low rate of salary (for part-time workers, the amount of salary is reduced in proportion to the number of work hours) and a high demand for labour force, in general. Nevertheless, we expect to

witness in the future a broader application of flexible work organization forms – in line with the development of advanced technologies and the changing attitudes towards the process of work.

The social dialogue between employers, employees and other social partners is gradually transforming into a more active interaction, however, its role in the process of ensuring the creation of new job places, flexibility of labour market as well as quality and socially secure employment has yet to be strengthened. The dialogue between the partners is significantly encumbered by the absence of social partnership tradition and, thus, low formal membership in social partnership organizations. In addition, the representatives of these organizations need to improve the general level of their cooperation skills (negotiation, joint work, etc.). Over a long time, a tight financial situation of social partnership entities used to be referred to as the main setback to impede the activity of these organizations. However, the situation improved with the availability of significant assistance in fostering the partnership skills envisaged under SPD 2004–2006. The cooperation between social partners is critical in launching and implementing the employment promotion initiatives aimed at facilitating joint effort on the part of employers and employees in enhancing the flexibility of labour market and in creating new quality job places.

The creation of new work places is closely interrelated with the issue of Corporate Social Responsibility. Corporate Social Responsibility (CSR) is a concept which refers to such pattern of corporate ideology, policy and practice whereby organizations consider the interests of society by taking voluntary responsibility for the impact of the organization's activities on customers, employees, shareholders, communities and the environment in all aspects of its operations. One may speak of Corporate Social Responsibility only when an organization, apart from being focused on profit, gives significant consideration the expectations of its employees, suppliers and society at large and takes appropriate steps to reduce the environmental impact of its operations. A certain discussion around the issue of CSR was going on among the Lithuanian companies, however; it came up only with very few individual initiatives aimed at practical application of CSR principles. As a rule, the pioneer role in launching such initiatives is taken by the subsidiaries of transnational corporations or the companies maintaining close cooperation with foreign partners. However, among the Lithuanian companies, the concept of CSR is still understood in a very narrow sense – as a mere charity or sponsorship. Wider application of CSR principles in practice is prevented by the absence in Lithuania of the respective tradition, low awareness of CSR importance on the part of society (and, accordingly, no pressure on companies) and low involvement of NGO in the activities of promoting the principles of CSR in society and business sector. In 2005, the Republic of Lithuania approved a set of measures aimed at promoting CSR in 2006–2008; however, some time will have to elapse before any measurable signs of the progress made in that particular area show up.

Lithuania is implementing a number of programs in the area of supported employment (the program of local employment initiatives, assistance to employers in creating new job places and assistance to social companies), which range a lot in terms of their effectiveness (mainly due to the lack of financial resources or the differences in the intervention measures applied). The labour market policy pursued by the country focuses on promoting the establishment of new job places for the individual categories of the unemployed: young people, the disabled, the long-term unemployed or persons of pre-retirement age, etc. Considerable assistance is being extended to the employers who are active in creating new work places (the program of local employment initiatives) or seek to acquire the status of a social company (the number of social companies in 2006 totalled to 40). The need for such assistance remains to be high, as it helps to attract to the labour market more jobless people.

Comparison of disparities

Table 1. Major disparities between the Lithuanian and the EU average in terms of employment indicators

Indicator	Year	National average	Annual 25 EU average	Degree of disparity
Employment rate for population aged 15–64	2005	62,6	63,8	Medium
Female employment rate	2005	59,4	56,3	Medium, positive
Employment rate for population aged 55–64	2005	49,2	42,5	High, positive
Share of employed disabled, %	2003	20	40	High
Age limit for exiting labour market (years)	2004	60,8	60,7	Low
Employment rate in agricultural, hunting, forestry and fishery sectors (% share of total employed population)	2005 *	13,9	5,1	High
Employment rate in services sector (% share of total employed population)	2005 *	56	69,5	High
Unemployment rate, % (based on data of workforce survey)	2005	8,3	8,7	Low
Female unemployment rate, %	2005	8,3	9,8	Medium, positive
Share of long-term unemployed	2005	55	44,2	High
Labour efficiency, % of 25EU average	2005	52,5	100	High
Share of population aged 25–64 who participated in education and vocational training in four weeks prior to the survey (level of lifelong learning)	2005	6,3	10,8	High
Share of women engaged in lifelong learning, within age group 25–64 (%)	2004	7,6	11,7	High

1.2. SOCIAL EXCLUSION AND POVERTY

Keynotes

- Lithuania succeeded in achieving a rather high rate of employment for women and older population (aged 55–64) which even exceeded the EU average. Nevertheless, the aforementioned groups as well as other categories of population still encounter a great deal of difficulty and discrimination in the labour market.
- The share of the employed disabled as well as the level of their economic activity was growing; however, the total employment rate of the disabled still remains very low –

due to low accessibility and quality of professional rehabilitation services and a sceptical attitude of society towards people with disability. The effort on providing assistance to the disabled lacks a more comprehensive approach that would encompass social and health services, training and qualification improvement services as well as assistance aimed at enhancing job placement opportunities for the disabled and services to their families.

- A considerable share of population are economically inactive and a great deal of labour force potential of the disabled and other population representing social risk groups has yet to be captured. However, many of these people lack motivation to take up employment; thus, the level of poverty and social exclusion among these categories of population is high. Nor the system of psychological, social and technical assistance is able to establish communication with the labour market.
- Lithuania managed to establish an extensive network of social services developed over the last period of 10 years and currently has undertaken its upgrade. Despite this, the services provided by this network still lack diversity and quality and their accessibility is rather low, particularly in smaller municipalities and rural areas. The institutional care prevails, whereas other types of social services still remain underdeveloped. The models that would enable the network to integrate the measures being implemented by a number of different institutions, extend the necessary social assistance and facilitate integration into the labour market still undergo the process of creation.

Lithuania has a considerable reserve of untapped workforce resources represented by the disabled and people from social risk groups, as the level of employment and economic activity among this part of population is rather low. In order to be able to attract these people to the labour market, it is not enough only to address the problems, which already exist – due consideration should be also given the possibilities of prevention as well as the measures being implemented by a number different institutions and the issues of cross-institutional cooperation.

Based on the data of income and living standard survey conducted in 2004 using the methodology employed by Eurostat, the relative level of poverty (i.e., the share of population with the living standard below the poverty line) in Lithuania was at 18% in 2005, while the level of poverty risk (i.e., the share of population with income level below the poverty risk line) stood at 20.5% (cf. 16% 25EU average). On the other hand, with the view to the level of poverty risk before social benefits, the Lithuanian indicator recorded at 26% equalled both to 15EU and 25EU average. Hence, the difference in the poverty risk level before and after social benefits which bespeaks of the impact of social benefits on the decrease of relative poverty level reflects the fact on rather limited resources available to the social security system of the country.

In addition, the statistics allows getting a deeper insight into the reasons behind the poverty and these often appear to be heavily interdependent. Thus, the factors that may give rise to poverty include low income (work in low added value sectors, dependence on state benefits) and unemployment by virtue of inadequate educational background or qualification; disability or difficulty in reconciling professional and family obligations.

Poverty closely relates to the issue of social exclusion. Social exclusion is a complex phenomenon reflecting the inability or incapacity of certain persons or groups to access and take advantage of society created values or participate in the labour market. There may stand a number of different

reasons behind this phenomenon – low income, sickness, disability, long-term unemployment, dependence on psychotropic substances, no command of language, etc. Social exclusion depends on a variety of factors which, though being different, lead to a similar closed cause-consequence chain. For instance, children from problem families get trapped in the “poverty pitfall” – they “drop out” from the education system at an early stage, fail to acquire adequate qualification, join the “army” of long-term unemployed dependable upon state support and unmotivated to take up employment; they are approached by employers and society at large with scepticism (in certain cases, such attitude already incorporates some traits of discrimination).

The problem of social exclusion is further aggravated by the unfavourable demographic trends – declining birth rate, family structure undergoing changes (growing number of one-parent (usually mother) families) and ageing of society. High level of emigration, too, entails a number of problems not confined exclusively to the area of workforce supply. The major share of population emigrating from the country is largely represented by persons of employable age, including youth. It means that they are no longer able to take care of their old parents and relatives. Moreover, a considerable number of young parents go for work abroad and stay there for a long-time leaving the kids alone with their parents or grandparents. Children living in long-term separation with their parents are exposed to high risk of developing problems of social integration (antisocial behaviour, non-attendance of school, etc.). Given such situation, the likelihood of future growth in demand for formal and informal care and social services is high.

In addition, it is necessary to address the issue on the territorial disparities observed in the area of social cohesion. In 2004, the annual income from employed labour per household member in 7 of the 10 counties (i.e. in all the counties, except for those where the largest cities are located) was below the national average. The problem of poverty and social exclusion becomes even more acute in the context of disparities between urban and rural areas. Based on the records of household income survey, the highest relative level of poverty in 2005 was recorded in rural areas and the lowest respectively in the largest cities. Similarly, the share of population with living standard below the poverty threshold recorded in 2005 for rural population was considerably higher than that observed among the residents of urban areas (29.5% and 10.6% respectively). The relative level of poverty in the five largest cities of the country was even lower – 7.7%. The average level of spending, too, was lower in rural areas: the average spending of rural population below the poverty threshold per consumer equivalent was at 25.8%, whereas for urban residents it stood at 23.3%. Rural areas accounted for 58% of the total population below the poverty line (and, accordingly, 33% of the total population). Compared to the indicators for 2004, the overall relative level of poverty increased in the country, basically due the increase of relative level of poverty in rural areas, whereas for residents of the largest 5 cities it was even noticed to take a declining turn. The increase of income level gap between the rural and urban population is largely preconditioned by certain demographic factors. The trend of ageing is especially critical in the Lithuanian countryside – the increasing number of young people chose to move out to larger cities or emigrate abroad leaving the rural settlements largely populated by low income earning persons of retirement age.

Theoretically, the state of social problems in individual regions could be reflected in the emigration statistics; however, the actual data reveal that notable emigration may be even observed in the regions with relatively high economic performance. For instance, in 2005, the average rate of emigration made up 4.6 emigrants per 1000 population. The highest share of emigrants per 1000 population was recorded in Visaginas (16.3%) and Palanga (10.5%) cities as well as Akmenė municipality (8.5%) and Klaipėda city (8.4%), and the lowest respectively in Rietavas (0.6%), Molėtai (1%), Kalvarija (1.3%) and Širvintos (1.5%) municipalities. Thus, difficult economic

situation driving people to emigrate may be observed even in those municipalities, which have achieved relatively high indicators of economic performance.

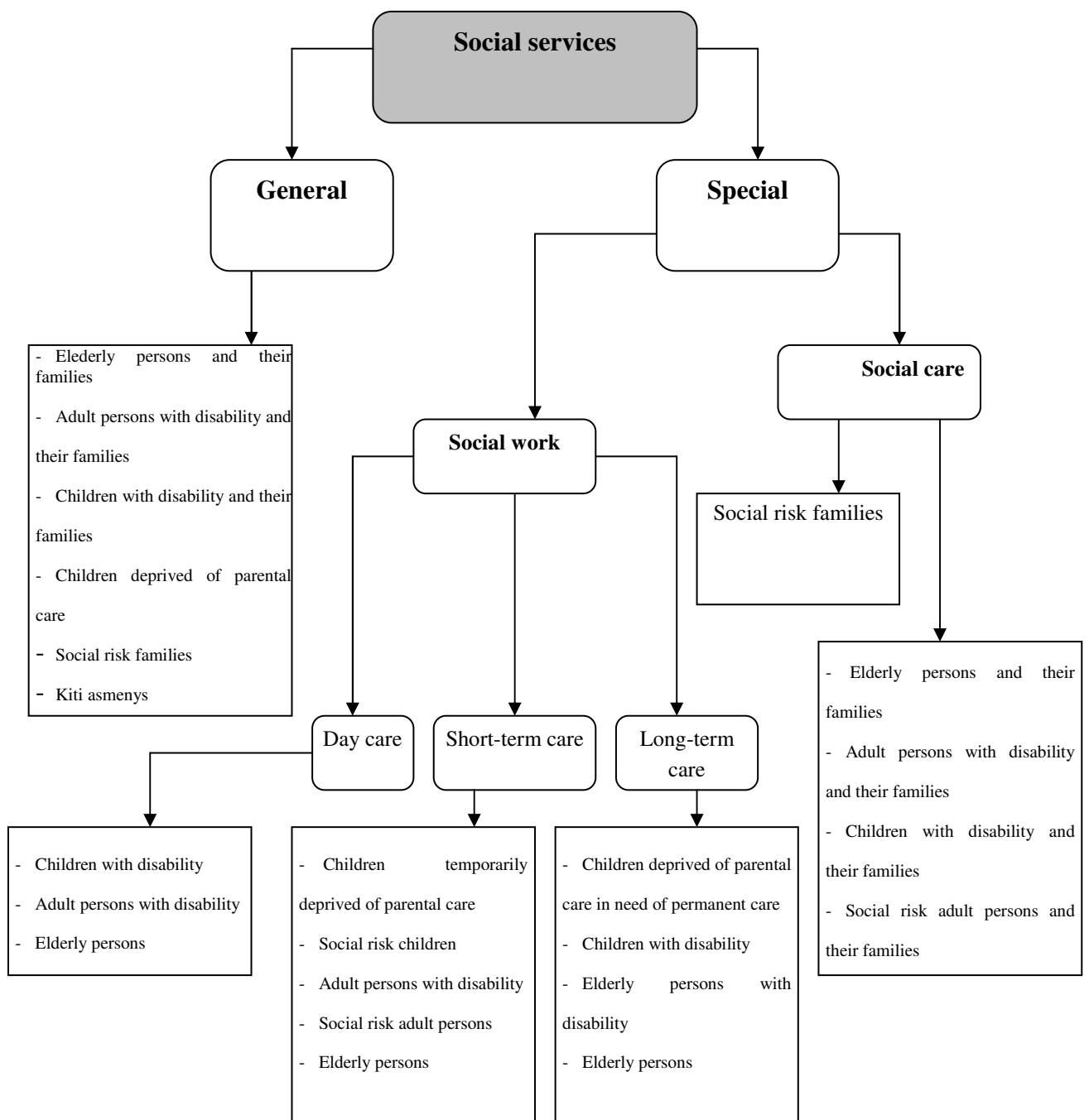
Social services

The effort of social exclusion prevention and social integration primarily implies the enhancement of *employment opportunities*. However, the lack of personal means or capacity is not the only factor leading to social exclusion – the availability of community resources and their accessibility to social risk families play a very important role, too. The lack of developed social services may predetermine the increase in the number of problem families, which, in turn, entails the growth population share not integrated in the labour market and dependable on social assistance.

The Law on Social Services of the Republic of Lithuania sets two types of social services: *general* and *special* (the types of social services and their beneficiaries are graphically presented in Fig. 5). Beneficiaries eligible to receive general social services are generally represented by individuals (families) whose capacity to lead a self-dependent personal (family) life and participate in social activity may be developed or compensated through the provision of individual services not requiring the permanent care of specialists. The general social services include information, consulting, mediation, representation, catering, provision of necessary clothes, footwear, special transport, cultural services, personal hygiene, organising of care and other general services. *The special services* embrace a full range of services provided to eligible individuals (families) with respect to whom the provision of general social services with the view of developing or compensating their capacity to lead a self-dependent personal (family) life and participate in social activity is not sufficient. The purpose of these services is to provide a complex assistance, help the individual (family) to recover the capacity to lead a self-dependent life, integrate into social activities and labour market or satisfy the vital needs. The special social services are further subdivided into the following two groups:

- Social care (assistance at home, maintenance and development of social skills, settlement in individual residential premises, provision of temporary lodging and crisis management assistance);
- Social work (day care at day centres and homes; long-term care at nursery homes, short-term (respite) care at nursery homes).

Fig. 5. Types of social services and their beneficiaries.



Lithuania succeeded in establishing an extensive network of social services developed over the last decade, however, the current coverage of this network as well the diversity and quality of services is yet insufficient. As of the end 2004, 600 social services institutions of different jurisdiction (county, municipality, NGO, etc.) operated in Lithuania, of them around 40% were the stationary care institutions. During the past time, Lithuania enjoyed a particular increase in the number of institutions providing non-stationary social services and witnessed the emergence of social services institutions of a new mixed type specialising in the provision of services to different social groups. With a view to eliminating the existing gap of data on the provision of municipality social services to different target groups, there will be carried out a respective survey.

Despite the current intensive effort aimed at developing the Lithuanian infrastructure of non-stationary social care services, the capacity of the infrastructure is not yet sufficient. There is a lack of home assistance services and, in particular, home social care services (e.g., among the population aged 65, only 1% are the beneficiaries of these services, whereas in the older EU Member States this number is tenfold and even higher). The network of short-term care (respite) services for elderly persons is only undergoing the early stage of creation. Failure to ensure the provision of social services to families in need of permanent care entails a negative impact on the opportunities of other family members to participate in the labour market (since they have to stay at home and take care of children or other family members who suffer from disability, sickness or are of old age). With the emergence and identification of new social risks, the demand for new social services increases accordingly.

In 2002, Lithuania launched the reform of its social services system. The reform was undertaken with a view to ensuring adequate protection of the most vulnerable groups, developing the social services enabling the provision of individual assistance and increasing the benefit gained thereof, as well as reinstating the persons suffering from social exclusion and families back to social activity and work. Moreover, much effort is focused on the expansion of the market for the providers of social services and on assistance to NGOs as well as individual and community initiatives and endeavours. On 1 July, 2006, a new Law on Social Services came into force wherein the issues on social services purposefulness, adequacy, effectiveness and quality are addressed with particular consideration. Furthermore, the Law envisages granting of state subsidies to support the social services intended for certain groups of population, which, eventually, entails a further commitment to build up a respective infrastructure required for the provision of these services.

Poverty and social exclusion of families raising children

The poverty and social exclusion experienced in childhood may have a significant impact upon further stages of human life: children living in families suffering from poverty are more apt to encounter learning and, eventually, labour market integration difficulties. The findings of numerous scientific studies and the experience of different countries show that early intervention programs, in combination with other intervention measures aimed at supporting social skills, may ensure a very high social and economic return¹ and prevent poverty, social exclusion and difficulties encountered in seeking for employment.

Families with many children or one-parent families represent an illustrative example of the difficulties faced with respect to poverty and social exclusion. Based on the Eurostat data for 2005, 48% of one-parent families and 44% families raising 3 and more kids were below the line of poverty risk. The complicated situation experienced by these households is also reflected in the available statistics on average income: for instance, equivalent income of household with one adult person raising one or more kids per household member is lower by around a quarter than the national average. The respective indicator for families with two adults raising 3 or more children made up only two-thirds of the average recorded for the country.

The financial embarrassment experienced in childhood or adolescence may have a significant impact on the future position of an individual within the labour market. It has been noticed that the

¹ Commission of the European Communities, Commission Communication to the Council and the European Parliament *Efficiency and equity in European education and training systems*, Brussels, 08 09 2006.

level of relative poverty among the persons raised in one-parent families is well above the average (22.6%); the same applies to persons who were raised in families suffering financial difficulties.

The State addresses the issue of the so-called “problem” families with particular consideration. In 2004, the number of such families totalled to 16.9 thousand. The major share of social risk families is represented by families where parents abuse alcohol and psychotropic substances (in 2004, the total number of such families made up 12.5 thousand). Other factors contributing to the transformation of families into social risk families include long-term unemployment or low-paid job. In addition, the position of these social risk families in terms of their social exclusion is further aggravated by low motivation of parents to take up job and poor level of their educational background or professional qualification. Public institutions and NGOs provide to social risk families and children a wide range of social services: children care day centres, social work with the family. Moreover, considerable effort is being put in search of new and more effective methods aimed at enhancing the motivation and capacity of such families to handle problems in a self-dependent manner.

The problems faced by social risk families are generally of a complex and manifold nature covering a wide range of social, legal, economic, educational and health aspects. Therefore, the cooperation on a community level between social support institutions, children’s rights protection services, schools and other institutions of education system as well as institutions providing health care services, etc. plays a critically important role in encouraging and facilitating self-dependent integration of such families into society and the labour market. However, the current actions and measures being taken by different institutions and NGOs still lack coordination and consistency, which, eventually, impedes the progress in resolving the problems of social risk families. The coverage as well as the diversity of preventive measures, i.e. organizing of extracurricular, free-time and day activities for children, summer camps, individual work with the child, consultancy to parents, etc., have yet to be enhanced. It should be noted, however, that the number of social risk families in the municipalities, which are implementing different preventive programs aimed at providing the services to children and families, has decreased. The question of services of services (social and training) for pre-school children from poor families remains open.

Social exclusion of elderly persons

In terms of labour market, two aspects pertaining to the support of elderly persons come into the forefront. First, it is necessary to create favourable conditions and encourage the elderly persons who are still in the capacity to work to stay in the labour market; second, it is necessary to extend the necessary assistance to persons in need of permanent care so that members of their families could return to the labour market.

The share of employed elderly population in Lithuania is comparatively high. Based on the Eurostat data, in 2005, employed elderly persons accounted for 49.2% of the total population from the age group 55-64 and this indicator was higher than 27 EU average (42.3%), whereas for the population from the age group of 64 and over this indicator stood only at 1.4% (totalling to 19.9 thousand people). The employment of elderly people is encouraged through a variety of different measures, for instance, the Labour Exchange has entered into an agreement with the Lithuanian Council for the Affairs of Pensioners on job placement of elderly persons.

In the context of increasingly ageing society, the issue on the support to elderly persons suffering from senile dementia, Alzheimer’s disease and other age-specific illnesses become critically important. Furthermore, this assistance shall be also made available to family members taking

care of sick elderly persons so that they could participate in the labour market. A network of social care or “respite” services to families is not yet available in Lithuania; so far, there have existed only individual initiative undertaken in some municipalities. Having regard to the challenges brought by society ageing and with a view to implementing the Lisbon Strategy objectives, the Republic of Lithuania in 2005 adopted and approved the National Strategy of Overcoming the Consequences of Ageing. The Strategy envisages provision of systematic assistance to elderly person’s NGOs and setting up of Partnership between the Council for the Affairs of Retired People and the Ministry of Social Security and Labour.

Elderly people’s NGOs are rather numerous in Lithuania and they are active in resolving burning problems faced by elderly persons. Since 2006, the Ministry of Social Security and Labour has been allocating special assignments aimed at the assistance to the aforementioned NGOs. The necessary regular collaboration between the NGOs and public institutions is expected to revitalize the activities of elderly people’s NGOs in extending assistance to other people of similar age.

Reintegration of convicts and persons released from places of detention

Convicts and persons released from places of detention represent another group of society experiencing a disadvantaged position within the labour market. Over the last period, the number of imprisoned convicts increased, however, insignificantly: from 6.7 thousand in 2003 to 7 thousand in 2005. During 2001–2004, the number of people released from places of detention counted around 4–7 thousand persons per each year of the specified period. In practice, the labour exchange is not always able help ex-prisoners, as many of them are not motivated to take up employment, have no qualification and lack jobseeker skills. In order to facilitate the integration of such persons into society and the labour market, it is necessary to institute the provision of psychological assistance as well as vocational counselling, guidance and training services at detention establishments.

The major problems encountered by ex-convicts upon the release from places of detention are associated basically with the lack of accommodation and material support but in the long-term run the crucial role in helping these people to integrate into society and avoid recurrence of criminal conduct is overtaken by the factor of employment. In most cases, these individuals lose ties with family, have no accommodation, have lost former professional skills (among the ex-prisoners registered with the labour exchange, only every third has a profession and every second has never had a regular job) and encounter problem in adapting to social life. According to the data for 2004, the total number of persons released from places of detention and registered with local labour exchanges comprised 3.2 thousand persons. Among them, persons aged 30–49 accounted for a very large share (40%), whereas minors below 25 made up 36%. Only 24% of such persons took up employment. Moreover, society and employers approach the former convicts in terms of their motivation and employability with distrust, though, given an increasingly growing deficit of workforce, this factor is gradually losing its weight.

With a view to assisting persons released from places of detention, in 1999 the Republic of Lithuania launched the Programme for Convicts and Persons Released from Places of Detention (subsequently extended to encompass the period of 2004–2007). The Programme effort is focused on the assistance to persons representing this social group and on the improvement of activities performed by the organizations in charge of providing social rehabilitation and integration services to prisoners. The current programmes aimed at social integration and rehabilitation of these persons are generally of an educational nature and, therefore, do not provide the prerequisite for these persons to refraining from criminal conduct and develop skills. The problems encountered by

person from this particular group of social exclusion are of a particularly complex nature, as many of ex-convicts return from places of detention with already developed dependencies and transmissible infections.

Considerable and increasing shares of convicts have neither a professional background nor the basic educational. Therefore, a number of detention establishments are instituting training programs, e.g. language or computer literacy courses, etc., aimed at enhancing future chances of these persons in getting employment. Nevertheless, still a large share of convicts shows reluctance in taking advantage of these training opportunities (according to the data for 2006, those who did take up training activities at detention institutions comprised only around 30%).

In 2000–2002, 28% of ex-convicts were put under repeated detention, which, in fact, implies that there is still much room for improvement in terms of services (social assistance, job placement) effectiveness. Practice shows that most ex-convicts, who have been involved in specialized labour market integration programs, in fact, are not apt to commit repeated crimes.

Integration of persons dependable on drugs, alcohol or other psychotropic substances

According to the data of the State Psychic Health Centre, in 2005 the country's registered number of drug addicts and persons suffering from alcohol addiction per 100,000 residents was 157,8 and 1770,4 respectively. The ratio of persons dependable on drugs was continuously growing and even doubled since 1997, whereas the number of persons addicted to alcohol was noticed to be taking a declining turn (as of 1997, it totalled to 1980,4 persons), however, with certain periods of fluctuation. The major share of persons suffering from addition diseases resides in the largest cities and some individual municipalities (for instance, Visaginas). These persons also represent the group exposed to the highest risk of HIV infection/AIDS.

Likewise in the case with other risk groups, integration of these people requires application of complex measures and provision of assistance on a continuous basis. Meanwhile, closer collaboration between social assistance and health care institutions is still scarce. An integrated system that would help persons suffering from drug and alcohol addiction to get involved in the process of disease treatment and social rehabilitation and successfully finalize it, acquire adequate qualification and, eventually, find job is not yet available. Nor has the country developed a multi-stage support system for children and teenagers (motivation – rehabilitation – social integration); hence in most cases they fail to complete the rehabilitation course or encounter problem of getting involved in learning or job activity even after the completion of course. In fact, the available network of rehabilitation programs and institutions is rather small, its support is not effective enough and the staff in most cases lacks knowledge and working skills.

The Republic of Lithuania is implementing its National Drug Control and Drug Addition Prevention Programme launched in 1999 (consequently extended to embrace the period of 2004–2008). Under this Programme, the Ministry of Social Security and Labour funds projects initiated by different NGOs and associations engaged in drug addiction prevention and drug addicts' rehabilitation activities. Most projects are being implemented on a continuous basis and imply follow-up activities; however, the requirements to their quality and effectiveness must be substantially revised with a view to their increase. Moreover, low supply of these services as well as lack of diversity and high prices has a negative effect on their accessibility, in particular with respect to children and teenagers.

Assistance to victims of human trafficking and prostitution

Experts estimate that the scale of trafficking in women in Lithuania is the largest among the Baltic countries (1000–1500 women trafficked per year) and the number of trafficked women is increasing. High relevance of human trafficking problem is reflected in the data on the increasing number of young women being extradited from foreign countries and suit cases entered against women trafficking dealers.

The support to victims of prostitution and women trafficking is extended through the implementation of Human Trafficking Prevention and Control Programme (covering the period 2005–2008), whereby the aggrieved persons are provided social services. Much effort is focused on the activities of prevention, too. Most assistance is extended to NGO projects, as they are able to offer high efficiency and quality services. The lack of these services is still high (the number of beneficiaries in 2003 comprised only 200 women); their accessibility is mostly ensured in the largest cities; preventive work with young girls and women is scarce and more effective methods of prevention and control yet have to be adopted. In addition, in order to ensure the effectiveness of reintegration process, it is necessary to establish a closer cooperation between NGOs and public institutions, perform the activities in a coordinated manner, train special profile specialists and build up cooperation networks (which would enable the provision of more specialized services and the enhancement of services quality). Almost no systemic assistance is available to under-age victims of human trafficking. The level of problem awareness and tolerance within society remains to be low.

Integration of national minorities

With the view to ethnic structure, Lithuania is a rather homogenous country – according to 2001 census data, the nationals account for 83.5% of the total population in Lithuania. The most numerous national minorities are the Poles (6.7%), the Russians (6.3%) and the Byelorussians (1.2%). These are representatives of the neighbouring nations having successfully integrated into the country's cultural, economic and political life. The rate of employment, unemployment and poverty as well as other indicators of social cohesion recorded for these national minorities generally absolutely correspond to the country's average; therefore, it is unreasonable to speak about any exclusive position of these society groups within the labour market or the necessity to take any special action aimed at enhancing their integration, especially considering the fact that from 2003 the Department of Statistics no longer collects data on these indicators.

The only obstacle encountered by representatives of national minorities in the labour market is poor command of the Lithuanian language. The problem has higher relevance to persons of older age as well as to representatives of national minorities with lower educational background. It is more typical to the municipalities showing a more diverse national structure (for instance, within the local structure of population, persons of other nationalities account for 75.6% in Vilnius district, 88.6% in Šalčininkai, 46.4% in Švenčionys and 45.4% in Trakai district municipalities) and in cities of Vilnius and Klaipėda, where the Lithuanians represent 57.8% and 71.3% respectively.

Absolutely different situation, however, is with the Roma people. The problem of integrating the Roma people into society and the labour market is still pending. The community of the Roma people residing in Lithuania counts 3000 persons. Most of them have no ID documents, housing or regular job. The high level of poverty among the prolific families of the Roma people is related to unemployment. Moreover, the Roma children in most cases start attending school at a too late stage or do not attend it at all; therefore, their educational background is very low. Nearly one fifth of the Roma children leave school prematurely hence failing to acquire the basic education.

Moreover, not a single Roma person was found listed on the latest official records of secondary school graduates; therefore, most Roma people have no profession. Based on the data of the public opinion poll², the general approach of the Lithuanian society towards the Roma people is rather negative and they seem to stand as the least trusted minority, which, eventually, encumbers their integration into the labour market.

During the census 2001, 38% Roma people reported having no command of the Lithuanian language. Unlike in the case with other minorities, the knowledge of the Lithuanian language is more common among the Roma people of older age than among Roma minors. Drug dealing and drug abuse are very widely spread in the Roma community. With the view to international requirements, integration of the Roma people is performed under special programmes designed specifically for this particular group of national minorities by social security, health and education institutions and offices in close mutual cooperation.

Making use of innovations and transnational cooperation in tackling social exclusion problems: experience gained in implementing the European Community Initiative EQUAL Programme

The qualitative factors ** of **innovations** created by projects under EQUAL Programme were evaluated based on the following criteria:

- suitability and relevance;
- efficiency (relative effect of innovation in eliminating discrimination factors referred);
- productivity in terms of added value generated;
- economic validity and sustainability of application;
- potential impact on policy and practice.

The evaluation of innovations generated by EQUAL projects enables us to conclude that innovations are generally understood by projects developers in terms of: 1) new methods of building up an open labour market and innovative models for tackling target group-specific problems; 2) new consultancy methods or assistance structures as well as new forms of assistance; 3) new organizational approach to problem handling or work planning; 4) any other innovative actions taken in dealing with target groups or other stakeholders which could be useful in terms of deriving lessons or be applied in the work of other organizations or institutions. As referred by project developers, the quality of innovations being generated should be ensured through the following: provision of professional assistance giving explanation on what makes a quality innovation and what it takes to create it; simplified projects administration system; ensured sustainability of projects and employer interest to cooperate with project developers. However, finalizing of conclusions on the quality of innovations as well as their contribution to projects in terms of added value generated will only be possible after the projects are completed, as the system of regular evaluation enabling measuring of project success at any stage of project implementation was not envisaged by project developers prior to starting the implementation activities.

² The public opinion poll “Tolerance Profiles in Lithuania” conducted in 2003 by “Vilmorus“ Ltd. revealed that only 14.1% respondents reported a positive attitude towards the Roma people, whereas a negative approach appeared to be spread on a much wider scale (reported by 42.7%).

** Regular evaluation report of the European Community Initiative EQUAL Programme in Lithuania, 2004-2008, drafted by a public enterprise “Projektų vadybos centras“.

The benefit generated by **transnational cooperation** in terms of its contribution to the quality of EQUAL projects results may be rated as positive. A general trend observed is such that development communities operating on a national scale and formed on a sector-based platform tend to enjoy a higher effect of transnational cooperation and a more active involvement in transnational activity. As believed by project developers themselves, transnational cooperation has enabled the achievement of considerable time and cost savings in searching for and subsequent testing of solutions to raised problems. The lowest rating of transnational cooperation effect was reported by those project developers whose original objective set to transnational organization was centred on the transfer/adoption of experience; alternatively, the highest rate of impact was achieved by project developers who originally aimed at creating common results through joint effort and mainstreaming these results on the country-wide level. In addition to direct impact, transnational partnership brings a significant contribution in terms of added value generated; i.e. contribution to the growth of personal and corporate competence in the area of business and administration.

Furthermore, the benefit of transnational partnership depends on the criteria for selecting foreign partners. In most cases, foreign partners were selected by a specific target group or problem, in more rare cases – based on the criterion of problem handling methodology. It is namely the latter approach, i.e. partnership established based on the specifics of innovations being created, which ensures the highest quality of transnational partnership. The Lithuanian development communities were passive in selecting the partners, i.e. they were invited to join the transnational partnership by foreign project developers.

Problems encountered by project developers in cooperating on a transnational scale:

- different progress achieved by countries in implementing EQUAL Programme;
- communication (language factor);
- national programmes (projects) administration systems;
- different approach to responsibility in implementing transnational actions;
- different level of transnational partners (when problems of a target group or methods on solving them are disparate).

The experience gained in implementing EQUAL Programme in the area of innovations as well as transnational cooperation instrument planning, implementation and evaluation will be applied in implementing the activities financed from the European Social Fund mostly focused on tackling the problems of employment and social coverage.

Table 2. Major disparities between the Lithuanian and the EU average in the area of social exclusion.

Comparison of disparities

Indicator	Year	National average	Annual 25ES average	Degree of disparity
Poverty risk level	2004	20,5	16 (2003)	High
Children aged 0–17 living in households with none member working	2004	9,6	6,2	High
Persons aged 18 and over living in households with none member working	2004	10,2	6,6	High

1.3. GENDER EQUALITY IN THE LABOUR MARKET

Keynotes

- A notably high rate of employment among women and elderly people (aged 55–64) was achieved and it even exceeded the EU average. Nevertheless, these as well as other groups of population still encounter a great deal of difficulty and discrimination in the labour market.
- Lithuania made a considerable progress in ensuring equal opportunities for women and men (established a respective legal framework and a system for the state policy implementation); however, many current labour market indicators suggest that in reality the situation of women and men is different: lower employment and higher poverty level among women; existence of vertical and horizontal segregation in the labour market; still occurring non-abidance by the principle requiring setting of equal salary for the work of equal value for women and men.

The concept of gender equality encompasses several underlying and interdependent aspects. It implies equal opportunities for women and men to be economically independent, commensurate representation of both genders in decision-making processes on political and economic issues, equal sharing of home routine work and child care responsibilities as well as elimination of all forms of violence against women and overcoming of gender-related stereotypes. Implementation of gender equality principles can hardly be confined to a single individual sphere and hence requires effort on a wide multi-area scale.

Lithuania managed to make certain progress in ensuring equal opportunities for women and men. First, there was developed a legal framework and established a system for the state policy implementation. In 1998, the Seimas of the Republic of Lithuania adopted the Law on Equal Opportunities for Women and Men. Furthermore, on 2005 the Law on Equal Opportunities, prohibiting discrimination on the grounds age, sexual orientation, disability, racial or ethnic origin as well as religion and beliefs, came into force. The same year also marked the approval and commencement of (the second) National Programme on Equal Opportunities for Women and Men 2005–2009. The projects implemented under EU Structural Funds and EQUAL Programme aims at improving women's situation both in the economic and social area. The Office of Equal Opportunities Ombudsmen functioning since 1999 is entrusted a wide authority in investigating individual complaints on gender discrimination in the area of employment, services and study and make recommendations on the amendments to relevant legislation.

Despite this, numerous labour market indicators (unemployment rate, level of poverty, vertical and horizontal labour market segregation, labour remuneration) still signify the existence of difference between women and men in terms of their position. Inequality may further increase in the context of a greater global economic integration, which, in its own turn, offers more favourable opportunities for a more flexible and mobile workforce. This creates a number of disadvantages to women who are often compelled to choose between children and professional career. Thus, women still are in a disadvantaged position within the labour market, the rate of employment among them is lower and level of poverty, to the contrary, higher; can we say that the labour market is not making use of their qualification and competences to a full possible extent. The major factors underlying such situation are the unpopularity of flexible work organization forms and the lack of child care services and non-stationary social services to persons in need of home care.

In addition, the problem becomes even more acute and intractable given the existence of gender-related stereotypes still vital within the Lithuanian society, which develop in the family, are further promoted by mass media and lack appropriate address within the education system. These stereotypes imply the belief that the differences between the position of women and men are of a natural and inherent character. This belief, in turn, prevents the application of appropriate measures that would help to eliminate these stereotypes and improve the management practices at companies, organizations and institutions. Consistent integration of gender-related aspects in the activity of situation analysis, strategic planning, budget formation, resource allocation, etc. is not yet observed either in the private or the public sectors.

Female employment and economic activity

The Lisbon Strategy sets the target whereby female employment should achieve by the year 2010 the level of 60%. Based on the Eurostat data, female employment rate in Lithuania in 2005 stood at 59.4% (cf. 66.1% for men) exceeding the EU average by 3.1% and nearly approximating the target set. However, the rate of female employment varies among different age groups. The comparative analysis of indicators for 2000–2005 reveals that the total level of female employment is increasing, largely due to the growth of employment rate among the female population of older age. Despite this trend of growth, the employment indicators for elderly age women are still low and are lagging behind those recorded for men. In 2005, the rate of employment among female population aged 55–64 stood at 41.7% lagging behind the indicator recorded for men (59.1%) by 17.4%.

According to the data of the Department of Statistics, the total rate of economic activity for female workforce in 2004 achieved the level of 65.6% (cf. 72.7% for male workforce) but appeared to be lower by 1.1% than that recorded for 1998. The rate of female economic activity within the age group 15–24 during 1998–2005 Q III declined by 14.7% (dropping from 35.8 down to 21.1%) and was lower by 8.6% than that observed within the male population. The presence of these gaps may be partially ascribed to the fact that women tend to be more active in taking up study activities. On the other hand, the female economic activity for all age groups (save for the age group of 60–64) is lower than that of men and exhibits the trend of decline. Over the period 1998–2004, the growth of female activity rate was only observed within the age groups 30–34 and 55–64.

Female unemployment rate

The total rate of female unemployment in 2000–2005 was decreasing (plunging down from 14.1% to respectively 8.3%) but was higher by 0.1% than the male. However, with the decline in the number of total registered unemployed population, the share of women increased. Based on the data of the Lithuanian Labour Exchange, the share of women and that of male in the total structure of the unemployed population as of the beginning of 2003 almost equalled in size, however, as of 1 January, 2004, women already accounted for 53.6% of the total unemployed population, as of 1 January, 2005 respectively 57.4% and as per 1 January, 2006 – even 61.1% (See Fig. 6).

Higher, too, was the share of women among the registered long-term unemployed population (67.6%) and within the total number of population staying jobless for longer than 2 years women accounted for as much as 69.4%. Within the total structure of unemployed population, the share of long-term unemployed women tended to show the highest increase and even 67.2% of the total unemployed pre-retirement age population were women. Should this trend of increase in the share of long-term unemployed women observed during 2003–2004 persist, this will have a negative effect on the motivation of women to participate in the labour market and their professional qualification and will increase not only women's but also their children's social

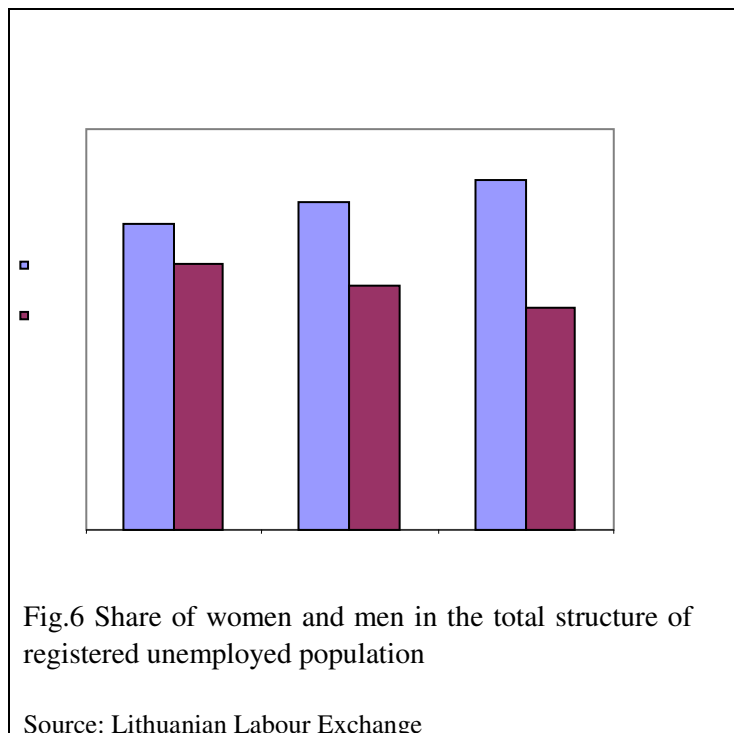


Fig.6 Share of women and men in the total structure of registered unemployed population

exclusion and other related problems (poverty, social stress, increasing delinquency). Long-term unemployment of women generally adds to the economic passiveness of their children and encumbers the process of their social integration.

Poverty and social exclusion among women

Women represent a poorer part of society in Lithuania. The average net income per household headed by a woman is lower for all household categories. Particularly notable gaps are observed in the category of household represented by a one-parent family raising children below 18. According to the data for 2004, the monthly net income per member of a single-mother household compared to a single-father household in average was lower by 59.6 Lt (390.7 Lt and 450.3 Lt respectively).

The level of poverty over the period 2003-2004 per household of one-parent family with preteen children increased by 4% (respectively from 19.4% up to 23.4%) and exceeded the national average, which in 2004 stood at 16.8%, by 6.6%. Nearly every fifteenth family is a one-parent family raising children below 18; furthermore, in 98 cases out of 100, children are left to stay with a mother after divorce, therefore, poverty especially affects women and their families, in particular those raising many children or living in rural areas. In 2004, 28.7% of children were born out of wedlock, 9% whereof were children living with a single (unmarried) mother. Hence, increase of economic activity and employment becomes a very important factor of poverty reduction.

The phenomenon of poverty feminization may adversely affect the long-term development perspectives of the state. Poverty of women, as a social group, directly affects the economic welfare of their children and, at the same time, reduces their future opportunities for successful integration into society as well as for acquisition of appropriate educational background, qualification and skills, which, in turn, may give rise to the formation of long-term unemployment affecting several generations and have a negative impact on the general level of workforce qualification.

Vertical labour market segregation

The labour market in Lithuania features the presence of vertical segregation. Though the general level of education for women is higher, their representation in managing positions and on decision-making levels is still low. Based on the data of the Department of Statistics for 2004, women accounted for 60% of the total population with higher education and 56.9% of post-graduate students. Though within the category of lower management position employees they comprised as much as 81%, their representation in higher management positions was much lower, standing at only 42%. Women represented 48.3% of the total employed population engaged in the scientific research activity; however, among persons having the degree of associate professor (habilitated doctor) and title professor women comprised only 14% and 10% respectively.

In the area of private business, the share of self-employed women or women employers as of 2004 was one and a half time lower than that recorded for men (10% and 16% respectively). A critically low number of women was recorded among the executive managers of large businesses. The list of 600 Lithuanian companies identified as the largest according to the volume of sales and services which was announced by a publication “Lietuvos verslo lyderiai 2004/2005” (“Lithuanian business leaders 2004/2005”) includes only 48 women. Based on the outcomes of a representative survey conducted in 2005, only 37% Lithuanian inhabitants reported believing that women and men enjoyed equal possibilities to compete on the labour market. It should be noted, however, that this indicator decreased by 6% compared to 2004. As much as 67% surveyed women reported having encountered discrimination when applying for a job and 57% said they believed their working conditions were worse than that provided to men. In many cases, employers see women as less perspective workforce – largely due to the probability of their temporary child care leave from work, etc.

The above-presented statistics shows that there exist certain structural and/or institutional obstacles for women to pursue career or start their own business. It also suggests that the phenomenon, generally referred to as a “glass ceiling”, whereby despite the existence of gender equality legislation women are seldom proposed managing positions on the executive level, mainly due to prevailing employer or public opinion, may be observed in Lithuania. On the managing levels of highly feminized employment areas, women represent a minority (e.g., in 2004–2005, women accounted for 78% of education system employees: 86% at secondary schools and 45% at universities; however, the absolute number of university rectors were men).

Horizontal labour market segregation

Some areas of the Lithuanian economy feature a high degree of horizontal labour market segregation – strict classification of professions into “male” and “female”. According to the data of the Department of Statistics for 2004, male workforce prevailed in the sectors of construction (91.5%), transport (74.8%) and agriculture (58.3%); women dominated in the areas of health care (83.8%), education (78%), hotels and restaurants (80.4%) and social services (65%). Such segregation has a negative effect on the development of these areas, decreases their innovative potential as well as determines a relatively lower level of wages paid to women and facilitates even stronger viability of stereotypes about “male” and “female” social roles.

The signs of horizontal segregation are already encountered upon applying to higher education institutions of all levels and upon choosing profession, as men tend to specialize largely in technical areas, whereas women prefer to acquire specialties in humanitarian and social disciplines. This fact contributes to the existence of gender pay gap, since wages paid in the areas traditionally referred to as “male” are generally higher.

Principle of equal pay for the work of equal value

Notwithstanding the fact that the principle of equal pay for the work of equal value is embodied in EU legislation and the Lithuanian law, women in EU earn by 15% less than men (based on the data for 2004). The average wage of the Lithuanian women in 2004 was approximately by 16% lower than that of men. These gaps are determined both by the vertical and the horizontal labour market segregation. In addition, lower pay for women is observed in all sectors which are covered in the fact sheets provided by the Department of Statistics. The largest gender pay gap in 2005 was recorded in the market of financial mediation: wages earned by women in this sector comprised only 49.2% of the average wage paid to men. A lower rate of wage paid to women gives rise to the above-discussed phenomenon of poverty and social exclusion feminization.

Reconciliation of professional and family life

In most cases, the major factor contributing to a more complicated labour market situation of women is the patriarchal model of family still prevailing in Lithuania and implying that family is supported by a single breadwinner – a man, and not by two equal wage earners – a man and a woman. It happens quite frequently that a woman carries a double burden – that of an employee and a housewife. Based on the results of the public opinion poll, women carry out about 75% of all free household chores fall on women. Only 1.2% men make use of the right to take child care leave (cf. with 10% in Denmark and 34% in Sweden as of 2003). Therefore, a great deal of care and paternal work in the family is not usually associated with the responsibilities of a man, either.

The possibility for reconciling professional and family life is important both to women and men because it increases the flexibility of workforce, improves the quality of human life and facilitates a successful integration into the labour market and a stable position within it. Flexible work organization forms, though yet not very popular in Lithuania, enable a more effective reconciliation of professional and family life. In fact, this area, too, features a certain degree of gender-based segregation. Due to traditional classification of responsibilities for looking after children and other family members in need of care as purely "feminine", the number of men working on a part-time basis is twice lower compared to women.

For successful reconciliation of professional and family life, it is also important that the existing system of social services (including preschool development establishments) should be improved. As of 2005, the indicator of child care attendance in Lithuania stood at 18.9% (for kids below 3) and 65% (for kids from 3 to school age). The general tendency observed over the past time was the increase of enrolment in pre-school establishments accompanied by the reduction in the number of such establishments. Based on the data provided by the Department of Statistics, over 2000–2005, the number of nursery-kindergartens plunged from 533 down to 519, kindergartens respectively from 181 down to 136 and kindergarten schools – from 259 down to 241. These tendencies may be partially ascribed to the reduction in birth rate and implementation of system optimization measures. A great deal of kids does not attend pre-school establishments due to family financial problems or lack of such services in some municipalities. The share of children enrolled in pre-school institutions in Lithuania is significantly lower than the EU average, in particular compared to Scandinavian countries. This issue, too, is addressed in the National Lisbon Strategy Implementation Programme which incorporates the target whereby the indicator of child care attendance by the year 2010 should be increase by 30% (for kids under the age of 3) and 90% (for kids from 3 to school age).

Nor is sufficient the availability of non-stationary social services intended to assistance the care of children and sick, disabled or elderly age family members. The lack of such services is particularly critical to women residing in rural areas – as of 2004, the number of children aged 1-6 attending preschool institutions in rural areas was 3.5 times lower than in urban locations.

Comparison of disparities

Table 3. Major disparities between Lithuania and the EU average in the area of gender equality

Indicator	Year	National average	Annual 25EU average	Degree of disparity
Gender pay gap (lower wages for women), %	2004	16	15	Low
Child care attendance (for kids under the age of 3)	2005	18.9	22.9*	Medium
Child care attendance (for kids from 3 years old up to school age)	2005	65	82.5*	High

* While calculating the average for 2003, the data for Ireland, Cyprus, Malta, Slovakia and the United Kingdom were not available.

1.4. LIFELONG LEARNING

Keynotes

- The number of young people graduating from general education institutions in Lithuania exceeds the EU average. The share of youth who abandon school at an early stage and fail to acquire basic and secondary education is lower than the EU average. The graduates of basic education institutions are active in seeking higher education. The overwhelming majority of graduates from vocational training and higher education schools succeed in getting employment.
- The number of persons with high education is significant in Lithuania, however, the quality of their education and the acquired competences do not respond to the demands of business sector and society. Although the share of higher education within the total structure of the country's GDP is notable, the level of system financing in terms of spending per student is one of the lowest on EU scale. Moreover, the content of higher education study programs is not fully adequate with respect to the needs of the country's economy and society.
- The ideas of lifelong learning plough their way in Lithuania with difficulty; the rate of engagement in lifelong learning among the population of employable age is one of the lowest in EU. Poor engagement of workforce in learning activities impedes the sustainable development of economy (in particular, knowledge-based economy) and does not allow the country to approach the EU average welfare level.
- Despite the fact that the country has implemented a number of important reforms, such as the introduction of "a student's basket" principle to the system of education financing, the partial optimization of the education institutions network and the reform of higher studies, etc., Lithuania still needs to improve the regulation of its education system, develop the institutional network for lifelong learning and tackle the problem of low administrative competences observed on all levels of the education system which considerably impedes further development of the system.
- Lifelong learning is further encumbered by problems of poor quality training which derive largely from low qualification of training staff, worn out and morally obsolete education infrastructure and poor supply of teaching aids.
- Education services are not equally accessible to all social groups – very limited access to lifelong learning have the social risk persons of all age groups, the representatives of working-class professions; nor is sufficiently developed the system of assistance to learners and students or satisfied the demand for modern teaching aids intended for adults; moreover, some people are prevented from engaging in learning activities due to lack of financial resources or information.

Goals and targets for education system

In the Presidency Conclusions of Lisbon summit on 23-24 March, 2000, the EU Council underlines the direct link of continuous economic and social progress in the EU to investments into people and their education: “Investing in people and developing an active and dynamic welfare state will be crucial both to Europe's place in the knowledge economy and for ensuring that the emergence of this new economy does not compound the existing social problems of unemployment, social exclusion and poverty.”

The set of national priorities defined and adopted by Lithuania with a view to achieving economic growth, increasing employment and implementing the objectives of Lisbon Strategy, includes the priority for “promoting employment and investment in human capital”. The country’s system of education must be improved in order to be able to make a significant contribution to the implementation of national priorities. The steps to be taken with the view of reorganizing education supervene from the provisions of the National Strategy for Education 2003–2012. The Implementation Programme of the National Strategy for Education sets the priority policies to be pursued in reorganizing education; these policies are duly addressed in the National Lisbon Strategy Implementation Programme, too (See Table 4).

Table 4. Priority directions under the Implementation Programme of the National Strategy for Education 2003–2012 and goals set in the National Lisbon Strategy Implementation Programme

Priority policies set in the Implementation Programme of the National Strategy for Education 2003–2012	Goals set in the National Lisbon Strategy Implementation Programme
improvement of infrastructure;	restructure post-obligatory stages of education system;
improvement of assistance;	develop assistance services to pupils and teachers; improve the minimum standards for material facilities;
improvement of content;	freshen the content of development, training and studies;
improvement of human resources;	enhance the competence of school and university teachers;
improvement of management.	raise the culture of management to a higher quality-oriented level

In today’s world, more and more people tend to understand and view learning in terms of holistic experience acquired by an individual throughout the entire course of life, as neither any individual stage of formal education nor all its stages taken together are able to provide a single universal set of competencies for all situations and stages of life. Competitive and knowledge-based economy may be created only by the society where learning has become commonplace and part of personal culture for each member. The system of education should promote and comprehensively support the needs in lifelong learning. It shall become flexible and eliminate all obstacles to enable the assessment, acknowledgement and improvement of competences in acquiring new skills attained through various types, forms and methods of learning, taking into account the specific objectives and needs of each individual learner. It is necessary to introduce into the system of education certain qualitative changes enabling successful handling of issues associated with the accessibility, monitoring and quality validation of learning, lifelong learning coordination and financing, development of its infrastructure, enhancement of staff qualification and other related problem areas. The underlying documents wherein the lifelong learning development goals are set out include the Strategy for Lifelong Learning and the respective plan of actions for the implementation of Strategy provisions.

The Implementation Programme of the National Strategy for Education 2003–2012 sets the targets to be achieved by 2012. The key targets the achievement of which directly depends on how effectively the assistance of EU Structural Funds will be utilized are presented in table 5 below.

Table 5. Lithuanian education system performance indicators

Lithuanian education system performance indicators	Existing situation		Target to be achieved by 2012
	Year	Value	
Share of children aged 5-6 enrolled in education institutions	2004	77.9 %	90 %
Share of population aged 20-24 with at least secondary education (or secondary education and professional qualification in great request on the market)	2005	85.2 %	90 %
Share of basic school graduates continuing studies under technological profile and vocational training programmes (ISCED Level 3)	2004	25.4 %	50 %
Share of population aged 30–34 with higher education	2003	25 %	60 %
Share of population aged 18-24 with basic education not taking up further education	2005	9,2 %	9 %
Share of population aged 25–64 who participated in education and vocational training activities in four weeks prior to the survey	2005	6.3 %	11 %*
Number of women (per 1000 inhabitants) aged 20-29 who have acquired specialties in disciplines of natural science or technologies at higher education institutions	2003	11,8	13,5

* Considering the current trends, this indicator is expected to reach the target of 11% by 2013.

Value of education system to the innovative potential of the country's economy

Table 6. Lithuania's position among 29 European states rated according to their innovation input, output and summary innovation index (SII); the table presents data for an incomplete list of countries.

With a view to achieving the objectives of economic and social development, during the last years of the period discussed Lithuania was focused on the improvement of its education system performance and attainment of better results. In the European Innovation Scoreboard 2005 Lithuania is seen as a medium performer in terms of investment in innovations, however, the output it obtains seems to be nearly the lowest: the gap between its input and output spans even over 13 positions and stands the highest among all 29 countries rated (See Table 6).

Country	SE	FI	DK	DE	AT	BE	NL	UK	FR	IS	LU	IE	IT	EE	SI	HU	ES	CY	PT	LT	CZ	PL	SK	EL	LV	RO
Input	1	2	5	7	9	6	11	8	12	4	18	17	20	13	16	19	22	14	21	15	27	25	28	26	24	29
Output	2	3	4	5	7	12	8	11	10	16	6	9	13	22	20	18	14	25	21	28	19	25	17	27	29	23
SII	1	3	4	5	6	7	8	9	10	11	12	13	15	16	17	18	19	20	21	22	23	25	26	27	28	29

In calculating the composite index of inputs, in addition to R&D, the indicators for education system were prevailing. The highest ranking placing the country on the 10th position among 25 EU

Member States was given to Lithuania in rating the indicators for 5 innovation drivers, 4 whereof were the indicators for education. Whereas with respect to the composite output index, computed by summing up the indicators for qualified workforce and application of knowledge in economic activity (employment in high-tech industry and services sectors, share of high-tech export, firm turnover coming from new products) and, in particular, the indicators for intellectual property as well as creation and registration of new brand names, Lithuania, however, appeared to be placed among the lowest positions on the ranking list. Thus, relatively high quantitative performance indicators for the input of formal education system sections conceal the weaknesses existing with respect to the performance outputs and impact of education and science systems. Some of these weaknesses are determined by the absence in Lithuania of a modern lifelong learning system. Further sections of the present analysis are devoted to a more comprehensive overview of the current situation and trends in the Lithuanian education sector highlighting the major strengths and weaknesses of the system which determine the low rate of engagement in lifelong learning among the Lithuanian population and provide a deeper look into external factors are expected to have the highest impact on further development of education system in the country.

Commencement of education process

The results of cross-national education achievements studies allow us to assume that early commencement with education activities is one of the factors contributing to the successful process of learning. However, children in Lithuania embark on schooling at a considerably later stage than in other EU Member States – according to the Law on Education of the Republic of Lithuania, a child starts attending the first grade of primary education in the calendar year when he turns seven years of age (see Fig. 7). As of 2003, only 53.1% children aged 4 were attending pre-school institutions in Lithuania and over the entire period discussed this indicator remained almost stable. More notable developments were observed with respect to the indicators for children of older age: the share of children aged five who were attending pre-school establishments increased over 2000–2003 from 56.5% up to 65.3%, and within the age group of 6 – from 72.8% up to 87.4%.

Preschool education is generally provided by municipality institutions. In most cases, preschool education services are subject to charges, therefore, not everyone, especially people residing in rural areas, can afford them. Considering the above, kids living in rural areas embark on preschool education at a later stage, which may have an adverse effect on their learning future accomplishments in the future.

Fig.7 Institutional education of children in 2003 by age groups, %.

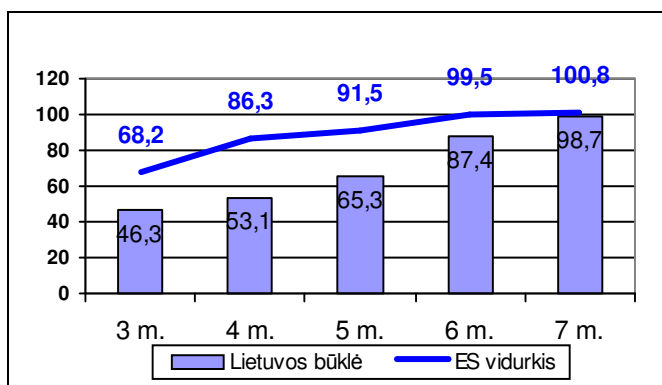
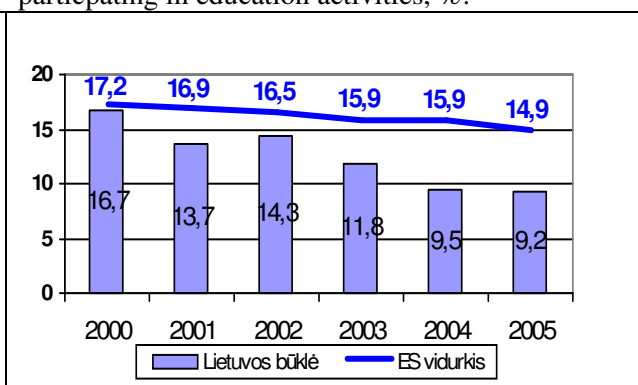


Fig.8 Share of population aged 18–24 who have not completed secondary education and are not participating in education activities, %.



Source: The Ministry of Education and Science

Secondary education

The share of young population with completed secondary education is comparatively high in Lithuania, which is one of the indicators bespeaking of the country's strive for innovation. The Lithuanian indicators on the enrolment of children and young people in basic education institutions are very high and even increasing compared to other EU Member States: compared to the EU average, the share of population aged 8–24 in Lithuania is higher and the share of population within the same age group who have not completed secondary education and do not participate in education activities respectively lower (See Fig. 8). Young people of male gender represent one of the critical groups. Early school leavers among boys account for as much as 12.2%, whereas the share of girls who have failed to complete basic education comprises only 6.2%. The major risk group in terms of early school leave is represented by children and youth having special needs. This category as well as the disabled have more limited access to education services.

In the revised Lisbon Strategy, strong focus is put on the disciplines of natural science. Based on the results of TIMMS study conducted by the International Association for the Evaluation of Educational Achievements (IEA), more than 10 years ago the achievements of the Lithuanian school learners in mathematics and natural sciences, compared to the EU Member States, were on a very low level placing Lithuania at the bottom of the ranking list. However, in subsequent period Lithuania succeeded in making a significant progress which, in fact, was the most notable among the countries surveyed. The EU Member States have set a target to reduce the indicators of illiteracy by 20%. According to the latest data of IEA research, since 1999 the achievements of the Lithuanian children in mathematics have improved by 21.3% and even by 39.5% in the disciplines of natural science. The current results exceed the average for all countries surveyed but are still lagging behind the EU average (it should be noted, however, that participation in the research of best-performing EU Member States was not absolute and consistent).

Quite satisfactory are the Lithuanian indicators for foreign language learning, too. 90% of population in Lithuania report being able to speak at least one foreign language. Only in 9 EU Member States this indicator exceeds 80%, and better results than reported for Lithuania are observed only in Luxemburg, Latvia, Malta and the Netherlands. In Lithuania, the indicator for the average number of languages studied at basic education schools is 1.8 (cf. 1.3 in EU) and at secondary schools respectively 1.6 (cf. 1.6 in EU). The target for the European Union and Lithuania is command of 2 foreign languages. The most popular foreign languages in Lithuania are English and Russian, taken up by 80.8% and 57.4% 8-grade learners respectively. Less popular and more rarely included in the curriculum due to the lack of language teachers are the German and French languages taken up only by 23.5% and 3.4% eight-graders respectively.

The Lithuanian schoolchildren are active in mastering computer skills. As of Quarter I 2005, computers were used by 89% of the Lithuanian learners aged 16 and over and the Internet respectively by 85% used the Internet, whereas the EU average stood at 70% and 61% respectively. However, the use of computers among the Lithuanian inhabitants of older age is rather scarce: within the group aged 35–44 computers were used by 44%, within the age group 45–54 – 33%, within the age group 55–64 – 12% and only 2% within the age group 65–74. Hence, a more rare use of computers is directly associated with the factor of age.

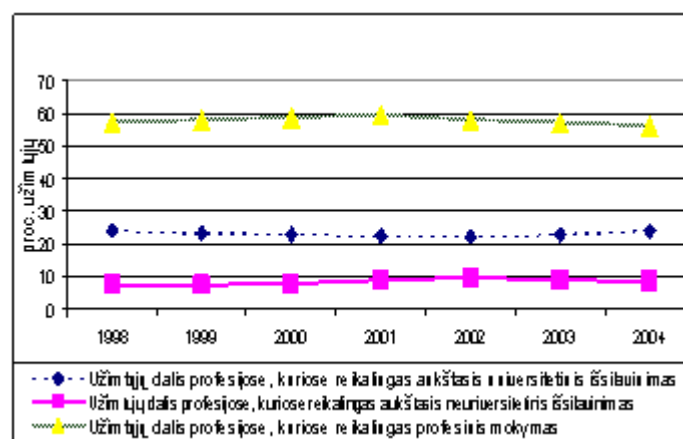
Lithuania has developed an extensive network of informal education institutions for children including 110 art, music, fine arts and dance schools, 103 sport schools and centres as well as 10 centres specializing in natural and technological disciplines. This network provides informal education services to around 80 thousand children all over the country and performs the initial function in discovering and unfolding talents. The network offers a wide range of directive education curricula intended for children below 10. However, the country has not established a system that would enable recognition and development of highly talented children, nor has it designed a methodology for identifying such talents. Furthermore, teachers of general education institutions lack competence and skills in providing assistance to these highly gifted children and cooperation between general and higher education institutions in addressing the learning needs of children having special talents is insufficient. Lack of attention to the learning needs of highly talented children significantly undermines their motivation and impedes further development of their talent, which, eventually, transforms into a gross loss to the cultural and knowledge-based society development in Lithuania.

Primary vocational education

The system of vocational training encounters two major problems. First, the increasing number of young people makes up their mind still while undergoing the stage of secondary education to embark upon graduation on the path of academic education instead of choosing vocational training. As of 2003, the enrolment of the Lithuanian vocation training institutions comprised only 26.1%. The share of male students engaged in vocational training is somewhat higher than that of female learners. The EU average is still considerably higher than the Lithuanian indicator and remains almost stable (or even slightly increased from 55.2% in 2000 up to 55.6% in 2003).

The study “Getting prepared for the optimum development of vocational training infrastructure” conducted in 2005 by the Institute of Public Policy and Management shows that the current tendencies do not fully correspond to the actual needs of the country’s economy. If we analyse the available statistics on employment by profession categories we shall see that the demand for specialists graduated from vocational training institutions is significantly higher than the need for the graduates of higher schools (See Fig.9). A look into the statistic data on enrolment reveals that the share of young people studying at universities exceeds the enrolment of colleges or vocational schools even twice, whereas the share of employees with professions requiring vocational training accounts for over 50% of the total employed population. It should be noted, however, that in the recent time this ratio has been noticed slightly decreasing. Hence, notwithstanding a much higher demand for the graduates of vocational training schools, the overwhelming number of young people gives preference to university education with a critically small share of those who embark on the studies at higher education institutions first having completed the curricula of vocation training.

Fig. 9 Distribution of employed population by professions requiring different level of education



Source: Public Policy and Management Institute study “Getting prepared for the optimum development of vocational training infrastructure“, 2005.

Given the continued situation whereby only 20% of basic school graduates choose to embark on vocational training, many people of employable age decide to emigrate, the structure of the country's economy basically stays unchanged, which inevitably leads to a critical labour market deficit of working-class professions. On the other hand, due to the existence of supply-demand disbalance, some part of university graduates will be compelled "to climb down the ladder of professions" or search employment in other EU Member States, and all this would imply that the state funds allocated to support the system of education were used ineffectively. Furthermore, employers having recruited persons lacking necessary skills need to invest significant time and financial resources in the proper vocational training of such employees which otherwise could have been provided at the education institution of appropriate level. Considering the results of the aforementioned study, investment into the quality of vocational training curricular shall be increased, since graduates of vocational schools will stay the most requested workforce in the country's labour market for a long time. It is also necessary to improve the system of vocational guidance (information, counselling and development of career planning skills) and facilitate the increase of enrolment in vocational training institutions, especially in those providing proper training in the economic activities which offer the best working conditions. The vocational training curricular providing training in areas offering to graduates wages only slightly exceeding the minimum rate already now face the problem of compiling the necessary number of students in groups. Alternatively, the curricula providing training in areas where the level of wages was high (e.g. the construction sector) attracted quite a number of students which even exceeded the maximum limit of enrolment.

The development of high-tech industry sectors is often mistakably assumed as depending exceptionally on the shortage of university graduates. In fact, namely the quality of vocational training system results is approached with utmost attention by EU Member States where the industry of high technologies has achieved a very high level of development and namely the graduates of vocational training system comprise the major share of employees working in high-tech industry areas. Similar situation is observed in Lithuania, too. Based on the data of the Department of Statistics for 2004, the share of employees whose professional qualification may be only acquired through study at the respective vocational training institution accounted for the major number of employees engaged in all largest high technology - intensive industrial sectors of the Lithuanian economy. Moreover, the share of employees whose professional qualification may be only acquired through study at a respective vocational training institution 2004, too, comprised the major share of all employees working in all knowledge-intensive services sectors (save for the area of scientific and applied research and computer-related areas, including the respective education). Therefore, it is reasonable to assume that investment in the development of knowledge-based economy, in particular high-tech industry sectors, and implementation of innovations is sometimes impeded in Lithuania namely due to the lack of high qualification vocational training institutions and, in frequent cases, due to the shortage of graduates from non-university type of higher schools but not of those graduating from universities.

One of the reasons for low enrolment in vocational training institutions is a poor image of vocational training system predominantly determined by a poor state of its material facilities and a low supply of the required resources, which, eventually, translates into a low quality of services. A look into the enrolment situation after the secondary school shows that there are numbers of learners who still continue their education at vocational schools or give up training activities at all. The institutions of basic vocational training should endeavour to attract these learners immediately after they have completed the basic education.

Another problem faced by the vocational training system in Lithuania is associated with the level of graduate competences which in terms of labour market demands are not always fully adequate. Based on the data of employer survey conducted by the Institute of Public Policy and Management in cooperation with *TNS Gallup*, the graduates of vocational training institutions mostly lack special vocational skills. The situation that the competence attained by graduates does not fully respond to the needs of the labour market is caused by the lack of practical training equipment (and teaching aids) and by failure of teaching staff to keep pace with the latest developments and innovations in technological, production and services provision processes. To this end, it is vital to facilitate and promote placement or even partial employment of training staff in companies, on the one hand, and update the teaching curricula for students of vocational training schools, on the other hand. Neither the system of professional qualification improvement for teachers operates fully effectively (in fact, it is only in the seminal state), although the project on the system conception was available already in 2002.

Based on the qualitative analysis of the employer survey results, the majority of employers think that the graduates of vocational training schools lack not only special skills but also general competences pertaining to the culture of work, the feeling of responsibility and communication skills, etc. These competences play an extremely important role not only in the sector of services but other areas, too. In frequent cases, employers are determined to invest in the professional knowledge of their employees themselves but they are not inclined to put up with the lack of necessary general competences. Hence, the development of general competences should start already in the stage of basic education and be further continued at a higher level. This would facilitate a more successful integration into the labour market. Today, the implementation of such education content innovations at schools of general education has only started pushing its way.

Higher education

Lithuania has developed an extensive network of higher education institutions including 15 State-funded and 6 non-State funded universities (with the total enrolment of 139 thousand students, 4,3 thousand whereof accounted for students studying at non-State funded institutions, data for 2004–2005), 16 State-funded and 12 non-State funded colleges (with the total enrolment of over 52 thousand students, 10 thousand whereof were students of non-State funded higher education institutions, data for 2004–2005). The ratio of specialists prepared at universities and non-university higher education schools (in 2004–2005, the enrolment of colleges accounted for 29% of total enrolment) does not respond to the labour market demand for these specialists and the respective trends in EU Member States (according to the Eurostat data for 2002–2003, the enrolment of non-university education sector in Belgium accounted for 52%, in Estonia 39%, in 37% and in Latvia respectively 19% of all students).

In the recent years, about 70% of enrolment in the Lithuanian higher education schools is represented by persons who have completed the secondary stage of education in the same year, the group of typical age students (19 years old in Lithuania) is also growing in size. In 2004–2005, 108.5 thousand students were full-timers (comprising 57% of the total enrolment) and 82.2 thousand followed evening and extramural studies.

The rate of admittance in the Lithuanian high schools is very large, therefore, very tough competition does not exist among the applicants: based on the data for 2004, the competitive ratio of entrance to university studies under the general enrolment calculated as a number of applicants per one position made up only 1,32. However, the major issue of concern in Lithuania is not the quantity but the quality of high education studies. Based on the data obtained from different

sources, the content of high education studies does not correspond to the needs of science, labour market and society; moreover, the graduates of high schools lack both practical and general skills.

Around 60% of all persons studying at and graduating from high education institutions are female and male students respectively comprise 40%. Furthermore, high education studies feature a certain degree of horizontal segregation: women are more apt to take up studies in the area of social services and services to individuals as well as pedagogic and health care, whereas young men give preferences to disciplines of transport and safety services, engineering and computer-related areas.

Lithuania is placed on a high-ranking position with respect to the share of persons with high educational background within the total population: based on this indicator, Lithuania is ahead of the EU average (See Table 7); persons with high education account for 35% of the total population aged 25–34 (cf. with the EU average of 24.8%). According to the ratio of those seeking high education within the total population aged 20–24, Lithuania is second only to Finland. Given an increasingly growing number of students, the major question of concern giving rise to active discussions becomes the issue on the improvement of quality indicators. Lithuania’s rating according to the share of persons with high education background in the disciplines of natural science and engineering is also rather high (the fifth ranking position among all EU Member States).

Table 7. Share of persons (%) with high education within the total population aged 25–34, 2004

	Total	Male	Female
Lithuania	35	29.8	40.3
25EU	24.8	23	26.7

Source: Eurostat, 2006

The quality results of studies are partially reflected in the indicators on the integration of graduates into the labour market. The rate of employment among the graduates of universities is rather high (See Table 8). The graduates of high education institutions were least frequent on the Lithuanian Labour Exchange list of jobseekers, though in absolute figures their number only very slightly exceeded the number of graduates from vocational schools. The share of graduates from colleges or vocational training institutions registered on the labour exchange was approximately twice as large as that of university graduates but compared to the share of graduates from higher schools or higher study curricula it was almost twice lower.

Table 8. Share of persons graduated in 2005 from university high schools, college, higher schools (or higher study curricula) and vocational training institutions who were registered on the Lithuanian Labour Exchange before 1 September, 2005.

Types of institutions	Number of graduates in 2005	Registered unemployed as of 1 September, 2005	
		number	share of graduates, %
University high schools	28089	609	2.2
Colleges	11173	548	4.9
Higher schools	2178	197	9
Vocational training schools	12980	685	5.3

The data on employment should be interpreted taking into account, among other things, the fact that the university graduates, who fail to find job corresponding to their qualification, in frequent cases replace the graduates of colleges and vocational schools hence expelling them from the labour market. Over 20% university graduates reported having taken a job not corresponding to the professional qualification they had acquired at the education institution (see Table 9). Based on the findings of surveys carried out abroad, persons taking up employment in areas not requiring the qualification they have acquired generally are paid much lower wages than those who work according to their respective qualification. It should be noted that in 2004 the highest rate of employment according to the acquired qualification was recorded among the graduates of colleges. With respect to the graduates of vocational schools, this indicator increased very significantly and in 2005 almost reached the level college graduates. The improvement of employment indicators may be also linked with the deficit of workforce brought about by economic emigration from Lithuania, rapid development of the country's economy and slow growth of wage rates.

Table 9. The share of graduates from vocational training schools, colleges and university high schools who found job according to their respective professional qualification in the total number of employed graduates, %

Year	Vocational schools*	Colleges*	Universities**
2002	n/a	n/a	67
2004	66.6	78.3	75
2005	81.8	82.7	n/a

* Source: Public Policy and Management Institute study "Preparation for the optimum development of vocational training infrastructure", 2005.

** Source: Labour and Social Research Institute report "Labour market competitiveness of high school graduates in the context of workforce supply and demand", 2004.

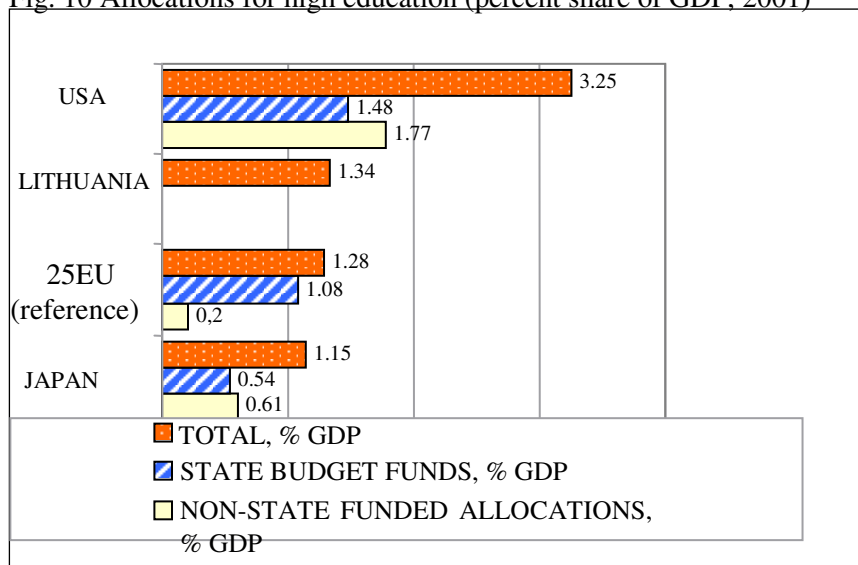
High education schools still feature a great deal of narrow specialization and overlapping study programs. In some cases, the content of studies fails to conform to the actual needs of the country's economy, largely due a poor stock of resources, and the process of refreshing it is too slow. It impedes the professional career of graduates and encumbers their adaptation to changing labour market conditions. Based on the data of university graduate and employer survey conducted by the Institute of Labour and Social research, university graduates mostly lack practical training (see Fig. 23). The lack of practical training could be interpreted as the lack of the following practical skills: independent work skills (reported by 37.2% employers interviewed during the aforementioned survey), team work skills (25.7%) as well as critical and analytic thinking (21.7%). Numerous research studies show that only a very small share of graduates from the institutions of the Lithuanian formal education seeks to start or start their own business. The need to develop students' entrepreneurship and the skills of leadership is overlooked to a considerable extent through all stage of education system. The system is focused predominately on the transfer of information rather than on the stimulation and development of independent critical and analytical thinking and creativity.

The quality of studies is also adversely affected by the lack of financing. Although the share of State budget allocations for high education is increasing each year (over the last period of 3 years it increased up to 1.3% GDP – more than in other neighbouring states, See Fig. 10), the scope of financing is still insufficient due to the increase in the number of students studying at State-funded universities. Over 2000–2004, the enrolment of State-funded universities grew up by 19% and the number of persons studying at State-funded colleges increased by 13 times. Such rapid increase in the number of students has the opposite effect on the amount of spending per student following studies at a State-funded education which now is much lower than the EU average. Based on the

data for Quarter I 2001, the spending per student at a State-funded institution in Lithuania made up only 3.1 thousand euro expressed in terms of purchasing power standard (PPS) (calculated based on the PPS for 2001 which was 1 euro = 1,6662 Lt), whereas the average for the EU Members States in 2001 comprised 8.6 thousand euro in terms of PPS. The contribution of other sources within the total structure of system financing is significantly lower compared to the State budget allocations (in 2003, within the total structure of financing provided to universities and colleges, private sources accounted for 38.5% and 29.4% respectively).

The system whereby the major share of education system financing is provided from the State funds can hardly facilitate the improvement of study quality or motivate high schools to provide more effective services (deliver top quality services within the shortest time and at the least cost). In fact, it only encourages high education schools to keep students on their enrolment lists for as long as possible. The inefficient use of the State budget assignments is also determined by the lack of effort aimed at identifying the real demand for specialists and the absence or inadequacy of study quality (result) evaluation methodology.

Fig. 10 Allocations for high education (percent share of GDP, 2001)



Source: Eurostat, 2006

The university high schools in Lithuania are governed on an autonomous basis but hold no real accountability to society or liaison with social partners. Contrary to the recommendations set out in the White Papers, the functions of university senates are confined to the domain of public supervision and patronage. The authority of public supervision is limited to the evaluating of some projects or documents proposed by university rectors and the actual power of decision-making is held by the senates, the members whereof are represented by university employees and students. The absence of real accountability and liaison with social partners significantly impedes the effort on bringing together the key partners for innovations – business entities, high schools and research institutions. In fact, we have a situation where real social accountability of high education institutions is replaced by the function of regulation on the part of the State. Unlike higher university schools, colleges have adopted a better internal governance model enabling real empowerment of social partners and ensuring proper accountability to them.

Engagement of adult population in continuous training

One of the key indicators of lifelong learning bespeaking of the society potential for creativity and innovation is related to the involvement of adult population in the activities of continuous training. In 2005, the share of Lithuanian population participating in continuous training was twice as low

as that recorded for EU. Although this gap between Lithuania and the EU has decreased over the recent period of 5 years, it is unlikely that Lithuania will succeed in catching up with the EU which has set a target to raise this indicator by the year 2010 up to the level of 12.5%, whereas the most ambitious expectation for Lithuania is at least to approach by 2010 the level 10%. Based on the data of the Department of Statistics, the difference in terms of population participation in the lifelong learning system between urban and rural areas is very distinct: the rate of engagement in lifelong learning activities among people aged 25–64 in cities stands at 7.2%, whereas in rural areas it makes up only 3.2%.

Adult population tends to show low activity in all learning areas – formal and non-formal learning or self-education, and the lowest rate of activity, which is twice as low as the EU average, is observed namely in the area of non-formal learning. According to the data of Eurostat, the engagement in continuous learning activities of persons with lower qualification is several times lower than that observed among people with higher qualification, and this trend transforms into the issue of increased concern to the sectors of agriculture which heavily rely on the labour force with working-class professions. The findings of the sociological study “Situation of non-formal adult education. Population and employer approach towards informal adult education” confirm that the weakest point in the system of non-formal adult education is namely training and retraining of the working-class labour force. The learning needs of that particular group are least satisfied compared to other professional categories. However, the most critical problem is low awareness of these learning needs among the workers themselves and, in particular, the prevailing employer approach which implies that learning for workers is least needed.

Fig. 11. Share of persons aged 25–64 who were engaged in learning activities in 4 weeks prior to the survey, %

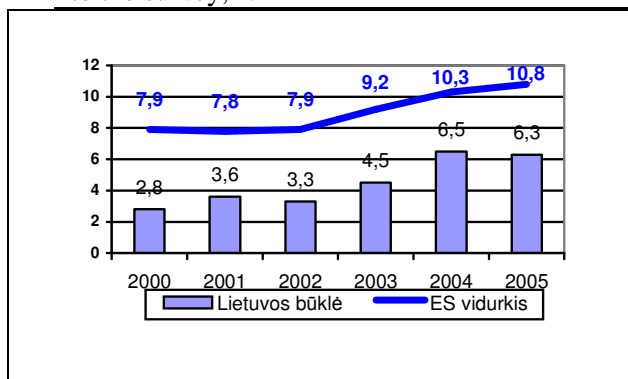
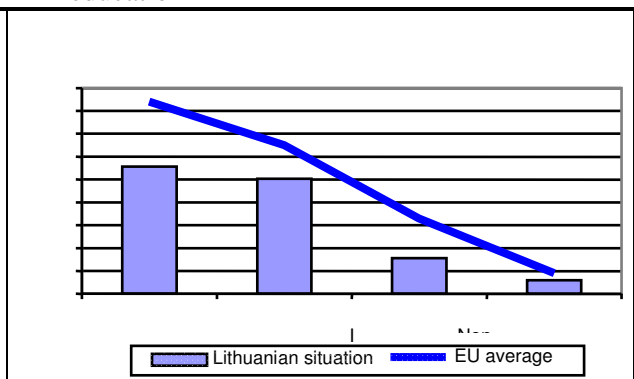


Fig. 12. Annual distribution of learning population aged 25–64 by different forms of education



Source: Ministry of Education and Science, 2006

In Lithuania, a considerable share of employable age people takes up learning activities through self-education: at the working place (e.g., learn intensively to cope with a new job or position), at home or in public libraries, etc. However, knowledge acquired through this methods of learning lack systematic approach and profundity. They could be regularly improved through other forms of education. Such very modest contribution of education system to the continuous learning of adults has an evident detrimental effect on the innovative potential of the Lithuanian workforce, growth of productivity and, ultimately, on the economic competitiveness of the country.

According to the data of the study “Development of adult learning possibilities within the framework of Lifelong Learning Strategy” conducted in 2004 on the request of the Ministry of Education and Science, around 83% percent of the total population aged 16–74 did not participate

in the last years in any learning activities. 62.5% population would not be inclined to take up learning even if all obstacles hindering continuous education were eliminated.

Inactive engagement in learning activities is also determined by the fact that a considerable share of adults fail to acquire the civil competence the need whereof is dictated by new developments in a modern democratic society. The lack of civil competence, in turn, undermines the civic society at large. The civic competence manifests itself as active involvement in public activities (membership in various organizations) as well as upholding and protection of such values as tolerance, democracy and human rights, etc. Based on the data provided by the Institute of Civil Society, currently only 17% of the country's population are involved in the activities of various public organizations or movements. With the view of determining the level of civil awareness, much importance should be attached today to the evaluation of non-democratic governance forms, too. In Lithuania, these non-democratic governance forms are rated rather high – the policy of “strong hand ruling” still receives a strong support on the part of the society. As reported by nearly half (46.6%) of the Lithuanian inhabitants, the political system with a strong leader whose power is not constricted either by parliament or election is or is likely to be more appropriate to Lithuania and only 34% think otherwise. Thus, we may assume that upholding to such values may also have an adverse effect on further development of the country's economy. Considering the above, we could conclude that such a situation is undoubtedly determined by the lack of certain civil competences.

One of the most critical problems in adult training is the shortage of modern teaching material. Over the last fifteen years, almost no andragogic literature, in particular intended for learners, was published in Lithuania.

In addition, continuous learning is becoming important due to the demographic processes observed in Lithuania. The birth rate in the country has been declining since 1990 and the natural growth rate of population stays negative. Hence, the country's system of formal education will eventually face the shortage of enrolment. The effects of the demographic processes first affected the system of general education and in 2006 the system of vocational training; soon they will become apparent on the level of high education, too. The society is ageing and this brings about the need to achieve that the existing population should stay economically active for the longest possible time. These trends, alongside with the ongoing rapid economic and technological developments, increase the importance of continuous training, however, the system of formal education is not yet adapted to accommodate these needs. Both professional training and high education schools provide a very limited scope of continuous learning services. An especially low share of income is earned from the independent provision of these services by the institutions of vocational training. High schools offer equalizing, extramural and evening studies aimed at satisfying very important needs in lifelong learning but they still provide a very limited scope of non-formal training, qualification improvement or retraining services intended for highly qualified specialists.

Vocational guidance (information, counselling and development of career planning competences) system

In building and developing the Lithuanian single vocational guidance (information, counselling and development of career planning competences) system, a particular importance is attached to the role of vocational guidance services provided to students of general education, vocational training and high education schools. The purpose of providing these services at schools of general education is to help the learners in identifying their own professional interests and aptitudes, acquire the basic skills in career planning effort and work out an individual plan of development. Provision of these services at vocational training schools is aimed at assisting the learners in

designing and implementing individual plans of learning activity and in applying career planning skills for making their professional career plans as well as in developing the skills ensuring their successful integration into the labour market (self-introduction, job seeking, etc.). At high education schools, these services help the students in designing and implementing individual study and career plans. Vocational guidance services planning and delivery effort requires the availability of specially trained school personnel with appropriate qualification, methodological material and other aids designed specially for the provision of vocational guidance services and career planning themes integrated into the content of education as well as the existence of vocational guidance infrastructure. The provision of vocational guidance services at general education, vocational training and high education schools in conjunction with the measures of social and psychological assistance could contribute to the prevention of early school leave, creation of favourable conditions for school learners and students to make successful use of opportunities for taking up further education or studies and help to foster learner adaptability to developments in the labour market.

Lifelong learning system restrictions

Lithuania has already made a considerable progress in reorganizing its education system and adapting it to lifelong learning needs. Among the major system-related developments, there could be mentioned the transition to a 10-year basic education. The country has undertaken a gradual reorganization of its institutional general education network and optimization of vocational training network. Non-university studies delivered by large regional colleges established on the basis of comparatively small and highly specialized higher schools have been also instituted. The introduction of a “student’s basket” principle into the financing framework of education institutions encourages general education and vocational training systems to increase their efficiency. Despite this, a number of system-related deficiencies still observed on all levels of education system impede the effort of increasing its adaptability to meet the lifelong learning needs.

Almost no actions have been made so far with a view to initiating the establishment of systems and methods for the recognition of non-formal and self-education. Hence, within the system of formal education, persons having profound experience in terms of knowledge of life and profession are juxtaposed to those who have not gained such experience and the content of education therefore does not meet their individual needs. That is why a considerable share of older population do not use the services of formal education or even opt out of learning activities at all. Thus, it is necessary to create the required conditions which would enable due recognition of individual attainments and encourage a person to seek new qualification.

Low level of vocational training and high education system integration is one the major reasons why the overwhelming share of brighter young people opt for taking up studies at a high school directly after graduation from a general education institution, hence bypassing the system of vocational training. Persons who have acquired a profession and seeking further improvement of their professional qualification at a high education institution have to start their studies together with person having no qualification, which implies that their former learning attainments are not duly evaluated and recognized. The system of high education lacks incentives for persons who have accumulated working experience according to professional qualification acquired before and are considering the possibility for returning to the system of education and taking up first or second level studies.

A number of young persons avoid the system of vocational training due to the absence of a closer link between general education and vocational training. The network of technological gymnasiums, where learners will be also able to acquire professional qualification, now is only in the first stage of creation process. Such gymnasiums would help to rehabilitate the prestige of vocational training and increase the number of young people who will make vocational training part of their lifelong learning strategy. The steps towards a closer integration of general education and vocational training will definitely facilitate the effort of reorganizing the network of general education and vocational training institutions since they will enable the association of institutions representing different systems as well as cooperation of their resources and strengths. This, in turn, will increase the quality of education services and foster the economic efficiency and financial viability of education institutions.

The mobility among education institutions of the same level is rather limited, too. The system of vocational training standards which is supposed to set general requirements to be equally applied to training programs intended for specialists of the same profession and provided by different vocational institutions of the same level is now undergoing only the initial stage of development. On the level of university education, regulations governing study courses are available only for some study areas. These regulations should set general requirements to be equally applicable to all programs of any study course.

Lithuania has just started developing its national qualification evaluation system which is supposed to encompass the evaluation of attained competence and the system of credit accumulation. The system of qualification evaluation is expected to foster cohesion between qualifications acquired at different levels of education system and eliminate some obstacles which restrict and encumber lifelong learning. The development of lifelong learning system is also impeded due to a fragmented nature of vocational guidance (vocational information, counselling and development of career planning competences) system which should provide assistance to persons seeking information on study possibilities and help them to plan their own professional career. Vocational information and counselling centres are operating only in 6 counties. The activity of vocational guidance carried out by 46 local labour exchanges is more focused on job seeking and labour market training. Due to low development level of services, only 10–15% young people seek counselling prior to picking their profession. In order to increase the accessibility of these services, it is necessary to expand the network of institutions including any subdivisions and information terminals thereof providing the services of vocational information, counselling and career planning competence development, enhance the diversity and quality of services, train qualified vocational guidance specialists and improve qualification of vocational guidance services providers. The aforementioned improvements are expected to be introduced within the framework of implementing the Vocational Guidance Strategy.

Lifelong learning accessibility

Based on the data of the international adult literacy survey, around 22-25% of people in the world have limited reading skills. The problems of low adult literacy and shortage of teaching material have a significant impact on the increase of social exclusion among adult population. The phenomenon of social exclusion should not be linked only to unemployment or low income. Social exclusion limits the access to the most important areas of human activity, such as education, work, family, participation in the country's political life and the activities of communities and associations as well as leisure and recreation. These areas of human activity are closely interrelated, and adult training is one of the major measures helping to reduce social exclusion in all aspects.

Lifelong learning is not equally accessible to all social groups. Some groups are doomed to social exclusion and are confined (either voluntarily or not) to minimum education. Low educational background, in turn, restricts the possibility to participate in social life and increases poverty. The major risk groups include children living in poverty or having special needs, the disabled, adults without basic education and the long-term unemployed. The access to qualification refreshing services for women returning to work after the maternity leave is not yet fully ensured, either.

In Lifelong Learning Ensuring Strategy for 2004 it is indicated that 16% Lithuanian inhabitants live beyond the line of poverty and among children of pre-school age this share is even higher topping over the level of 20%. The majority of families suffering poverty encounter serious social problems and do not properly attend to the education of their children: there are almost no books at home, the intellectual development of such children is retarded and they start schooling with a notable lag. The availability of pre-school education institutions in rural areas has critically decreased. The total number of such establishments in Lithuania counts 699 and only 204 of them are located in rural areas; therefore, integration of socially untended children from rural areas into the purposive lifelong learning process becomes problematic.

The system of general education is poorly prepared to cope with the integrated teaching of children having special needs; teachers lack competence in individualized or special training; the system of assistance to children with special needs and their teachers is not duly developed. Nor is the structure of education content at non-specialized education institutions properly accommodated to address the needs of individualized or special training; the education targets are shifting each year making it difficult to keep the individual pace. The conception of special needs itself is expanding as the number of children and young people who reside in the country on a temporary basis (children of migrating employees, people seeking emigration or persons staying in Lithuania on a temporary basis, etc.) is growing in the country. Thus, with a view to improving the indicators of successful learning (engagement in learning activities and acquisition of educational background), Lithuania has to accept the challenge of individualized teaching. However, the methods and skills required for individualized education are still lacking in the country.

The number of persons with physical disability studying at adult education institutions is very low. The Law on Social Integration of the Disabled was adopted in the republic of Lithuania already in 1991; however, actual effort aimed at facilitating the education of persons with disability saw light only at the end of 1998. At the present moment, the number of adult education schools the enrolments whereof include the disabled is very limited. Based on the data of different survey, in the academic year 2001/2002 the disabled comprised only 0.02% of the total adult formal education enrolment. In most cases, schools are not equipped with special elevators; the entrances, libraries and rest rooms are not fitted to accommodate the needs of persons with disability; the system also lacks special teaching aids intended for persons having different forms of disability. There is no developed system of assistance to disabled persons who wish to study together with people without disability.

A considerable number of employable age persons have no basic education, which is a serious impediment for them in seeking to advance their professional qualification and, at the same time, improve their position within the labour market. For those wishing to take up studies under higher level vocational training programs the availability of a basic education diploma is an obligatory requirement. Vocational training institutions lack equalizing study programs which would make it easier for such people to satisfy their individual learning needs.

The overwhelming majority of the unemployed registered on the labour exchange have no professional qualification at all or have already lost it. Most of them are the long-term unemployed having lost their learning motivation and skills. In frequent cases, it is very difficult to rehabilitate these lost skills and acquire professional qualification. The traditional active labour market measures often fail due to the lack of effective methods and qualified specialists. Many persons aged 16–25 neither work nor study and do not register with the labour exchange. These persons lack motivation to take up a job or studies and rarely apply to public authorities, therefore, the data about such persons are very scarce and even when they are available, it is hardly possible to keep trace of them since they are scattered across different institutions and are not filed in a systemic manner. Hence, the provision of assistance helping such people to rejoin the education system or get integrated into the labour market becomes especially complicated.

Lifelong learning human resources

The efficiency of lifelong learning system depends on the quality and motivation of human resources. Based on the data for 2003–2004, the total number of education system pedagogues made up 83,9 thousand, 57.1% whereof worked at general education institutions. Over a decade, i.e. from 1993 to 2004, the total number of pedagogues grew up by 12.5%. The highest increase was recorded at universities (around 50%) and colleges established on the base of higher schools under closure. The number of pedagogues working at general education schools and vocational training institutions had been decreasing since 1999. However, the recent involvement of the country in EU education assistance programmes contributed a lot in facilitating the improvement of education system personnel qualification and promoting the exchange of school learners and students.

The system of general education started witnessing a deficit of qualified teaching staff, though the total ratio of teachers and school learners in the country is one of the lowest in Europe. There is a lack of teachers in certain disciplines (e.g. the English language) as well as in some regions, especially in rural schools, where many compulsory disciplines are taught by non-specialist teachers. The decline in the number of teaching staff at general education institutions is inevitable due to the decreasing number of children coming to general education schools, however, given a higher lack of teaching staff, the number of children at some institutions could become even lower. As of 2003, the total teaching staff at general education institutions comprised 47,9 thousand teachers (cf. 48,8 thousand in 1993).

Within the system of education, most active in improving professional qualification seem to be the pedagogues of general education schools. In-service training services are provided by the national Professional Development Centre for Pedagogues operating in Vilnius, by regional Teacher Training Centres as well as the respective NGOs. This system helps to disseminate new advanced teaching methods and improve the quality of teaching. On the other hand, these Teacher Training Centres focus more on the organizational activity (e.g., they invite lecturers), whereas more effective institutional services of consultancy and other assistance to schools are still lacking. In line with progress in implementation numerous education innovations envisaged in the National Education Strategy, the need for qualification improvement increases accordingly. However, a more adequate response to this dramatically increased need for qualification improvement is yet prevented by the lack of school consultants for whom this activity in most cases is only secondary and who are paid a very low salary due to lack of financial resources. In addition, the efficiency of system performance is limited by poor supply of up-to-date teaching aids to in-service training institutions and schools. Furthermore, teachers still lack skills in integrating children with special needs into

the general system and providing individualized teaching and the system of teacher in-service training is not yet capable to provide the teachers with all required knowledge.

As of 2005, the total number of teaching staff working in the system of vocational training counted 3537 pedagogues (cf. around 5 thousand in 1993), 1358 whereof was teachers of general education and 2179 profession trainers. Three highest qualification categories were assigned to 70% general education teachers and 60% profession trainers – the share somewhat smaller than at general education institutions. The major problem faced by the vocation training system in terms of human resources is related to the lag of profession pedagogues behind the practical reality and poor knowledge of the newest developments in technological, production and services provision processes. Therefore, it is necessary to facilitate and encourage placement or even partial-time employment of pedagogues at companies, on the one hand, and update training programs for the students of vocational training institutions, on the other hand. The system of in-service training for profession pedagogues is only in the seminal stage of development and, therefore, is not yet operating, though the concept of profession teacher training and the standard of profession were available already in 2002. The graduates of teacher training and pedagogical studies are trained to work at pre-school institutions and general education schools, but there are almost no studies intended for training profession teachers. Recently, there have been instituted the studies aimed at training specialists of the andragogical discipline. Furthermore, disciplines ensuring the competence in andragogy shall be incorporated in all teacher training programs.

The system of high education has a sufficient number of pedagogical staff with formal qualification, over 9 thousand whereof worked at universities and more than 3,5 thousand at colleges (as of 2004). In 2004–2005, over 4% college teachers had a pedagogical title and over 6% held an academic degree – twice as many as in the previous academic year. At universities, the number of teaching staff holding a pedagogical title or an academic degree, however, slightly decreased over the same period, which happened largely due to the move of some part of teachers from universities to colleges. Despite this, the share of staff with a pedagogical title or an academic degree at universities still remains much higher compared to colleges – 57% and 41% respectively. This is natural, since colleges are oriented towards vocational training and therefore college teachers are focused on gaining up-to-date professional experience in their respective discipline rather than on acquiring an academic degree or a pedagogical title.

A serious problem faced by the system of high education is the ageing of teaching staff (in particular, at universities). Due to relatively low salaries paid to teachers and scientific officers or the unfavourable academic environment, some part of persons holding a doctor's academic degree as well as high school teachers and scientific officers choose to move to other areas of activity or emigrate abroad.

The institutions delivering studies are poorly engaged in research activities and the content of studies rarely incorporates the results of the latest fundamental and applied research works. The teachers of profession studies in many cases are too remote from practical activities in the sectors of industry and services and therefore have little knowledge of innovations in technological, production and services provision processes. Therefore, it is necessary to facilitate and promote placements of teachers at companies and refreshment of study programs.

The majority of employees at institutions providing the services of vocational guidance (vocational information, counselling and development of career planning competences) are represented by general psychologists who have acquired specific competences in the area of psychology independently. At the present moment, none high school trains vocational guidance specialists.

Therefore, teacher training programs shall incorporate the issues enabling the teachers to acquire competence in the area of career and lifelong learning planning.

The Lifelong Learning Ensuring Strategy indicates that the Lithuanian companies lack internship instructors. One of the principle components of vocational training is practical training the major part whereof shall take place under real work conditions. Internship is incorporated in all study programs delivered by vocational training, higher and high non-university schools. Trainees undergoing internship at companies or organizations shall be guided by specially trained instructors.

An especially important role in ensuring the efficiency of lifelong learning system falls to education managers. School principals undergo certification and, if necessary, take up the respective qualification improvement programs. Most of the principals from all types of education institutions have been already certified. Several universities have instituted postgraduate study programs in education management. However, the setting and culture for the development of education management competence has not yet been formed. Therefore, the results achieved in this area at the current stage are not very notable and the lack of qualified managers in all types of schools and on all levels of the education system is still present. Similar problems may be also observed in the country's corporate sector. An increasing number of business entities start realizing the importance of regular employee training activity. Given the deficit of workforce, the country's employers will show more willingness in establishing cooperation with education institutions, investing in the training of future employees or qualification improvement of the existing staff. However, so far only a very limited number of companies have designed their respective human resources development plans; furthermore, human resources managers working at these companies still lack competence required in the area of human resources development.

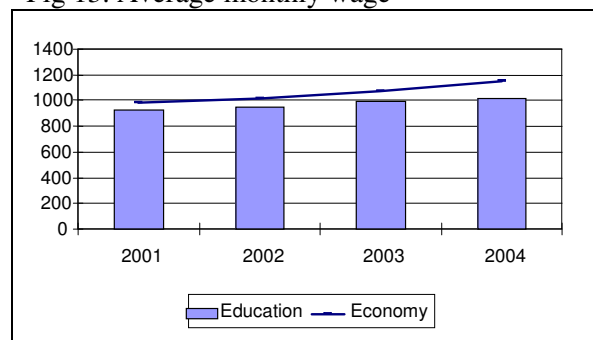
The findings of a study "Development of adult education possibilities in the context of Lifelong Learning Strategy" carried out in 2004 by the Ministry of Education and Science revealed that a considerable number of education managers lacked information on the issues of lifelong learning policy. Nearly half of managers heading adult education institutions appeared to be not familiarized with the basic legal documents. Similar lack of knowledge was also observed among the managers of non-formal adult education. Poor knowledge of legal content demonstrated by a large share of education employees working in managing positions implies that this particular area of education is still underemphasized both in promoting and elucidating the ideas and strategic objectives of adult education and in establishing a coordinated adult education system.

Development and penetration of new technologies may facilitate the increase of education system efficiency. To this end, it is necessary to enhance the respective competence of teaching staff on all levels of the education system allowing the incorporation of ICT in training and study programs. About 30% vocational training programs and 40% study programs delivered by State-funded colleges are intended for training specialists in the areas requiring professional level of ICT skills. However, a great deal of the respective teaching staff lack comprehensive knowledge of the possibilities provided by up-to-date ICT-based teaching aids and therefore are not yet ready to ensure the effective use of these measures in the process of training and study. Thus, in acquiring computer hardware, software and ICT-based teaching aids, considerably higher amounts of investment should be allocated for the implementation of these technologies in the process of training and study, i.e. for the improvement of staff qualification, adoption of new methods and refreshment of the existing or creation of new teaching content. The gap existing with respect to the employment of ICT in professional training and the qualification of profession trainers is expected to be filled by the respective Profession Teacher Training Programme being implemented

within the framework of implementing ICT in the system of vocational training (2005–2008). Moreover, the follow-up of this as well as other similar programmes and measures intended for teaching staff at education institutions of other levels is supposed to extend over the next period of 2007–2013.

Despite the fact that the sector of education features a much higher degree of qualified workforce intensity than the recorded average for the overall economy, the wages of employees engaged in the economic activities of education in average were lower than the national wage rate (See Fig. 13); lower, too, was the rate of their increase compared to the average rate of wage increase observed in other sectors of the country's economy. Thus, we may say that the system of education in terms of wage level was and remains to be uncompetitive compared to other areas of economy. Low rate of wages renders the system of education unattractive to talented people, especially of young age, hence triggering the process of “brain drain” to other areas and facilitating the aging of pedagogical staff. All these factors put the system under threat.

Fig 13. Average monthly wage



Source: Department of Statistics of the Republic of Lithuania

Comparison of disparities

Table 10. Major disparities between Lithuania and the EU average in the area of lifelong learning

Indicator	Year	National average	EU average	Degree of disparity
Participation of 4 year old children in education, %.	2003	53.1	86.3	High
Share of persons with completed basic education curricula and studying at vocational training institutions in the total number of persons in the secondary stage of education (ISCED 3), %.	2003	26.1	55.6	High
Share of persons aged 25–64, who participated in the activities of continuous education in 4 weeks prior to the survey, within the total population of the referred age group, %.	2005	6.3	10.8	High
Share of persons aged 25–64, who participated in any form of education in the year prior to the survey, %.	2003	27.8	42	High
Share of costs spent by companies for employee training within the total structure of labour force costs, %.	1999	0.8	2.3	High
Share of companies taking up employee training activities within the total number of companies, %.	2001	43	72	High
Ratio between the number of children and computers at schools attended by learners aged 15	2003	17.6	12.9	High

Ratio between the number of learners and teachers at general education schools	2003	9.7	13.7	High
Spending per student (GDP)	2002	3.2	8.6	High

1.5. RESEARCH AND TECHNOLOGICAL DEVELOPMENT

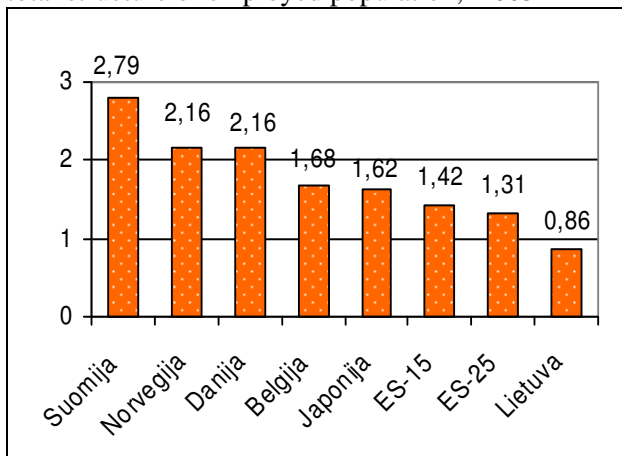
Keynotes

- Lithuania has developed an extensive network of RTD institutions; however, it features certain problems specific to the RTD structural framework, management and regulation environment.
- The country has accumulated a high research potential in certain areas of applied research and witnesses active formation of competence centres and networks.
- The RTD activities performed in the public sector are poorly oriented towards meeting the actual economic and social needs of the country; the assimilation of RTD results in the business sector is too low and the cooperation between business entities and public research institutions is not sufficient.
- The research infrastructure and information base yet need to be developed.
- The RTD human resources do not respond either to the current and projected future needs: low number of researchers (in particular in the business sector); high average age of researchers engaged in the public sector; insufficient quality of II and III stage studies; insufficient level of researcher qualification and competence; high rate of “brain drain” and low level of researcher mobility.
- Low level of business sector investment in RTD services and human resources.

RTD system human resources

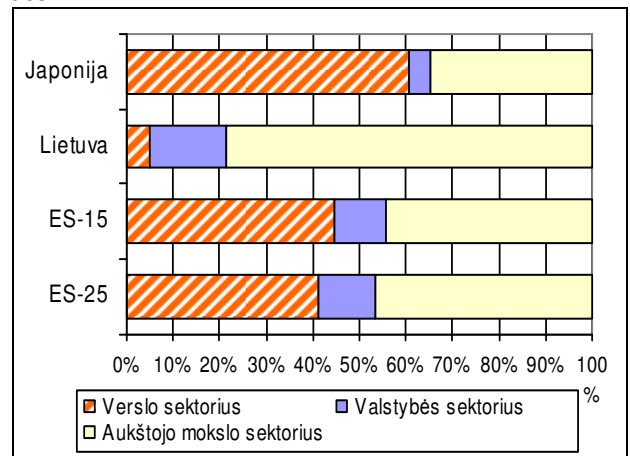
As of 2003, the number of persons engaged in the creation of RTD services in Lithuania totalled 14,5 thousand, 5,4 thousand whereof were the researchers with an academic degree. With respect to the ratio of researchers within the total structure of employed population, Lithuania still stands well below the EU average (See Fig. 14).

Fig. 14. Share of researchers (%) within the total structure of employed population, 2003



Source: Eurostat, 2006

Fig. 15. Distribution of researchers by sectors, 2003



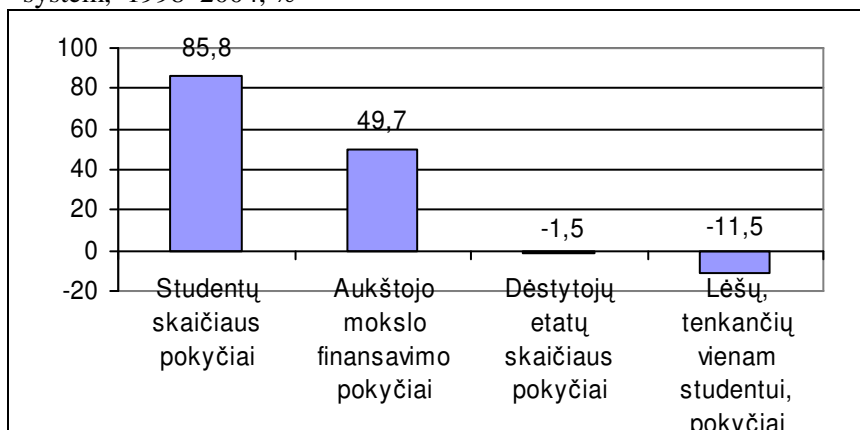
The overwhelming number of the Lithuanian researchers are concentrated in the sector of high education. Unlike in the EU, where based on the data for 2003 the business sector employed 49% of all researchers, researchers engaged in the Lithuanian business sector comprised only 6.7% of the employed population (cf. 5.1% in 2004). Over 80% Lithuanian researchers working in the business sector are concentrated in larger companies (with the staff of over 50 employees); the number of new companies operating in knowledge-intensive areas independently from public research institutions is limited. Although the share of researchers participating in the international exchange and placement activities is increasing, their domestic mobility between the scientific and the business sector or within the public sector is still very low. Moreover, the representatives of science and education institutions and research agencies have limited possibility to participate in scientific events and exchange information with foreign colleagues and experts as well as to invite foreign colleagues to their own institutions or take placements in scientific centres abroad themselves.

The uncompetitive working conditions existing at the Lithuanian public research institutions (large gaps in terms of wage rates, the infrastructure and information base existing between Lithuania and other countries, in particular compared to the USA, Japan, Southeast Asia and the old EU Member States) give rise to the process of “brain drain” and depreciate the value of scientific career in the eyes of the youth, whereas measures aimed at enhancing the image of scientific career and encouraging young people to pick the profession of a researcher are very scarce. Therefore, the country must put effort to ensure better environment for researcher career.

The distribution of researchers by age groups shows that the employees of older age dominate in the system. In 2004, 32% researchers with an academic degree were over 55 years old. Such age-related distribution pattern may give rise to the deficit of researcher workforce which the country is endangered to face already in the nearest coming period (given the retirement of the existing elderly employees and no inflow of young labour force). Furthermore, two thirds of older age researchers are men; however, the breakdown of researchers by gender within the age group below 44 allows us to expect that this gender-related inequality will be levelled in the future.

A dramatic increase in the number of students observed in 1998–2004 had a reducing effect on the amount of spending per student and increased the ratio of students to teachers. The ratio of students (representing all study stages) to one full-time university teacher in 2000 stood at 14.6%, whereas in 2004 it already reached the line of 22.3%. The ratio of students to teachers must be changed in such a way that in line with the decrease of workflow per teacher, the possibilities for teacher involvement in TDP

Fig. 16 Quantitative developments in the Lithuanian high education system, 1998–2004, %



Source: The Department of Statistics of the Republic of Lithuania, 2005

should enhance and the universities could foster their capacity to compete on the international level.

In 2004, over 9 thousand teachers worked at universities and more than 3,5 thousand at colleges. Over the period from 1990 to 2004, nearly 4 thousand persons in Lithuania acquired a doctor's degree (compare with the annual average of 386 in 2000–2004 and 172 in 1993–1999).

Despite the fact that the number of post-graduates enrolled in doctoral studies was increasing over the last period, Lithuania is still lagging behind the Nordic States according to the annual ratio of persons acquiring a doctor's degree per 1 million inhabitants (cf. 106 in Lithuania and 236 in the countries of Northern Europe, data for 2003). Moreover, the number of doctors in exact and natural sciences is too low in Lithuania. Likewise in the case with other high education studies, the quality of doctoral studies and the qualification of graduates raise certain doubts.

Although the number of persons with a doctor's degree is increasing every year, the staff of young teachers and scientific officers at high schools is still too low. The problem of academic staff ageing has not lost its relevance, either. Based on the data for 2001, 47% researchers with a doctor's degree were above 50 years old. Over the last couple of years, the number of teachers within the age group 25–34 was slightly increasing, stayed stable within the age group 60–64 and kept growing within the age group 65 and over. However, due to the uncompetitive working conditions (relatively low wages and the unfavourable academic environment), some part of persons with a doctor's degree as well as high school teachers or scientific officers choose to move to other areas or even emigrate from the country.

Table 11. Number of students enrolled in III stage university studies by study areas

Study area	Number of students		Of them, women		Persons who acquired a professional qualification, a professional degree or an academic degree	
	2003–2004	2004–2005	2003–2004	2004–2005	2003	2004
Residency studies, total	1190	1185	796	810	604	514
Doctoral studies, total	2331	2498	1316	1440	252	258
Humanities	405	398	278	279	42	44
Social	745	836	482	551	68	65
Physical	254	277	124	134	25	40
Biomedical	402	438	250	290	76	56
Technologies	525	549	182	186	41	53

Source: Ministry of Education and Science, 2006

Since 1999, the level of mobility among students and teachers has increased over three times, however, it is still too low. In 2004–2005, only a very small share of Lithuanian students and teachers, i.e. 1445 and 571 respectively, studied or took placements at foreign universities under the *Socrates/Erasmus* mobility programmes.

Despite the fact that the relative number of students in Lithuania is one of the highest in the world, the current workforce engaged in the Lithuanian sector of research and technological development, however, does not respond to the up-to-date needs of the sector in terms of either quantity or quality. Not only the area-specific skills of researchers but also their horizontal competences still need to be developed and raised to the level which would meet the requirements of modern standards. Poorly developed and out-of-date research infrastructure and information base and lack

of coherence between the existing study programs, on the one hand, and business and social demands, on the other hand, determine low quality of researcher training and hamper the effort aimed at improving the quality of research and raising the qualification of scientists and researchers.

Considering the envisaged global growth in demand for RTD employees and taking into account the mobility of the workforce employed in this sector, we may say that Lithuania is confronting serious challenges having the potential of undermining the country's strategic goal to become a competitive and knowledge-based economy. Since the largest share of RTD activities in Lithuania is covered by the public sector, the key task would be to increase the State-funded financing of the sector and join forces primarily in those areas where Lithuania has achieved a comparatively high level of competence by merging small size and economically unviable state-owned research institutions and promoting their economic independence, internationalization and orientation towards meeting the actual needs of the country's economy and society.

RTD infrastructure

Lithuania has built up an extensive research and high education institutional system (only the public sector counts 15 universities, 18 university research institutes, 17 state research institutes and 8 state research establishments), however, the added value generated by the system is too insignificant. Though the research activities performed in the country cover a variety of different areas, such large number of research institutes results in a high level of system fragmentation and low efficiency of its performance.

Lithuania has accumulated a rather notable research potential in certain areas of applied research (biotechnology, electronics, lasers, informatics, mechanics, etc.). Some Lithuania research centres already enjoy the fame of excellence centres recognized on the EU level and a number of new competence centres and networks emerge on the national level. The attainment of competitive results in RTD on the international level and development of high-tech industry may be achieved through concentrating the available limited resources in the existing and newly emerging excellence centres.

The quality of the existing RTD infrastructure (i.e., research facilities, communications, libraries, etc.), with very few exceptions, is still adequate in terms of today's needs; therefore, the process on developing the research that would meet the actual needs of the business sector, participating in transnational research projects or even training high qualification specialists (especially in exact sciences) is still hampered.

As concluded by local as well as foreign experts, the academic and study base employed by the overwhelming majority of high education schools (especially those specializing in physical and technological studies) is obsolete, too; furthermore, it suffers from the lack of adequate qualification academic and pedagogical staff and a very limited access to the information databases of international research. This, in turn, directly affects the quality of studies and rebounds on the level of graduate qualification and competence.

The Lithuanian education, academic and research institutions are linked together under the umbrella of the Lithuanian Academic and Research Network LITNET. The total number of institutions connected to LITNET has reached the line of 900 and the number of network users has already stepped over the margin of 200 thousand . In 2000, LITNET joined the European Academic Network GEANT (subsequently GEANT-2, joined in October 2004) and since then takes an active part in creating a common area for the European higher education and research

effort. Lithuania has initiated and already launched the project on the establishment of the Lithuanian Higher Education and Research Information System (LieMSIS), the objective whereof is to reorganize, standardize and integrate the information systems operated by academic and study establishments and institutions in charge of regulating and attesting academic and study activities as well as other organizations hence raising them to a higher level of quality.

The boundaries of competence empowered to expert and advisory bodies are not clearly delineated in the existing national legislation. The inadequate role performed by these bodies in regulating the system of high education on the national level is a serious obstruction hampering the effort aimed at adopting and implementing in this area an active policy which would be line with the actual needs of the State and society.

RTD financing

Despite the fact that the RTD expenditure in Lithuania has increased 4 times since 1995, the national indicator still lags behind the EU average by over 2,5 times, i.e. based on the data for 2004, within the total structure of GDP it comprised only 0.76%. The RTD sector is predominantly financed from the State budget funds. The National Lisbon Strategy Implementation Programme 2005–2008 sets the target to achieve that the share of RTD expenditure within the GDP structure should be increased by the year 2010 up to 2% (1% in each sector, i.e. public and business).

The comparison of total amounts allocated to finance the activities of researchers shows that according to the total expenditure per researcher Lithuania occupies one of the lowest ranking positions on the list of new EU Member States and compared to the EU average, the gap is even seventeenfold (based on the Eurostat data for 2001, the total RTD expenditure per researcher in Lithuania made up 9 thousand euros, whereas the EU average counted 156 thousand euros). Moreover, the share of RTD expenditure falling to the sector of business in Lithuania is very small.

Table 12. Break-down of RTD expenditure by financing sources, 2004 (ml Lit)as)

	Total	Higher education sector	Public sector	Business sector
Total financing	472,7	254,9	116,5	101,3
Public financing	298.3	202.9	92.5	2.9
Business sector financing	94.3	10.7	11.1	72.5
High education sector financing	28.4	28	0.3	0.1
Private non-profit seeking sector financing	1.3	0.8	0.1	0.4
Foreign financing sources	50.4	12.5	12.5	25.4

Source: Department of Statistics of the Republic of Lithuania, 2006

The current rate of business sector RTD expenditure growth (from 0.11% GDP in 2002 up to 0.16% GDP in 2004) is too slow and should be accelerated in order the sector could achieve by the year 2010 the envisaged target of 1% GDP. At the moment, the demand of business sector in RTD as a knowledge-intensive service is not yet sufficient and business entities are reluctant to increase investment in RTD. Whenever the demand does exist, public entities often find the quality of public sector RTD services dissatisfactory. The situation ultimately results in the absence of a closer link between business entities and academic establishments and places Lithuania on the lowest ranking positions among the EU Member States with respect to the level of RTD

expenditure in the business sector. Today, the business sector is not yet active in intensive deployment of direct (financial) investments in RTD and innovation promoting measures.

The total State budget assignments are distributed among the State-funded academic and education institutions using the methodology which takes into account the quantitative indicators (number of scientific publications, etc.) for a couple of previous years. The method of financing whereby the amount of allocations is determined according to the results of institution performance was introduced in 2000 and it provided stimulus for the growth of academic productivity. On the other hand, the current method of distributing the State budget funds sets back the researchers from taking up new areas of research, as the academic production in the initial stage of developing a new area generally goes down for a while. Today, the major share of State-budget assignments are allocated to finance the institutional research activity as a process rather than the research activity (both applied and fundamental) resulting in concrete works and outcomes having high relevance to the state and society; i.e. there dominates the institutional and not the programme-based RTD financing.

The research activities in priority areas are financed through tendering procedure from the funds of the Lithuanian State Science and Studies Foundation. The total amount of funds allocated in 2005 for tender-based assistance of research activity in priority areas made up 5,88 m Litas (i.e. less than 2% of the total public financing of RTD sector), however, very little attention is given on the part of the State to the development and implementation of new technologies. In 2003, the Government of the Republic of Lithuania adopted and approved The High Technology Development Programme identifying 5 most promising high technology industry branches (biotechnology, laser technologies, information technologies, nanotechnologies, electronics and mechatronics), however, the financial assistance provided for the implementation of the programme is not adequate, for instance, the total financing provided for the development of the aforementioned branches through the measures funded by the Lithuanian State Science and Studies Foundation made up only 4,9 m Litas. Such intensity of financing, however, failed to provide the background for the take-off of qualitative developments. Thus, the Government of the Republic of Lithuania approved in 2006 a new High Technology Development Programme 2007–2013 and The Industrial Biotechnology Development Programme 2007–2010. However, the priority areas set in these programmes may be taken as a reference only. The explicit priority areas under the RTD thematic programmes, the implementation whereof will be supported from the Structural Funds for 2007–2013, will be defined in 2007 (See a description of priority “Enhancement of researcher competences“).

The total amount of financing allocated through tendering procedure grows slowly and still remains very low – in 2004 it comprised only 6% of the total RTD public financing. Therefore, the need to increase the scope of RTD activities supported through programme and tender-based financing is obvious; to this end, it is necessary to implement the restructuring measures envisaged in the National Lisbon Strategy Implementation Programme and other programming instruments.

The involvement of the Lithuanian representatives in the international RTD programmes becomes increasingly intensive. The scope of EU assistance to RTD received by Lithuania during the period of its participation in the 5th Framework Programme (1999–2002) amounted to 10,4 m euros, of them 3,8 m Litas where allocated to universities. In the result of the country’s participation in the 6th Framework Programme (2002–2006), the Lithuanian RTD institutions as of December 2005 had already concluded 139 agreements for the total value of 13 m euro. The success indicator of the Lithuanian applications for assistance under the 6th Framework Programme stood at about 20%, however, the contribution of the Lithuanian institutions in coordinating the projects developed under this programme is low, i.e. in most cases, they participate as minor partners and

therefore receive only an insignificant share of the total project budget. The scientific and study institutions often complain about the financial obstacles hampering their integration into 6FP projects and success in implementing the projects. With a view to retaining and enhancing the activity of scientific and study institutions in submitting the applications for assistance under 7 FP, the institutions must be encouraged to draft applications and the successful applicants and project coordinators must be provided incentives. Most productive in concluding agreements with the European Commission are the universities, state research institutes and university research institutes (61%); business entities are less active (18%).

Scarce and ineffective investments in RTD (in particular in business sector) and deficient mechanisms aimed at promoting business sector investment in RTD can hardly create the necessary preconditions for the improvement of the existing situation. On the other hand, a rapid economic growth and competition on the EU markets open up for companies new possibilities to improve their operations through investment in RTD. To this end, it is necessary to adopt long-term complex measures (investment in the development of human resources and the material facilities of public RTD sector as well as promotion of applied research in the business sector) to be implemented within the research priority areas set by the State.

RTD system efficiency

The output of research and technological development (RTD), as a independent sector of economy (in accordance with the Classification of Economic Activities, this sector includes companies and institutions, the core activities whereof cover research and applied scientific activity (technological development), which are predominantly represented by public research institutions), is exceptionally low compared to other sectors – the added value generated by this sector in 2004 made up only 26.5 m Litas, i.e. only 0.05% of the total added value produced in Lithuania (cf. with 539 m Litas generated by the Lithuanian chemistry industry wherein a very similar size of workforce is employed). Over 2001–2004, the added value of RTD sector declined by 14.2%.

Based on the indicators of the internationally observed efficiency rate level, the scientific output of the Lithuanian RTD sector is low, too. As seen from the annual data on the number of scientific articles published in academic journals provided by the US Institute for Scientific Information, Lithuania's lag behind the EU average in 2003 was almost fourfold (in 2003, the ratio of scientific publications in Lithuania stood at 165 per 1 million inhabitants, in 2004 it increased up to 242, whilst the EU average counted 639 1 million inhabitants). Compared to the indicator recorded for Estonia, Lithuania is lagging behind by 2.5 times. Though the annual growth rate of the Lithuanian indicator for publications is several times higher than the EU average, the publication activity is still predominantly confined to the national level. According to the ratio of patents registered with the European Patent Office per 1 million inhabitants, Lithuania is over 51 times behind the EU average (~ 120 times behind Finland and Denmark and ~ 3,5 times behind Estonia).

The research activities performed by public research institutes and scientific establishments are not adequately canalized towards meeting the actual needs of the business sector and the society at large and lack relevance in terms of their response to modern business development trends. This results in the lack of cooperation between the academic area and the business sector in Lithuania. Based on the data of respective surveys, neither universities nor public research institutes are adequately rated by the corporate sector as innovation partners or information sources.

The number of new knowledge-based companies disaffiliated from universities and research establishments is a very important indicator reflecting the quality and efficiency of RTD

performance. Unfortunately, not a single company of the type has emerged in Lithuania within the recent period. The European Commission is of the opinion that one of the factors contributing to the occurrence of such a notable lag is associated with the problems observed in the area of intellectual property protection and use which are present in Lithuania, too. The Lithuanian science institutions operating in the public sector lack a well-developed structural framework that could facilitate the assimilation of research results in the market. The key criteria applied in Lithuania for recognizing the results of research activities are based on the number of publications in internationally established scientific journals rather than on the application of research results in the process of developing innovations and new technologies.

The national technological platforms represent another important form of cooperation between business and science. Lithuania is witnessing the emergence of numerous national technological platforms, counting well above ten, and the State plans to provide to these platforms purposive assistance aimed at facilitating the process of cooperation. Moreover, the Lithuanian representatives are currently participating in the activities of several European technological platforms (the Aeronautics, Nanoelectronic, Photovoltaic, Waterborne Transport, Construction and other ETPs).

Based on the experience of other countries, the attraction of research centres operating under international corporations specializing in the area of high technologies, i.e. the attraction of foreign investment, could play a decisive role in developing the RTD activities in Lithuania. To achieve this, the State intervention alone is not enough. In addition, it takes a purposive and effective effort aimed at introducing the Lithuanian research potential to the international community through the employment of a wide range of marketing tools.

One of the major prerequisites for the successful achievement of the Lisbon Strategy objectives is the creation of the European research area. The process of integrating into this common area for the old EU Member States is much smoother, as it only takes them to establish closer international links and open up their national RTD programmes. Lithuania, unlike the Member states referred to above, in that respect confronts a number of serious challenges related to the absence of a national RTD programme and poor quality of RTD human resources and infrastructure preventing a wider integration into the European research area. This gap could be bridged only through well-judged investments both in the human resources and the RTD infrastructure.

Comparison of disparities

Table 13. Major disparities between Lithuania and the EU average in the RTD area

Indicator	Year	National average	EU average	Degree of disparity
RTD expenditure, % of GDP	2004	0.76	1.90	High
Number of researchers per thousand sand employees	2003	4	5.4	Medium
Number of researchers in the business sector, %	2003	6.7	49	High
Number of scientific publications per 1 m inhabitants, units	2003	165	639	High

Number of applications submitted to the European Patent Office per 1 m inhabitants, units	2002	2.6	133.6	High
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Source: Eurostat, 2006

1.6. PUBLIC ADMINISTRATION AND ADMINISTRATIVE COMPETENCES

Keynotes

- Despite the fact that the regulatory framework for public administration and civil service has been already established and further developed in the country, the multistage centralized governance structure is not optimum and some of its functions still overlap; the cooperation on the institutional level is scarce. The distribution of responsibility among the central, territorial and local municipality levels is not optimum, either.
- The system of civil servant selection, assessment, primary training and in-service training has been established; the overwhelming share of civil servants have high education qualifications. However, the mobility of civil servant is low, they as well as other employees of public sector lack general competence (including computer literacy skills and competence in using information and communication technologies (ICT)) and motivation.
- The Lithuanian public sector is managed through the application of such processes as strategic planning, programmed budgeting, decision impact evaluation, auditing, etc.; however, the quality of hence obtained results as well as their application in decision-making processes is too low.
- The country features a certain administrative burden on the business sector, a high level of administrative corruption and other problems observed in the administrative environment of business activities.
- The country has launched the implementation of public services (in particular, in the area of education, science and health care) reforms, though the liberalization process in certain sectors of the country's economy has not yet been finalized. The accessibility and quality of public services is not always ensured; the number of E-services and the level of their interactivity is still rather limited.
- The process on transposing the provisions of EU directives to the national legislation is rather effective; however, the country lacks capacity to ensure the adequate enforcement of EU provisions on the national level.
- The level of cooperation between the public and the private sector is too low; the public sector rarely seeks consultancy with the interested stakeholder groups; the representation of communities in decision-making process is scarce; the effort in promoting partnership between the two sectors and in facilitating the development of public administration infrastructure and the provision of public services is insufficient.
- There has been adopted the Master Plan of the Territory of the Republic of Lithuania approved under the Resolution of Seimas of the Republic of Lithuania; the respective master plans of territories for counties and municipalities are in the process of drafting.

Public administration system framework

As of the end 2005, within the Lithuanian system of public administration there operated 930 state and municipality institutions and establishments, 22 whereof reported directly to the Seimas and the President, 126 were subordinated to the system of courts and prosecutor's office, 602 belonged to a separate group of state institutions and establishments and 180 comprised the group of municipality institutions and establishments. The Strategy of Public Administration Development covering the period up to the year 2010 (Official gazette "Valstybės žinios", 2004, No.69–2399) aims at optimizing the system of public administration, improving the internal organizational

structure and performance of the administration institutions operating on the regional level and facilitating local self-governance.

The period from 1995 to 2006 marked a number of developments taking place in the system of public administration including the change of subordination status for some Lithuanian state institutions, the decrease in the number of ministries, on the one hand, and the increase of governmental institutions, on the other hand, as well as the establishment of new central governance entities. The multistage structure of central government encumbers the communication on the management level and gives rise to a number of problems hampering the coordination and cooperation effort. The identification and monitoring of changes taking place within the system of public administration is complicated due to the absence of a special system designed for that particular purpose. In 1999, with a view to preparing for a further restructuring reform of the state governance system, there was formed the so-called “Sunset Commission” which stayed in office until 2001 and which was assigned to perform the analysis of institutions, their functions and budgets. On the level of central government, Lithuania still encounters problems of function overlapping.

The Law on Public Administration (Official gazette “*Valstybės žinios*”, 1999, No. 60–1945) defines the system of public administration, its principles and basic areas, sets out the legal background for the administrative regulation and internal administration and establishes the administrative procedure as well as the conditions for the service assistance. Moreover, the law aims at instituting the regulation of internal administrative structure of public administration institutions (to avoid formation of non-rational internal structures) and improving the provisions governing the administrative procedure.

In 1994, the administrative structure of the Republic of Lithuania was revised by introducing higher level territorial units – the counties. The process on transferring functions to the counties was slow and fragmented; therefore, part of functions performed by ministries and governmental institutions remained not transferred. In 2003, the Government of the Republic of Lithuania approved “The concept of decentralizing and deconcentrating some functions performed by the central governance institutions” (Official gazette “*Valstybės žinios*”, 2003, No. 61–2804) whereby the State seeks to improve the territorial management and distribution of functions, eliminate the overlapping of functions and establish closer institutional links between the establishments of central, regional and local authority. At the present moment, the administrations of counties are being reformed by reserving to them the function of drafting, implementing and coordinating the projects of regional importance. The responsibility for functions related to agriculture, territorial planning, social security, health, education, culture and maintenance of public order and other areas, except the facilities of regional importance, is being transferred to local self-governance bodies. Considering the lessons already derived from the reforms in progress, apart from ensuring the appropriate legal regulation of these reforms, it is also very important to enhance the administrative capacities and support them through investments required for the transfer of functions and optimization of management.

Regional development is one of important functions entrusted to county administrations. The Law on Regional Development of the Republic of Lithuania adopted in 2000 (Official gazette “*Valstybės žinios*”, 2000, No. 66–1987), including the subsequent revisions thereof, establishes the institutional and management framework for regional development which encompasses a variety of different institutions (the National Regional Development Agency, regional development boards, the institution authorized by the Government, county administrative offices,

etc.). The efficiency of the framework performance shall be enhanced in line with the strategic objectives of the Lithuanian Regional Policy covering the period up to 2013.

At the present moment, the public administration system of Lithuania includes 60 municipalities. Since 1995, their number has been increasing; however, the municipality institutions and establishments in some municipalities are remote in terms of their geographic accessibility and therefore are not able to ensure the appropriate and expedient handling of local public affairs and delivery of public services. In the result of implementing the territorial management reforms, the number of functions entrusted to municipalities is increasing; however, the management of these functions needs to be optimized; moreover, in some municipalities the strategic planning has not yet been implemented. In 2003, the Seimas adopted amendments to the Law on Local Self-Governments of the Republic of Lithuania whereby the institutional infrastructure of municipalities was changed (the municipality council, as a representative body, and the director of municipality administration, as an executive body). Based on the degree of decision-making freedom, the functions performed by the Lithuanian municipalities are divided into independent, assigned, public and contractual. In the future, the State envisages to undertake a continuous and systematic expansion of municipality functions and make steps towards the improvement of their financing system.

Human resources management in the public administration sector

The basic framework for the legal regulation of the Lithuanian civil service was instituted in 2002 with the adoption of the Law on the Amendment of the Law on Civil Service of the Republic of Lithuania (Official gazette “*Valstybės žinios*”, 2002, No. 45–1708) which established the basic principles of civil service, defined the status and the responsibility of a civil servant, set out the system of civil servant remuneration, social and other guarantees and established the legal background for the management of civil service. By this law, Lithuania made its choice on adopting the concept of an open and limited-size civil service. Furthermore, the year 2002 marked the establishment of the Civil Service Department under the Ministry of the Interior.

Despite the above-mentioned developments, Lithuania still needs to foster the capacities of civil service as a system. In the Public Administration Development Strategy for the period up to 2010 the State has envisaged to establish a management system for the civil service staff and career civil servants, simplify the civil service procedures and regulations, institute the system of civil service control, improve and organize continuous civil servant training activities and enhance the image of a civil servant.

Based on the data of the Department of Statistics for 2005, the total number of the employed population engaged in the Lithuania public sector comprised 408,2 thousand persons (i.e. 28% of the total employed population, compared to 72% engaged in the private sector). This indicator approximates to the EU average (as of 2001, the EU average stood at 26% and the Lithuanian comprised 28.1%). The average monthly salary in the public sector (gross 1501 Lt in Quarter I 2006) was slightly higher compared to the private sector (gross 1395,4 Lt in Quarter I 2006). As of 2004, the share of the Lithuanian public sector employee salaries within the total structure of GDP comprised 10.8% (cf. with the EU average standing at 11.2%). The public services area employed 328 thousand people, the distribution whereof by types of economic activity appears as follows: 81,7 thousand in the areas of public administration, defence and obligatory social insurance, 98,6 thousand in the area of health and social work and 148 thousand in the sphere of education.

The provision of the Civil Service Law applied to 930 state and municipality institutions and establishments (their ultimate list was approved under the Seimas Resolution No. IX-992 of 2002 and Resolution No. 684 adopted in 2002 by the Government of the Republic of Lithuania), approximately 48 thousand civil servants, 22 thousand whereof were non-statutory civil servants (21 thousand career civil servants, 0,5 thousand civil servants of political (personal) confidence and 0,5 thousand heads of institutions) and 25 thousand statutory civil servants (with respect to this category, some provisions do not apply). In the aforementioned institutions there also worked about 27 thousand persons employed on a contractual basis: 17 thousand state politicians (including the members of municipality councils), 1,7 thousand state officers (including the judges) and 23,8 thousand other employees.

The workforce of the public administration sector features the similar negative trends, i.e. emigration, shift to the private sector, ageing, etc., as observed in other areas of the country's economy. Therefore, it is vital that the process of public services reform should be supported through increased investment in human resources.

In 2006, the average age of civil servants (excluding the statutory ones) in Lithuania increased up to 45,55 years (cf. with 42,6 as of the end 2003); the civil servants aged 41 - 62,5 account for almost 1/2 of all civil servants. Furthermore, the Lithuanian civil service features a certain degree of segregation, both horizontal and vertical. As of 2006, women accounted for nearly 72% of all career civil servants, whilst the positions of institution heads were predominantly occupied by men. Despite the absence of any notable gender-related gaps in terms of educational background, 68% of institutions were headed by men (based on the data for 2006).

According to the data of the Lithuanian Department of Statistics for 2006, the number of job vacancies in the areas of public administration, national defence and obligatory social insurance counted 2,5 thousand ; as of 1 July, 2006, the State and municipality institutions had 1,163 thousand job vacancies.

The overwhelming majority of civil servants are high qualification employees. As seen from the statistics of the civil servant register as of 2005, the share of civil servants without the high university education background comprised only 28%. Despite this, the rating of civil servants in terms of their performance is rather low: based on the data of the public opinion poll conducted in 2005 on the request of the Ministry of the Interior, 29% respondents reported that the performance of civil servants was going down, 15% believed it was improving and 41% thought it was stable (15% provided no response on the issue). The credit in the performance of state and municipality institutions and establishments was reported only by 35% of the Lithuanian population (as of 2005), whilst the share of the Lithuanian citizens who reported confidence in the EU institutions appeared to be much higher – even 50% (cf. with the EU average of 46%).

The growing expectations of the society and new requirements being imposed on the performance of the public administration sector press the civil servants to take up a continuous improvement of competence. Within the framework of implementing the provisions of the Civil Service Law, the country has established and is further developing a decentralized civil servant training and in-service training system. However, the training programs intended for civil servants are not properly coordinated; furthermore, the state and municipality institutions lack a systematic approach in planning their training needs. The system of civil service fails to facilitate the mobility of civil servants and more active involvement in placement activities; nor does it promote the introduction of other flexible forms of training.

As prescribed in the Civil Service Law, the funds to be allocated by the state and municipality institutions and establishments for the activities of civil servant training should comprise 1–5% of the budget assignments for civil servant salaries.

In 2005, the compliance with this provision was achieved (the expenditure for training activities reached the line of 8,2 m Lt, i.e. 1.25% of the annual civil servant salary); however, the current amounts allocated for training are still too low to ensure high competence of civil servants. Moreover, the allocations for training in county administrations and some municipalities comprise less than 1% of the assignments for salaries.

The Civil Servant Training Strategy 2002–2006 (Official gazette “*Valstybės žinios*”, 2002, No. 71–2981) defined the civil servant training priority areas and groups. The strategic goal set by the State was to achieve that by the year 2006 the employees of civil service sector should be trained to work under the EU membership conditions. To this end, 400 civil servants appointed to represent the negotiative positions of Lithuania within the working groups and committees of the EU institutions were trained under a specially designed program.

The involvement of the Lithuania civil servants in the work of EU institutions and decision-making process facilitates the adoption of EU practise and, at the same time, brings about the need for new knowledge and skills. The EU presidency of Lithuania in 2013 brings about a pressing need to align both the professional and general (knowledge of the EU institutional system, command of foreign languages, organisational and negotiation skills, etc.) competence of the Lithuanian civil servants to the respective applied in the EU.

The Lithuanian civil servants and other staff of state and municipality institutions lack basic skills (including the skills of computer literacy, ICT use and language) and other competence of a general nature (for instance, the competence in strategic management, handling of the EU level issues). Therefore, the country has adopted the Civil Servant Training Strategy 2007–2010 (Official gazette “*Valstybės žinios*”, 25 11 2006, No. 127-4845) setting new objectives and targets to be pursued in training civil servants. To ensure the successful implementation of this strategy, it is necessary to train qualified teaching staff, design up-to-date training programs and enhance the diversity of learning methods and modes supported by the State.

Management of the public administration sector expenditure and budget framework reform

During 2000–2003, the expenditure of the public administration sector kept continuously decreasing (from 39.3% GDP in 2000 down to 33.4% GDP in 2004) but in 2000–2005 again took a light turn upwards (reaching 33.7% GDP in 2005) due to the increase in the area of social expenditure, subsidies to the agricultural sector and increasing salaries and investment in the public administration sector.

The public administration sector expenditure (as a share of GDP) in Lithuania is the lowest among all 25EU Member States (as of 2005, the EU average stood at 47.3%). The expenditure and revenue of the State and municipality budgets features a higher rate of growth than the GDP (the expenditure increased from 20.7% in 2000 up to 23.3% in 2004, and the revenue respectively from 19% up to 22.1%). As of 2004, 41.3% of the national expenditure of the State and municipality budgets fell to the social area (including 25% for education), 19.9% to the economic sector and the remaining 38.8% to cover the costs of other public functions (including 22.6% for general public services). The deficit of the Lithuanian public administration sector declined in 2005 down to 0.5% GDP (due to higher revenue on all management levels than expected), however, Lithuania is

further urged to continue restructuring its budget. As of 2005, the State investment stood at 3.5% GDP (cf. with the EU average of 2.5%).

An important factor in facilitating the economic development of the country is the cost-effective allocation of budget funds. The State budgeting policy is formed in line with the strategic goals of the national and EU priorities. With a view to implementing the budgeting reform, Lithuania has adopted the model of Program-Planning-Budgeting System (PPBS) enabling a better alignment of the assigner activities to the priorities set by the Government of the Republic of Lithuania. Though the public administration sector expenditure (as a % share of GDP) in Lithuania is low, the expenditure by certain budget positions which significantly contribute to the growth of the country's economy should be increased. For instance, the National Lisbon Implementation Strategy sets a target to achieve that by the year 2010 the public administration sector expenditure for RTD should make up 1%GDP (in 2004, it was as low as 0.6% GDP).

Based on the findings of the World Bank assessment carried out in 1996–2004, the total efficiency rate of the Lithuanian public administration system performance (estimated taking into account the quality of public administration and public services control, the competence of civil servants, the independence of civil service in terms of influence on the part of politicians, the capacity of executive authority to ensure the implementation of policy) is rather low compared to other EU Member States (in 2004, it comprised 0.7, whilst the average for 25 EU stood at 1.246), though in terms of growth rate observed in 1996–2004 Lithuania appeared to be ahead of other EU Members States (from 0.06 in 1996 up to 0.7 in 2004).

Despite the fact that strategic planning, programmed budgeting and other up-to-date management tools have been adopted by Lithuania, the country still needs to strengthen its orientation towards the achievement of results. The tool of strategic planning has been in use on the governmental level in Lithuania for 7 years already, certain problems in the effort of planning activities and resources, however, still occur, largely due to a poor quality of the existing performance management tools and due to the fact that they are not always employed in the process making decisions on the legislative or executive level. The assessment of institutional performance (establishment of assessment criteria for different levels of management system) today remains to be one of the most complicated stages of the strategic planning process. The management of performance is defined as a management cycle covering setting of activity tasks and targets and activity evaluation and accountability; hence derived information is further taken into account in making decisions on the approval of programmes and other actions, including the issues of financing, as well as on the application of incentives or sanctions, etc. The process of implementing the systems of performance management on the ministerial level is only undergoing its initial stage in Lithuania, with an exception of the Ministry of Education and Science which can be followed as an example of good practice in implementing the Management Information System.

The major difficulties are encountered in trying to define the criteria for evaluating the effect and results of an individual activity, as in many cases they show the aggregate effect of all activities performed by one or even several institutions. Neither there is developed the model of ex-ante, current and post-ante evaluation for measuring the effect of budget program implementation in terms of its efficiency, productivity and purposefulness. Adequate evaluation of activity effect is very important as it has a further impact on other management processes such as strategic planning, monitoring, assessment of civil servant performance, etc.

Certain problems also exist on the level of local self-government and in the area of resources management. Though today quite a number of municipalities are already applying the principles of

strategic planning, they still lack assistance in the form of general recommendations on the implementation of strategic planning on the local level, coordination in planning activity and transfer of good practice examples. The process of drafting territorial planning documents and regional development plans must be speeded up; the quality of these plans, too, needs to be improved.

The Master Plan of the Territory of the Republic of Lithuania approved under the Seimas Resolution No.IX-1154 of October 29, 2002 has become a very important public management tool helping to coordinate the territorial interests of the agents playing the key role in the process of society development, i.e. the central government, the counties and the municipalities, and providing the possibility to monitor the territorial developments and, if necessary, take the appropriate action. This plan constitutes the underlying document regulating the long-term strategy on the use and management of the country's territory, concretizing the territorial guidelines for the formation of the country's regional policy and establishing the basic requirements to the drafting of county level master plans and special plans. The process of drafting the master plans is in progress in all the ten counties and initiated in more than a half of all municipalities. Taking account of the fact that master plans provide the background for the development of economy, formation of infrastructure and improvement of living standards and environmental quality, the issues on drafting these plans should be addressed with utmost attention. Drafting of special and detail plans required for the implementation of concrete investment projects is also important.

The State Control in Lithuania performs the function of financial and performance audit. Based on the opinion of SIGMA experts, the State Control has managed within a short time to make a significant progress in moving towards the creation of a modern and efficient national audit institution; however, the quality of audit as well as its conformity to the international audit standards and practise still need to be enhanced. In 2005, the State Control conducted 44 performance audits, identified the existing problem areas and made the respective recommendations on performance improvement. The system of internal audit is implemented in Lithuania but the capacities of internal audit units are not yet sufficient. Though the Lithuanian public administration system still applies a modified cash-based accounting system, the transition to the accumulative system of accounting is already in progress.

The countries competitiveness and the share of GDP reallocated by the state depends, *inter alia*, on the tax system. At the present time, there exists a large gap in terms of labour and capital taxation resulting in a disproportional burden on labour. With a view to resolving the problem, the Republic of Lithuania adopted in 2005 amendments to the Law on Income Tax of Natural Persons whereby the income tax rate in 2006–2008 will be gradually reduced from 33% down to 24%. This measure is expected to promote employment and increase the competitiveness of the Lithuanian companies in the region due to the decrease of labour costs. On the other hand, the neighbouring countries, too, are successfully reforming their tax systems; therefore, consideration should be given to additional possibilities that could help to activate the process of reducing the income tax (as well as social security contributions) for natural persons.

Business regulation environment

Though the business regulation environment in Lithuania, as concluded by the World Bank, is improving, certain restrictions encumbering the business sector activities still exist. The procedures on registering business entities applied in Lithuania are relatively simple – it takes little time and cost to incorporate a company (in 2004, the process on incorporating a business entity took 26 days and 8 procedures, whilst in the Member States of the Economic Cooperation and

Development Organization, this process lasted 25 days and covered 6 procedures). Nonetheless, there is still much room for expediting the process and cutting down its costs (for instance, through the implementation of a “one-stop shop” principle). The redundant administrative burden is decreasing in Lithuania; however, as noted by the World Bank, in this particular area the country is still lagging behind some new EU Member States. Based on the World Bank comparative regulation quality indicator, Lithuania appears to be still below the EU average (as of 2004, the Lithuanian indicator was 1.16, whereas the 25 EU average made up 1.29). In the previous World Bank reports, the system of tax administration used to be referred to as the major factor hindering the development of the country’s corporate sector. Over the couple of recent years, Lithuania has made an appreciable progress in the area of tax collection and with respect to ensuring the transparency of tax system and culture of customer service, yet the system of tax administration needs to be further improved.

The initiative of better regulation is part of the Lisbon process. The reduction of regulation burden is expected to bring the business competitiveness of the EU Members States to a much higher level. Though the Lithuanian regulation system is improving, a well-marked regulation management policy has not yet been formed. For instance, the system of ex-ante evaluation of decision impact is already being used in Lithuania (approved under Resolution No. 276 of the Government of the Republic of Lithuania, dated 26 February, 2003); the involvement of stakeholders in a decision-making process through consultations is increasing and steps are being made towards simplifying the regulation environment (in particular, the legislative framework). On the other hand, in the OECD SIGMA overview it is indicated that a more successful implementation of these mechanisms is still prevented by the insufficient level of civil servant knowledge and professional expertise. Moreover, a complex program that would embody the principles of better regulation is not yet available; individual elements of better regulation lack mutual cohesion; the mechanism of consulting stakeholders lacks legal regulation; the programme on the simplification of legislation is not available and there has not been designed a methodology whereby it could be possible to determine the administrative burden on companies.

With a view to protecting the economy from competition restricting factors and competition distortions, there has been created a legal framework for competition and implemented the practise on its enforcement which, in principle, conforms to the competition regulations existing in the EU. As concluded by World Bank experts, the Competition Council is one of the best performing regulation institutions in Lithuania. Considering the ongoing changes in the structure of the country’s economy and taking into account other external factors, the performance of the Competition Council and other regulation institutions needs to be further intensified.

Public procurement within the total structure of the country’s GDP accounts for 8%. Annually, there are performed about 4000 public procurement operations for the average value of about 4 billion Litas (1,14 billion euros), however, they are effective only to a partial extent. In the beginning of 2006, a new version of the Public Procurement Law came into force and the country is now preparing for the implementation of new provisions. However, the public procurement operation in Lithuania still need to be put under a more stringent supervision and control. As indicated in the World Bank reports, public procurement still remains to be the major source of corruption in Lithuania.

A relatively high level of administrative corruption remains to be one pf the prevailing factors putting bounds to the business environment. Therefore, the Republic of Lithuania adopted and is now implementing the National Anti-Corruption Programme, the coordination whereof is entrusted to the Special Investigation Service. Nonetheless, as seen from the data provided by the World

Bank and Transparency International, the Lithuanian indicators for corruption still remain to be one of the highest on the EU level. Based on the latest report of the World Bank, in 2002–2005, the relative indicator for the “bribery fee” (a share of income in the form of bribery fees) in Lithuania increased only slightly, but the total rate of bribery increased, largely due to the growth in business income.

Successful decrease of the administrative corruption level in Lithuania requires consolidation of additional efforts (improvement of legal framework and administrative structure, application of preventive and control measures). In addition, fraud-fighting activities shall be further continued as they could contribute a lot to ensuring a better protection of the Community’s financial interests and improving the business environment.

Reform of public services and their provision to business sector and residents

The efficient performance of the public services system is one of the basic conditions for ensuring the sustainability of the country’s financial system, achieving a higher employment rate, facilitating the country’s economic development and enhancing cohesion. The country has launched a number of important reforms: the first stage of health system reform implementation, the optimization of general education and vocational training institutional network, strengthening of high education schools. These reforms have already produced a measurable result: optimizing of the institutional network and its use, rationalizing of the services structure and aligning of services to the labour market needs has generated the economic effect of 154 m Litas.

Taking into account the external factors, such as the developments in the demographic situation and the economic structure of the country or migration, and with a view to ensuring a faster economic growth, stronger cohesion and higher employment, the country needs to continue the reforms launched. In the area of education services, it is necessary: 1) to continue the undertaken institutional network reorganization in order to ensure a higher economic viability of the system; 2) to ensure a higher quality of services and their alignment to the needs of the knowledge society and the changing demands of the labour market; 3) to ensure the accessibility of education services to people living in rural areas, suffering from social exclusion or having special needs. The high education sector reforms, too, must be continued, as the existing system of studies does not always ensure the adequate response to the needs of the knowledge society. In view of the aforementioned problems, the Lithuanian High Education System Development Plan 2006–2010 was adopted (Official gazette “*Valstybės žinios*”, 2006, No. 39–1394) whereby it is envisaged first to improve the high education system management, including the internal procedures of State-funded universities, to revise the high education system financing, refresh the content of studies and introduce the system of high education quality assessment. Plans are also made to reorganize the structure and management of research and technological development system and improve the RTD regulation environment.

The reforms launched in the health system are aimed at ensuring the continuous improvement of health care services quality and accessibility and at optimizing the scope and the structure of the services in line with the population health care needs. The reform of the public services system needs investment in infrastructure and human resources and assistance to the process of its implementation.

“The standard procedure on attending citizens and other persons at public administration and other institutions” approved under 25 September, 2002 Resolution No. 1491 of the Government of the Republic of Lithuania regulates the attendance of citizens and other persons at public

administration and other institutions and the relations between these institutions and the country's citizens and other persons. The number of modern public services provision systems operating on the principle of "one-stop shop" is limited. In 2005, the level of transposing the basic public services into the Internet in Lithuania stood at 64% (as of 2004, it stood at 59%, whilst the EU average in the same period was 72%). At the present moment, the Internet is mostly used for providing information on public services and absolute interactivity is ensured only for a very limited number of services (mostly of the first and second maturity levels on the total scale of four). Based on the findings of a survey conducted in 2005, the number of people in Lithuania who were completing document forms or performing certain procedures on the websites of public administration institutions was increasing, but their share is still relatively low (as of 2005, only 6.3% of the total population). The country has implemented the e-Government Portal Project and is in the process of drafting or implementing projects co-financed by the EU Structural Funds which aimed at enhancing the integration and interfacing of public information systems and at developing the electronic signature infrastructure.

In 2005, the Republic of Lithuania started implementing the public administration quality management methods. The Ministry of the Interior designed the Lithuanian version of the Common Assessment Framework. However, the number of state or municipality institutions and establishments applying in their activities the models of quality management is very limited in Lithuania. Based on the data of the Lithuanian Public Administration Institute, as of 2006, the Common Assessment Framework was completely implemented by only four (of the total 900) state or municipality institutions and establishments, another three institutions had completed only the first stage (of the two) of the framework implementation process and there were several others which had started the Common Assessment Framework adoption process or planned to undertake it in the future.

With a view to improving the quality of public services, the State has started applying incentives to those public administration sector institutions which are active in implementing public administration innovations. In 2005, a special commission formed under the Ministry of the Interior recognized 21 projects (of the total 33) as good practise examples. This activity is supposed to be continued.

A variety of public services is provided to residents predominantly by municipalities and their institutions. In developing the process of public services system decentralization, there have been spotlighted certain quantitative as well as qualitative gaps existing between the municipalities. The major problems encountered in providing public services on the municipality level are as follows: the distribution of responsibility for the provision of individual types of public services between different management levels is not clearly defined in the legislation and the issues pertaining to public services provision standards and quality, financing and settlement for them are not yet resolved. Moreover, communities and other non-governmental organizations should be further encouraged to take over from public administration institutions the provision of some public services or get more actively involved in the process of services improvement.

Involvement in EU decision-making process and implementation of EU policy

The public administration sector institutions and establishments as well as various NGOs have been involved in the EU decision-making process since 1 May, 2004 marking Lithuania's accession to the EU. They represent the joint concerted position of the country through the participation in the work of numerous working groups and committees and in this context the role of institutions and other units in charge of coordinating these activities becomes very important.

A significant role in representing Lithuania on the EU institutional level falls to social and economic stakeholders and politicians. However, the knowledge, skills and competences of politicians, civil servants as well as social and economic stakeholders are not yet adequate today to ensure the effective performance in the EU environment: they lack both general and special knowledge, skills and competences in the EU areas, including the basic competence (negotiation, communication, representation, language and other skills).

According to the indicator on the transposition of EU directives into the national legislation, Lithuania is well ahead of other EU Member States. Based on the data as of January 2006, the deficit in the transposition of EU directives in Lithuania stood at 0.18% (5 directives – cf. with the 25EU average of 0.93% and the EU interim target of 1.5%). The majority of directives not yet transposed come from the areas of health, customer protection, tax and duties. According to the indicator on the transposition of Lisbon directives as of June 2005, Lithuania, together with some other Member States, stood at the fifth ranking position (85.3% for the 25EU average and 92.1% for Lithuania). In terms of the ratio for the EU legislation violations (a share of non-suited cases), Lithuania, too, stands at the forefront – as of July 2005, only one case on the grounds of the EU legislation violations had been brought against Lithuania. All this bespeaks of a rather satisfactory performance of the country in the area of transposing the EU directives into the national legislation and ensuring the enforceability of EU legislation provisions on the national level.

As concluded by the European Commission and the World Bank, Lithuania's capacity in ensuring the enforcement of transposed EU legal provisions in some areas yet needs to be strengthened. A further enhancement of its court system competence in the area of applying the EU legal standards must be also pursued. Moreover, the country shall prepare for the effective future implementation of new EU initiatives being launched or adopted (for instance, the initiatives revised in the light of the Lisbon Strategy) and new EU statutory legislation provisions (such as directives on new services). Another important challenge for Lithuania will be its EU Presidency in 2013–2014 which, too, requires a measurable preparatory effort.

Some sectors of the Lithuanian economy, primarily the areas of energy and railway transport, have not yet achieved the required degree of openness. A more intensive process in liberalizing the energy sector, developing its market and enhancing competition is hindered due to a specific situation of Lithuania in terms of its dependence on a single source of supply (in particular, with respect to natural gas).

Lithuania still needs to enhance the competences of state institutions as well as social and economic stakeholders, strengthen the capacities of the executive bodies (including their material facilities), improve the methods and other tools of inter-institutional coordination and cooperation and take other actions as might be deemed appropriate with a view to ensuring a more effective representation of the national interests in the EU and a smoother transposition and implementation of the EU legislation.

Private public partnership

To achieve a higher society credit in the state and municipality institutions and establishments and ensure a more effective performance of the public administration system, the society must be encouraged to take an active part in the process of state governance. The legal framework enabling the society to get familiarized with the acts of standard legislation whilst these are in the stage of drafting has been instituted in Lithuania; however, the society is not encouraged to take a more active interest in the activities of state and municipality institutions and establishments. Too little

attention is given to the need to keep the legislative information placed on the websites of state and municipality institutions regularly updated.

With a view to ensuring a better engagement of the society in decision-making processes, the policy makers in Lithuania seek to consult with the interested stakeholder groups. As highlighted in the OECD SIGMA overview, in Lithuania, the inter-ministerial consultancies seem to be more effective than the government sector consultancies with the society in deciding on issues of particular relevance to the state. The latter form of consultancies features the presence of certain demand-side (i.e., lack of effective consultancy mechanisms in the public administration sector) and supply-side (i.e., insufficient competence of NGOs to participate in decision-making processes) problems. However, as acknowledged by the European Commission in 2006, Lithuania had put a great deal of effort to ensure the required level of consulting during the process of drafting the National Lisbon Strategy Implementation Programme 2005–2008.

The involvement of citizens in the process of decision-making on the municipality level may be increased, *inter alia*, through a better engagement of local residential communities; however, in practice the rights of such communities are rarely exercised. Thus, the involvement of local community representatives in decision-making processes on the level of municipalities must be further promoted. This may be achieved only through joint effort on the part of both parties, i.e. the communities and the municipalities.

Within the framework of developing the public administration infrastructure and services and improving their quality, Lithuania has embarked on the process of establishing partnerships between the public and the private sector which provide an additional source of financing. The public private partnership is a long-term agreement-based cooperation between the public and the private sector aiming at satisfying the needs of the society in areas traditionally ascribed to the public sector. The involvement of public private partnerships in implementing the public infrastructure projects allows to integrate the most of positive aspects of both sectors in terms of experience and financial capacity and share the project risks in achieving the maximum social benefits and added value to the society. In that respect, the private public partnership offers much better opportunities than a standard tender-based project contract awarding procedure. Concessions, as a form of PPP, are not very widely spread in Lithuania and may be found only on the level of municipalities. The Vilnius city Municipality has applied this form of public private partnership in the sector of heating utilities and health. A wider establishment of concessions is still restricted, as the private partner in this case earns the major share of its income from the direct commercial sales of services to end-consumers who, in most cases, do not represent the public sector. In this particular case, the engagement of the public sector and the fact that it has to pay to the private sector are not essential. Another possible model of private public partnership which implies a more active role on the part of the public sector, i.e. the model whereby a public sector entity not only transfers to a private partner its functions but also settles for the performance of these functions through regular payments, is not yet applied in Lithuania, basically due to the lack of legal regulation measures. The current effort is focused on the improvement of the Lithuanian legal framework so that it could incorporate the regulatory background for that type of public private partnership. The development of public private partnership should be viewed as a task of high relevance not only because it provides an additional financial tool in improving the management of public administration sector expenditure but also because it facilitates the growth of the country's economy. PPP may be successfully used in performing transnational public infrastructure development projects and in utilizing the assistance of the EU Structural Funds made available for the programming period 2007–2013. The measures aimed at supporting such

partnerships and promoting their wider application by the Member States are also incorporated in the European Community strategic guidelines.

Comparison of disparities

Table 14. Major disparities between Lithuania and the EU average in the area of public administration

Indicator	Year	National average	EU average	Degree of disparity
Public administration sector expenditure, % GDP	2005	33.7	47.2	-
Basic public services accessed via Internet, %	2004	59	72	Medium
EU directives transposition deficit, % of all directives	2007	0.18	0.93	-
Average time for establishing a new business, days	2006	26	16.6 (OECD average)	-

1.7 SWOT ANALYSIS

The present section provides the analysis of the current situation and future trends performed taking into account the internal (strengths and weaknesses) and the external (opportunities and threats) factors. The analysis of the ratio between these factors includes the proposals on the elimination of certain weaknesses and threats and the proposals on how to take better advantage of the existing strengths and opportunities.

Table 15. SWOT analysis

Strengths
Consistent growth of economy and positive trends in employment and unemployment. Created the functional labour market legal and institutional environment; initiated the process on optimizing the services provided by the labour market institutions and continued improvement of services quality. Undertaken the upgrade of non-stationary social services provision network.
A large number of population have acquired high education; young people are especially active in seeking high education; the share of early school leavers is lower than the EU average. Previously implemented education system reforms provide the background for future reforms.
A high share of people with the high education background. A widely developed high education and RTD institutional network. A high research potential in some applied research areas; competence centres and networks are in the active process of formation.
The overwhelming number of civil servants have a high education qualification. Implemented the tools of strategic planning, programmed budgeting and other advanced measures of performance management. Undertaken the initiatives on the improvement of public services quality and launched the reforms of public policy and services. Effective transposition of EU directives into the national legislation in progress.
Weaknesses
Low productivity of workforce; the workforce competence and qualification is inadequate in terms of its

<p>response to labour market needs.</p> <p>The deficit of labour force representing one of the main factors hindering the economic development of the country.</p> <p>Women, youth, the disabled, elderly persons and people representing different social risk groups encounter difficulties and discrimination in the labour market.</p>
<p>Low performance of the institutional lifelong learning system determined by poor regulation and incomplete process of education system reformation.</p> <p>Rather low quality of education services determined by low qualification of teaching staff, absence of up-to-date methodology, physically and morally obsolete education infrastructure and lack of teaching aids.</p> <p>Limited accessibility of lifelong learning services, in particular for persons having special needs, representing social risk groups and residing in rural areas.</p>
<p>The RTD human resources are not adequate in terms of current and future needs: low number of researchers (in particular in the business sector); high average age of researchers engaged in the public sector; insufficient level of researcher qualification and competence; intensive “brain drain” and low researcher mobility.</p> <p>The public sector RTD activities are not aligned to the needs of society and economy; insufficient application of RTD results in business; slack cooperation between business and public sector entities.</p> <p>The infrastructure and information base of studies and research is not sufficiently developed and aligned to meet the actual needs.</p> <p>Insufficient level of business sector investment in RTD services and human resources.</p>
<p>Non-optimum management structure and distribution of functions; low level of inter-institutional cooperation.</p> <p>Civil servants lack general competence; the area of civil service features both horizontal and vertical segregation.</p> <p>The quality of results obtained through the application of performance management tools as well as the application of these results in a decision-making process need to be enhanced.</p> <p>The presence of certain administrative burden on business; lack of a more comprehensive policy for better regulation; high rate of administrative corruption.</p> <p>Insufficient quality and accessibility of public services.</p> <p>Slack cooperation between the public and the private sector.</p>
<p>Opportunities</p>
<p>Continued consistent economic growth of the country and the marketplace developments: integration to the EU economic area; increasing intensity of international trade; penetration of new technologies (including the IT area) will facilitate the creation of more and better jobs, in particular in the sphere of services, and help to attract more people to the labour market.</p> <p>Increasing awareness of people representing social risk groups, economically inactive persons and the disabled about new opportunities for employment.</p> <p>The increase in the cost of workforce will facilitate the creation of more and better jobs and encourage companies to improve management and work conditions (i.e. to focus more on the quality of employment).</p> <p>Increasing popularity of new (flexible) work organization forms in the corporate sector due to new opportunities provided by the application of advanced technologies and a changing approach towards the process of work.</p> <p>A change in the approach towards the family will encourage women to get more actively involved in the labour market.</p>
<p>The development and implementation of new technologies will facilitate the increase of education system efficiency.</p> <p>Given the deficit of workforce, the country’s employers are more apt to invest in primary training of future employees and in-service training of the existing staff.</p> <p>The EU education assistance programmes enable the improvement of education system staff qualification</p>

and exchange among school learners and students.
<p>Possibility for adopting the experience of more advanced countries in integrating into the EU high education and RTD area and in participating in the activities performed under the 7th EU Framework Programme and other transnational RTD programmes.</p> <p>Bringing back of currently emigrated researchers who are adopting the best experience of other countries worldwide to the country's high education and RTD system ("brain recovery").</p> <p>Attraction to Lithuania of transnational research centres and centres operated by foreign companies specializing in high-tech areas (i.e. attraction of foreign investment).</p>
<p>The EU public policies reform; new EU initiatives and legislation.</p> <p>New information technologies and management methods which can be successfully applied in the public administration sector.</p> <p>Transnational cooperation in the area of public administration (<i>inter alia</i>, among the EU Member States).</p> <p>Higher expectations and more pressing requirements to the performance of the public administration sector on the part of citizens.</p>
Threats
<p>Further "flight" of high qualification specialists and other workforce abroad.</p> <p>The economic integration on the EU and global level may encourage the export of production activities to countries which may offering lower costs hence lowering the competitiveness of local producers and increasing the unemployment rate.</p> <p>The ageing of society and workforce; a growing demand in social and health care services.</p> <p>Slow progress in modifying the stereotype approach of the society towards equal opportunities, gender equality and persons representing social risk groups.</p>
<p>Decreasing inflow of children and young people to the system of formal education determined by demographic factors will have an adverse impact on the system financial and economic viability.</p> <p>Due to low salaries, the system of education loses its attractiveness in the eyes of the most productive employees hence activating the phenomenon of "brain drain" to other areas.</p>
<p>Continued "brain drain" from the system of high education or RTD preconditioned by the unfavourable environment for the researcher career.</p> <p>Large deficit of researchers due to the natural rotation of staff (ageing) which the country may already confront in the nearest coming years.</p>
<p>Emigration of civil servants and other public administration employees; their move to the private sector and ageing.</p> <p>Increasing competition between the public and the private sector in attracting human resources; decreasing supply of civil servants and public sector employees due to "frozen" salary rates and other factors.</p> <p>Lack of political assistance in the process of public administration sector reform.</p>

Employment and social inclusion

The search into the situation and SWOT analysis revealed the existence of at least several strengths maintained by the country in employment and social areas. Some key indicators of labour market performance showed the trend of consistent improvement; furthermore, a favourable legal and institutional environment providing the precondition for an effective State intervention into the area had been created. As seen from the analysis findings, the increase of total employment was accompanied by the decline in unemployment. In that respect, there could be also distinguished two strengths: a relatively high rate of employment among women and elderly people and a slight growth of economic activity among the disabled, etc. The existence of a functional labour market legal and institutional environment implies that active labour market policy measures are given more attention and assistance in terms of investment, the institutional mechanisms for ensuring progress in the area of equal opportunities (including equal opportunities for women and men) are

already in place and the network of non-stationary social services has been established. It is necessary that these strengths should be further exploited in improving the situation in the labour market and ensuring cost-effective utilization of the State investments. The decline in the unemployment rate provides the opportunity to focus on the effort aimed at bringing economically inactive persons back to the labour market. The cost-effectiveness of financing should be ensured through a proper exploitation of the public institutional network in the area of labour market and social services and through efforts aimed at optimizing and modernizing these services and improving their quality.

The analysis pinpoints the major problems existing in the labour market, the social system and the area of equal opportunities. Hence, there have been identified the following three basic problems: a low level of workforce productivity, the workforce deficit and specific labour market-related difficulties encountered by certain groups of people. The problem of low labour force productivity relates to other factors: a relatively small share of population engaged in the services sector and a high number of people working in the agricultural area. Furthermore, the statistics on labour productivity is also influenced by the factor of a relatively large illegal labour market. Such a situation is predetermined by the inadequacy of labour force competence and qualification in terms of its response to the actual needs of the labour market, a low level of general knowledge and skills among the population, poor alignment of vocational training and vocational guidance system to current needs and, finally, a negligent approach towards the employee training activities on the part of some employers.

The problem of low labour force productivity is further aggravated by the labour force deficit. This weakness is preconditioned by an extensive scope of workforce emigration, a large number of economically inactive people, an increase in the share of the long-term unemployed within the structure of total unemployed population and a relatively high rate of unemployment still observed among the population of younger age. Certain groups of persons, i.e. women, young people, the disabled, elderly persons and people representing social risk groups, encounter specific difficulties in the labour market. The reasons behind this problem partially relate to the aforementioned factors having a reducing effect on the workforce supply and productivity. Moreover, the analysis has revealed the presence of some even graver problems: poorly developed flexible forms of work organization enabling the reconciliation of family and professional obligations; low level of child attendance services (particularly in remote areas); within the area of social services, the institutional care prevails, while other services remain to be underdeveloped, the access to some non-stationary social services is very limited; in some cases, the approach of the society and employers towards the employability of certain population groups incorporates certain traits of discrimination.

In dealing with these weaknesses and the factors behind them, the State intervention is necessary, as the State has the capacity to encourage companies, the public sector and individual persons to invest in the improvement of knowledge, skills and qualification. Moreover, the country's success in achieving a substantial reduction of the illegal labour market and attracting former agricultural workforce to other sectors of economy, basically, will depend on the level of State effort. In order to improve the competences of economically inactive persons and the unemployed and enhance their motivation to return to the labour market and stay there, it is necessary to make certain investments. The discriminating treatment of some groups and their inability to take advantage of the employment opportunities available in the labour market derive from the dependence of such groups on social benefits or their social exclusion, and such a situation is unacceptable in terms of neither economic nor social justice.

The need to deal with the weaknesses is further urged by the presence of certain unfavourable trends referred to herein in terms of future threats. The flight of workforce abroad is likely to continue in the coming years; the problem of workforce ageing has a high relevance on the entire EU; the society stereotypes associated with partial discrimination of some population groups observed in the labour market are changing too slowly – all these problems, too, need to be properly tackled. In addition, it is expected that some external factors (opportunities), in fact, will help to reinforce the effort in improving the situation in the labour market and enhancing social inclusion: the economy will further follow the trend of consistent growth; the deficit of workforce will shift the focus on the quality of employment; the population will be increasingly motivated to take advantage of the available employment opportunities, etc. To this end, it is also necessary to apply regulation and investment measures and design mechanisms which would help to reduce the effect of these factors.

Lifelong learning

The performance indicators of the Lithuanian system of formal education are rather high compared to other EU Member States. A relatively large share of young people acquire secondary education; high, too, is the share of population with the background of high education; the activity in seeking high education is especially observed among young people. The number of graduates acquiring specialties in the disciplines of natural science and engineering is rather high, too. The attainments of the Lithuanian learners in mathematics and the disciplines of natural science are rapidly improving and already approaching the EU average level. High, too, is the level of computer literacy skills among the Lithuanian youth. The system of in-service training for the pedagogical staff of general education institutions is well developed. The reforms implemented in the previous periods (transition to a 10-year basic education, partial reorganization of the general education and vocational training institutional network, institution of non-university studies and establishment of optimum network of colleges, introduction into the system of financing the principle of “student’s basket”, etc.) provide the background for further reforms.

It should be noted, however, the ideas of lifelong learning plough their way in Lithuania with difficulty; the rate of engagement in lifelong learning among the population of employable age is one of the lowest in EU. Poor engagement of workforce in learning activities impedes the sustainable development of economy (in particular, knowledge-based economy) and does not allow the country to approach the EU average welfare level. Furthermore, Lithuania still needs to improve the regulation of its education system and finalize the undertaken education system reforms. The national qualification system is only in the initial stage of development; the system of recognition for competence acquired through non-formal methods of learning and self-education is not yet available; the existing quality monitoring and assurance systems need to be further improved. The management methods applied in the education system and its institutions do not encourage the learners to improve their knowledge and skills and enhance the adaptability to changing conditions as they should. The process on optimizing the institutional network of education system is not yet finalized; the administrative competences still need to be enhanced; the level of cooperation between the education institutions in exchanging experience is low.

A more successful development of lifelong learning activities is also hindered by training quality problems which derive largely from low qualification of training staff, worn out and morally obsolete education infrastructure and poor supply of teaching aids. The lack of due attention to the development of general competences is observed on all levels of the education system. Education

services are not equally accessible to all social groups – very limited access to lifelong learning have the social risk persons of all age groups, the representatives of working-class professions and residents of rural areas; nor is sufficiently developed the system of assistance to learners and students or satisfied the demand for modern teaching aids intended for adults; moreover, some people are prevented from engaging in learning activities due to lack of financial resources or information.

The major focus in the strategy of Operational programme will be put on the elimination of weaknesses. With a view to developing lifelong learning activities, plans are made to tackle the weaknesses of education institutions and institutes and enhance the quality and accessibility of lifelong learning services. The strengths pointed out in SWOT analysis will help to neutralize the existing threats and take advantage of the available opportunities. The accessibility of lifelong learning will be increased through the use of opportunities opening up in line with the penetration of new technologies. The necessary preconditions for that already exist, as the level of computer literacy among the individual groups of the society is rather high. The implementation of measures aimed at enhancing the accessibility of lifelong learning will contribute in neutralizing the threats of demographic nature which have the potential of endangering the efficient performance of the education system. The development of lifelong learning system will generate a higher demand for the services of adult, individualized and special training and for the services of support to learners. Should some segments of education appear to have the problem of staff redundancy due to a potential decrease of enrolment, the redundant staff will be provided the possibility to stay in the system through taking up retraining and embarking on the provision of lifelong learning services. The improvement of lifelong learning services quality will help to neutralize all the threats identified in the present SWOT analysis. In implementing the measures of quality improvement, endeavours will be made to seek voluntary cooperation with the education systems on the part of companies and to take advantage of opportunities provided by new technologies, in particular for the purpose of refreshing the teaching content. The measures aimed at strengthening the education institutional system will help to neutralize the following threats: the decrease of formal education system financial and economic viability brought about by demographic factors and the process of “brain drain” from the education system to other areas. Investment could enable the use of opportunities offered by technological development and available under the EU education assistance programmes.

RTD

Lithuania has developed an extensive network of RTD institutions; however, it features certain problems specific to the RTD structural framework, management and regulation environment. Hence, the country requires the EU Structural Funds in order to be able to reorganize its RTD institutional framework and management.

The country has accumulated a high research potential in certain areas of applied research and witnesses active formation of competence centres and networks; however, the infrastructure and information base of RTD and studies yet needs to be developed, basically through the enhancement of the existing RTD potential accumulated by excellence centres and high-competence networks. This would enable a more active involvement of the country’s researchers in transnational RTD programmes, the increase of RTD performance efficiency and the attraction of foreign investment in the area of high technologies.

The RTD activities performed in the public sector are poorly oriented towards meeting the actual economic and social needs of the country. Moreover, the assimilation of RTD results in the

business sector is too low and the cooperation between business entities and public research institutions is not sufficient. Effort should be put to support RTD in priority areas having high relevance in terms of their conformity to the needs of knowledge-based economy and the labour market demands as well as to increase the output RTD and facilitate the transposition of RTD results in commercial products and services. In particular, consideration should be given to the promotion of education and business cooperation through the use of various actions.

The RTD human resources do not respond either to the current and projected future needs: low number of researchers (particularly in the business sector); high average age of researchers engaged in the public sector; insufficient level of researcher qualification and competence; high rate of “brain drain” and low level of researcher mobility. The quality and quantity of RTD human resources shall be increased using a range of different measures.

Moreover, efforts should be put in order to decrease the process of “brain drain” from the system of high education or RTD and recover the researchers who have emigrated abroad. The assistance of EU Structural Funds could be utilized for creating a more favourable researcher career environment. In particular, the number of researchers in the private sector should be increased.

Also, Lithuania could take better advantage of the opportunities provided by the participation in the European Research Area and transnational RTD development programmes. To this end, the country needs assistance from the EU Structural Funds to cover the extra cost associated with the country’s participation in the 7th Framework Programme and other transnational RTD programmes and to promote active involvement of the Lithuanian business entities as well as science and study institutions in the aforementioned programmes using a wide range of measures (for instance, through the assistance in drafting projects, finding partners, etc.).

Public administration

As stated in the section “Analysis of current situation and future trends”, the Lithuanian multistage centralized governance structure is not optimum and some of its functions still overlap; nor is optimum the distribution of responsibility among the central, territorial and local municipality levels. With a view to achieving a more effective performance of the public administration sector, these as well as other weaknesses of the system framework must be eliminated.

The system of civil servant primary and in-service training has been established in Lithuania; the overwhelming share of civil servants have high education qualifications. However, the mobility of civil servant is low, they as well as other employees of public sector lack general competence (including computer literacy skills and competence in using information and communication technologies (ICT)) and motivation. Therefore, the system of civil service in Lithuania needs to be supported by investment in human resources. With a view to decreasing the threat of workforce shortage in the civil service sector, it is also necessary to enhance the motivation of civil servants and improve the image of civil service at large. The majority of career service servants in Lithuania are women (horizontal segregation), whilst the positions of institution heads and statutory civil service are predominantly occupied by men (vertical segregation); therefore, special actions must be taken in order to ensure equal opportunities in the area of civil service.

The Lithuanian public sector is managed through the application of such processes as strategic planning, programmed budgeting, decision impact evaluation, auditing, etc.; however, the quality of hence obtained results as well as their application in decision-making processes is too low. In line with increasing the effectiveness of different performance management tools, the public policy making and implementation must be also improved. .

- The level of cooperation between the public and the private sector is too low; the public sector rarely seeks consultancy with the social stakeholders; the representation of communities in decision-making process is scarce; the effort in promoting partnership between the two sectors and in facilitating the development of public administration infrastructure and the provision of public services is insufficient.

The cooperation between the public and private sectors in consulting with the interested stakeholder groups and improving the policy framework and facilitating its implementation is scarce.

Though Lithuania has already started adopting the principles of better regulation, their application is not yet effective and a well-marked policy for better regulation still needs to be developed. Moreover, there exists a certain administrative burden on business that could be reduced through the implementation of the EU Better Regulation Initiative. This would allow a more effective use of the business sector potential.

Lithuania has launched and implementing a number of public policies and services reforms (including the important reforms being implemented in the areas of high education and health system performance supervision); the process on liberalizing the energy, transport and post sectors is still in progress. The country has undertaken the implementation of numerous initiatives in the public administration sector; innovations in the area of public services provision are also being introduced but they; however, these positive developments yet cover only a limited part of the public sector. Limited, too, is the current quality and accessibility of public services as well as the scope of their transposition to the Internet and the degree of e-services interactivity. Therefore, it is necessary to continue developing new information technologies and elaborating management methods enabling the provision of higher quality services, enhancement of their accessibility and meeting the increasing expectations and requirements of the society.

Although Lithuania's performance in transposing the provisions of EU directives into the national legislation is rather high, its negotiative capacity yet needs to be enhanced to ensure that the decisions being adopted on the EU level should bring the highest possible benefit to the country. Nor is yet satisfactory the country's capacity in ensuring the effective enforcement of the EU legal provisions on the national level; the capacities of some regulation institutions are insufficient, either. Moreover, Lithuania must take appropriate action in preparing for the implementation of new EU initiatives and EU statutory legislation provisions. The international cooperation in the area of public administration (including the cooperation among the EU Members States) may be used as an effective tool in enhancing the administrative competences and improving the quality of public administration performance.

2. OPERATIONAL PROGRAMME STRATEGY

2.1 VISION AND GOALS

Vision

The Operational Programme for the Development of Human Resources is based on the strategic vision, formulated in the Lithuanian National Strategic Framework for the EU Structural Funds 2007–2013, whereby it is envisaged that *Lithuania in 2015 will reach the social and economic development level of some EU Member States*. Moreover, this vision statement comes in full accord with the general goal of the economic strategy set out in the National Lisbon Strategy Implementation Programme; i.e. the goal on minimizing the backwardness in the economic development level of the country in comparison with the average of all of the EU Members States.

In the context of growing global competition and rapid technological developments, the potential of human resources, as a key driver in facilitating the economic development and growth of employment in Lithuania, is gaining increasing importance to the modern knowledge-based society. With a view to ensuring a successful competitive performance of the country in the context of global developments, Lithuania needs to make the best use of the available knowledge and, which is even more important, embark on the path of creating new knowledge.

The vision of the Operational Programme for the Development of Human Resources is embodied in the following statement:

Adequate and productive human resources serving the needs of economic development, employment and knowledge-based society.

The vision encompasses two clearly delineated components. On the one hand, Lithuania needs to create more and better jobs, as it would allow the country's economy to generate a higher added value and facilitate the improvement of life quality. On the other hand, the country is urged by the need to speed up the development of knowledge-based society which would facilitate the future growth of economy and social development. Adequate human resources are seen as a whole of people possessing adequate knowledge, competences and skills required in an ever-changing environment. The concept of productive human resources implies that the workforce is able to ensure a productive application in the country's economy and social life of knowledge, competences and skills enabling the achievement of the strategic social and economic development goals pursued by the country.

The Lithuanian National Strategic Framework for the EU Structural Funds 2007–2013 sets out a priority goal *to accelerate the improvement of conditions for people to invest, work and live in Lithuania so that the gain of economic growth could reach each beneficiary*. This as well as other strategic goals are set with a view to implementing the priorities of the Lithuanian National Strategic Framework for the EU Structural Funds in 2007–2013. The first priority on *“productive human resources for knowledge society”* determined in this Strategy is being implemented directly through the Operational Programme for the Development of Human Resources financed by the European Structural Funds. The development of knowledge society in Lithuania requires the creation of economically active society whose members actively seek a continuous acquisition, refreshment and improvement of their knowledge, competences and skills and apply them in a productive manner in the country's economy and social life. Hence, several goals are pursued under the aforementioned priority, i.e. attracting and retaining of people in the labour market,

promoting a more active engagement in lifelong learning activities, developing the workforce of highest qualification and increasing the efficiency of public administration sector performance.

The third priority area defined in the National Lisbon Strategy Implementation Programme aims at *promoting employment and investment in human capital*. This priority area encompasses several specific goals pursued in the area of employment, unemployment and workforce adaptability. Lithuania has already achieved some of the targets and standards set out in the European Employment Strategy; however, certain areas still need additional investment. In particular, the country has an urging need for regular and effective investments in human capital so that the endeavours in seeking new and refreshing the existing knowledge and skills and in applying knowledge and skills in the country's economic and social life could be adequately supported.

Furthermore, the General Evaluation Report of the National Lisbon Strategy Implementation Programme prepared in 2006 by the European Commission includes several recommendations on the elimination of certain weaknesses related to the Operational Programme for the Development of Human Resources whereby the country is counselled to strengthen its scientific and technological base, take extra action in fostering its innovation systems, continue developing the active labour market policy and promote workforce mobility. Thus, the Operational programme envisages the measures aimed at improving the quality of human resources and increasing the number of researchers in the RTD area, hence contributing to a complex development of RTD capacities and potential and fostering of innovation systems. The assistance of the EU Structural Funds will be also used in fostering the active labour market policy and creating favourable conditions for labour force mobility (both professional and territorial) through the application of various measures.

The activities aimed at enhancing the competitiveness of the Lithuanian economy should be based on complex and complementary measures, among which a particular significance is attached to human resources. The Action Program for the Economic Growth seeks to maximise the relative share of high added value generating businesses the competitive capacity whereof rests on knowledge and innovation. This can hardly be achieved without the availability of adequate and productive human resources that are also required in creating innovation clusters and high competence centres as well as in attracting direct foreign investment and in other areas which will be supported from the ERDF funds available under the Action Program for the Economic Growth 2007–2013.

The Operational Programme for the Development of Human Resources sets out the following priority goals:

1. *Increase the economic activity and employment of population, promote the creation of quality jobs and ensure equal opportunities for everyone to participate in the labour market and social life.*
2. *Ensure better possibilities for the Lithuanian population to engage in lifelong learning activities by facilitating the dynamic development of knowledge-based society.*
3. *Enhance the quality and quantity of human resources in the RTD area by fostering the capacity and potential of the Lithuanian RTD sector.*
4. *Foster the administrative competences and increase the efficiency of public administration sector performance.*

These priority goals are in line with the priority of “more and better jobs” set out in the European Community Strategy Guidelines 2007–2013 and the priority “to promote employment and investment in human capital”, including all the goals thereof, defined in the National Lisbon Strategy Implementation Programme 2005–2008. Also, in drafting the Strategy, account was taken of the European Commission comments to the National Lisbon Strategy Implementation Programme.

The majority of the action groups under the Operational programme are expected to contribute, either directly or indirectly, to the implementation of the EU horizontal principles. For instance, both young and elderly population and the disabled will benefit from the assistance extended to companies in employee training area. Moreover, each of these principles will be taken into consideration in the process of drafting the documents on the implementation of operational programmes, i.e. in defining the priorities for action groups and target groups, in appropriating the amounts of assistance, etc. Additional assistance is also envisaged, namely for financing the actions aimed at providing assistance to a particular social group in finding employment or avoiding social exclusion (the “first job placement” assistance to young people; professional rehabilitation services to the disabled; social services to people in need of home care facilitating the return of family members (largely women) to the labour market, etc.

In designing the present Operational programme, endeavours were made to attain that each priority defined herein should consistently integrate, *inter alia*, certain general (horizontal) areas. Primarily, these are the areas which embody the priorities set out in the Lithuanian National Strategic Framework for the EU Structural Funds in 2007–2013: *equal opportunities, regional development, information society and sustainable development*. In allocating the funds, the needs in these general (horizontal) areas will be also taken into account. With a view to achieving a measurable progress in the aforementioned areas, the three Operational programmes (i.e., on the development of human resources, economic growth and cohesion) must be supported by clearly targeted investments.

Also, there should be highlighted certain horizontal areas which have a particular relevance to the Operational Programme for the Development of Human Resources. Efforts will be made to ensure that each defined priority should comply with the principle of equal opportunities for women and men and incorporate the measures for promoting education of young people and their integration into the labour market as well as the measures aimed at facilitating the longest possible stay in the labour market of elderly people (stimulation of “active ageing”) and at enhancing the accessibility of labour market and lifelong learning services to the disabled.

The principle of gender equality embodies several underlying and closely interrelated aspects: equal opportunities for women and men in terms of economic independence; equal ratio of gender representation in decision-making processes; equal opportunities in reconciling professional and family obligations; elimination of all forms of violence against women and gender-related stereotypes. Today, many women are still at a disadvantaged position in the labour market; the level of female employment and economic activity is lower than the country’s average for the total population, whilst the level of poverty among women, to the contrary, is higher; in many cases, the qualification and competences of women are not used to the maximum possible effect; nor is adequate their representation on the civil service managerial level. To ensure progress in the gender equality area, the assistance available under each priority will be appropriated considering the potential effect thereof to both genders. Also, the funds of the Operational programme will

contribute to the implementation of the National Programme on Equal Opportunities for Women and Men 2005–2009 (approved under Resolution No. 1042 of the Government of the Republic of Lithuania, dated 26 September, 2005 (*Official Gazette*, 2005, No. 116–4202)).

The decline in the rate of unemployment and emigration among young population aged 15–24 would allow a better use of the available workforce potential and a more efficient utilization of budget funds hence enabling the improvement of the social and demographic situation in the country. Young people encounter greater difficulty in consolidating their position in the labour market due to several interdependent reasons: their educational background does not correspond to the labour market requirements; they lack professional experience; the supply of quality jobs to young population is scarce; young persons with no qualification lack motivation to seek employment. Therefore, plans are made to resolve these problems through clearly targeted investments aimed at supporting specific groups of youth (young workers, the unemployed youth, young people from social risk groups, etc.) in seeking education, integration into the labour market and quality employment. Measures aimed at encouraging the youth to embark on researcher career or stay in the RTD area are also envisaged. These actions are supposed to contribute to the achievement of goals pursued by the European Youth Pact.

Low level of economic activity and employment among elderly people (aged over 50 years) remains to be a serious problem. Therefore, the involvement of this age group in the labour market must be further promoted, as the majority of them are of employable age and have accumulated a profound professional experience. Moreover, prolonged employment would help these persons to improve their living standards, avoid social exclusion and minimize the need in public expenditure for social security measures. However, people of older age are still prevented from staying within the labour market for a longer time, both due to the lack of continuous learning skills and values and the persistence of sceptical approach towards employees of older age on the part of employers. Also, assistance will be allocated for the purpose of contributing to the implementation of actions envisaged under the National Strategy for Overcoming the Consequences of Population Ageing 2005–2013 (approved by Resolution No. 5 of the Government of the Republic of Lithuania, dated 10 January, 2005 (*Official Gazette* , 2005, No. 5–112)).

The knowledge and skills of disabled people are not very widely applied. Today, the ratio of employed disabled within the total number of the disabled stands at 1:10 only; low, too, is the total level of economic activity among the disabled. This situation must be changed, in particular with the view of already observed workforce deficit. Nor is acceptable the situation whereby disability remains to be one of the risk factors for social exclusion. Therefore, investments will be also allocated for the implementation of measures stipulated in the National Programme on the Social Integration of the Disabled 2003–2012 (approved by Resolution No. 850 of the Government of the Republic of Lithuania, dated 7 June, 2002 (*Official Gazette*, 2002, No. 57–2335)).

The actions envisaged with respect to the implementation of horizontal priorities are described in greater detail in Operational programme Section 2.6.

To ensure the effectiveness of actions financed by the European Structural Funds, the application of horizontal instruments, such as transnational cooperation, innovations and partnership, will be actively supported and promoted.

Further sections of the Operational Programme for the Development of Human Resources contain descriptions of each of the four priority goals defined herein.

Operational programme Goal 1 – Increase economic activity and employment of population, promote the creation of quality jobs, and ensure equal opportunities for everyone to participate in the labour market and social life.

Ensuring of population economic activity, workforce employment, creation of new jobs and equal opportunities in the labour market are the key factors driving the growth of economic development and improvement of living standards in Lithuania. This process could be also stimulated by a wide range of factors to be implemented under all four priorities set out herein, including the priority for enhancing employment, lifelong learning, RTD and innovations and the administrative competences of the public administration sector. Moreover, the growth of employment depends not only on investments in human resources but on some other factors, too (for instance, investments in the infrastructure, business environment, RTD and innovations which contribute to the increase of employment in the short and long-term run). Therefore, the assistance will be allocated in line with other operational programmes which will be implemented in 2007–2013 and supported from the ERDF.

Considering the findings of the situation and SWOT analysis, there could be highlighted three major challenges and the respective directions for action to be pursued in improving the situation in the Lithuanian labour market. First, it is necessary that companies, in reacting to ever-changing demands of the marketplace, could be able to ensure a continuous enhancement of their production competitiveness, quality and output. Second, the Lithuanian economy needs more labour force; therefore, all population groups (including economically inactive persons and the unemployed) must be stimulated to integrate or reintegrate the labour market. Third, quite a number of persons still encounter discrimination in the labour market. A consistent effort aimed at facilitating social inclusion could provide a positive economic effect, as it would enhance the economic activity of social risk groups and persons suffering from social exclusion hence contributing to a better social cohesion.

In enhancing the employability of population, an increasing importance is being attached to the quality of employment which encompasses a variety of aspects: employment-friendly working environment, conditions for a regular improvement of qualification and an effective application of the available knowledge and skills, possibility to be engaged in high added value generating professional activity, safe and healthy working conditions and adequate remuneration. With a view to enhancing quality employment, it is necessary to consolidate the efforts of both employees and employers in performing the activities under all action groups presented in the Operational programme. For instance, the quality of employment may be considerably improved by company investments in employee training, as employers are interested in retaining qualified workforce, thus, it is reasonable to expect that they will be also implementing other measures aimed at enhancing the motivation of their employees. The endeavours of both employed and unemployed persons to improve their qualification, too, contribute to the development of quality employment, as a higher level of qualification allows a person to apply for jobs generating higher added value and offering higher rates of remuneration.

This goal directly relates to the following priority goals of the Lisbon Strategy pursued with respect to employment in the political area:

- full employment (by minimizing unemployment, stimulating the economic activity of population and by increasing the workforce supply and demand);
- improvement of labour quality and productivity (by enhancing the attractiveness of work places, improving labour quality and productivity and by decreasing the number of underpaid employees);

- fostering of social and territorial cohesion (by enhancing social inclusion, improving preventing measures against exclusion from the labour market, supporting social integration of socially excluded groups and by bridging the regional gaps in terms of unemployment and labour productivity).

Furthermore, the Operational programme funds will contribute in a consistent manner to the implementation the EU employment policy priorities set out in the Integrated Guidelines for Growth and Jobs (2005–2008):

- to attract to the labour market and retain there more people, increase the workforce supply and modernize the social security systems;
- enhance the adaptability of employees and companies;
- increase investments in human capital through improved education and training.

The same goals pursued in the area of employment, in fact, are also highlighted in the National Lisbon Strategy Implementation Programme designed for the implementation of the Lisbon Programme in Lithuania and in the Integrated Guidelines for Growth and Jobs (2005–2008). This Operational programme is one of the key sources for financing the implementation of medium-term employment policy goals and targets set out in the National Lisbon Strategy Implementation Programme.

The aforementioned priorities in the area of human resources are also incorporated in the EC Strategic Guidelines “Cohesion policy in assistance of growth and jobs” (2007–2013) based on which the Lithuanian National Strategic Framework for the EU Structural Funds 2007–2013 and the present Operational programme were drafted. Moreover, there is envisaged additional assistance to finance the effort aimed at enhancing the administrative competences and the efficiency of public administration sector performance.

Also, the present Operational programme will directly contribute to the achievement of employment policy quantitative targets set in the Integrated Guidelines for Growth and Jobs (2005–2008) and the National Lisbon Strategy Implementation Programme. In the Operational Programme for the Development of Human Resources the revised targets are used, as the EU Structural Funds assistance will be available for the period up till 2013 (whilst the Lisbon Strategy sets the goals to be achieved by the year 2010). The investments under the present Operational programme are expected to contribute to the increase of population employment rate:

- for population aged 15-64 – up to 70% (by 2013);
- for women – up to 61.5% (by 2013);
- for population aged 55-64 – up to 52% (by 2013).

The investments in human capital may provide the highest long-term economic effect; however, at the same time, they are the most complicated in terms of planning and management. The aforementioned targets may be achieved by using the funds of these investments in a cost-effective manner and by seeking to ensure their long-term effect. Proper management of investments will be ensured through a consistent application of social partnership principles and a close cooperation with social partners during the process of programming, implementation and evaluation.

With a view to improving the quality of social inclusion and employment policy and the related services and in pursue of enhancing the effectiveness of ESF financed actions, there will be supported and promoted such horizontal instruments as transnational cooperation, innovations and partnership.

The Operational programme goal to increase the economic activity and employment of population, promote the creation of quality jobs and ensure equal opportunities for everyone to participate in the labour market and social life will be implemented under priority 1 on “*quality employment and social inclusion*“.

Operational programme Goal 2 – Ensure better possibilities for the Lithuanian population to engage in lifelong learning activities by facilitating the dynamic development of knowledge-based society.

One of the major preconditions for a successful development of competitive economy and knowledge-based society and prevention of social exclusion is an active engagement of population of all age groups in learning activities. It is acknowledged that the education system is not capable to provide a universal set of competences for all situations and stages of life. Quality rendering of knowledge, competences and skills alone is not enough – it is very important that knowledge, competences and skills should be regularly refreshed. A regular improvement of knowledge, competences and skills plays a very important role in knowledge society and knowledge economy. The latter features rapid technological developments and global competition; therefore, a special attention will be paid to the lifelong learning system, in particular with a view to ensuring its better alignment both to a person’s individual needs and the general demands of the country’s economy.

According to the majority of formal education indicators, the Lithuanian education system approximates or in certain areas even exceeds the EU average. In the last years, Lithuania made measurable progress in the system of general education by improving the indicators for learner attainments. According to the number of young people completing the basic and general education curricula and the share of early school leavers, Lithuania is ahead of the EU average. A very large is also the share of youth with high education. Despite a very high level of activity in seeking secondary and high education among young population, the Lithuanian indicators for lifelong learning are one of the lowest in the EU.

The existence of this problem is basically preconditioned by the underdeveloped level of the Lithuanian non-formal education system, specifically by low level of formal education involvement in providing the services of non-formal education. This, primarily, poses problem for the education system (post-basic education stages) itself, as due to prevailing demographic factors, such as a trend of dramatic decline in the birth rate observed since 1990, the inflows of young people to vocational training and high education institutions will start decreasing already in 2006. This, in turn, will have a detrimental effect on the economic viability of education establishments and they will no longer be able to maintain their infrastructure and recruit qualified specialists. Moreover, this will pose a major problem to the country’s economy. Low level of workforce continuous learning activities determines slow progress in developing and implementing new technologies and increasing productivity, which will have a negative impact on the competitiveness of the country’s economy.

With a view to resolving these problems, the Operational Programme for the Development of Human Resources sets the goal to *ensure better possibilities for the Lithuanian population to engage in lifelong learning activities by facilitating the dynamic development of knowledge-based society*. It is expected that assistance extended to the Operational Programme Human Resources Development will help to achieve the following quantitative targets in the area of lifelong learning:

- gross inclusion in learning activities for children and young people aged 5-24 – 88% (cf. with 84% in 2005);

- share of persons aged 25–64 who participated in education and vocational training activities in last 4 weeks prior to the survey – 11% (cf. with 6.3% in 2005).

To achieve this goal, the education system must embark on the path of continuous learning and improvement, move forward taking the long view and be able to foresee future developments and change accordingly. Hence, the first priority would be to establish an efficient and flexible system of education and training institutions guaranteeing a full range of lifelong learning possibilities throughout all stages of the education system, starting with pre-school development, all stages of formal education and finishing with non-formal learning and self-education facilities, which shall be made accessible to everyone throughout the entire course of an individual's life for satisfying ever-changing needs in personal and professional development. Everyone in Lithuania should be provided with the possibility for using quality learning services to help an individual in acquiring, complementing and refreshing his/her competence in line with the labour market requirements. The flexibility and diversity of education and learning forms and the system of information and comprehensive assistance to learners shall ensure the accessibility of these services for social groups which are most neglected in terms of education: persons with special needs, representatives of social risk groups and working-class professions or people living in rural areas.

Furthermore, in planning the investments into the development of lifelong learning, account was taken of the EU strategic documents, i.e. the Lisbon Strategy relaunched by the European Council in March 2005, the Integrated Guidelines for Growth and Jobs (2005–2008) and the EC Strategic Guidelines “Cohesion policy in assistance of growth and jobs” (2007–2013), and the respective recommendations presented therein. The groups of actions were defined based on the draft of the European Social Fund Regulations.

The goal on the improvement of lifelong learning institutional framework comes in accord with the priority under the guideline for “more and better jobs” “to increase the investment in human capital through improvement of education and skills” whereby assistance to education and training system reforms is envisaged. Through the improvement of the Lithuanian education system management, optimization of its institutional network and enhancement of skills, in particular in the area of quality assurance and methodological assistance, the system flexibility, openness and output and, at the same time, the quality and accessibility of services will be enhanced. Also, Lithuania will take due consideration of the recommendation whereby the country is counselled to invest in the establishment of systems for testing and recognising qualifications, including the qualifications acquired through non-formal learning and self-education, which will become part of the national qualification system.

The improvement of lifelong learning quality and enhancement of its accessibility through increased focus on the lifelong learning needs of most neglected, in term of education, social groups is in line with the priority under the guideline for “more and better jobs” “to increase the investment in human capital through improvement of education and skills” requiring to ensure the supply of attractive, accessible and high quality education services on all education system levels. This systematic approach will be also applied in achieving the targets set with a view to ensuring better possibilities for the Lithuanian population to engage in lifelong learning activities. Much consideration will be given to the need of incorporating the principles of sustainable development into the Lithuanian education system, so that the system itself could follow the path of active learning, cooperation and rapid improvement. The effort on fostering investment in education will also contribute to achieving other goals pursued by the policy of sustainable development, such as maximizing of social inclusion and minimizing of poverty, hence preconditioning a more successful tackling of problems related to society ageing. Furthermore, a great deal of attention

will be paid to the development of general competences, as envisaged in Proposal COM (2005)548 of the European Parliament and European Council on General Competences for Lifelong Learning and highlighted in the Integrated Guidelines for Growth and Jobs (2005–2008) and the respective annual progress reports.

The Operational programme goal on ensuring better possibilities for the Lithuanian population to engage in lifelong learning activities by facilitating the dynamic development of knowledge-based society will be implemented under priority area 2 “Lifelong learning”.

Operational programme Goal 3 – Enhance the quality and quantity of human resources in the RTD area by fostering the capacity and potential of the Lithuanian RTD sector.

Comprehensive development of the country’s RTD as well as fostering of innovations system capacity and potential is the prerequisite for the growth of economy and employment. RTD and innovations represent the driving factors in facilitating the growth of economy and productivity. The National Lisbon Strategy Implementation Programme aims at enabling business entities to use the results of the public RTD sector and invest themselves in the RTD activities hence contributing to the enhancement of the general RTD potential of the country.

The EU has set the target to increase the national RTD expenditure by 2010 up to 3% of GDP which, however, taking into account the current level of RTD expenditure and the economic development future trends in Lithuania, is not very realistic for the country. Therefore, under the National Lisbon Strategy Implementation Programme, Lithuania envisages to achieve that by the year 2010 the RTD expenditure should comprise 2% of GDP (1% falling on the public sector and another 1% to be accounted for by the business sector). In particular, the RTD expenditure must be increased in the business sector (from 0.16% in 2004 up to 1% by 2010). Though the required extent of RTD expenditure increase in the public sector is somewhat lower (from 0.6% in 2004 to 1% in 2010), the public RTD activities still need to be improved in terms of their cost-effectiveness and alignment to the actual needs of society and business sector.

In the general evaluation of the Lithuanian National Lisbon Strategy Implementation Programme performed in 2006, the European Commission recommends that the country should focus more on the effort aimed at fostering its scientific and technological base by increasing, *inter alia*, the public RTD expenditure so that the ambitious target of 2% set with respect to the share of RTD expenditure within the total structure of GDP could be actually achieved by 2010. The National Lisbon Strategy Implementation Programme includes proposals on additional state budget assignments and other fiscal instruments aimed at fostering the RTD sector and increasing the gross expenditure in the RTD area. The EU structural assistance envisaged for 2007–2013 (from ERDF, ESF) will also contribute to the increase of RTD expenditure. As has been mentioned in the analysis of the current situation, Lithuania has accumulated a high research potential in certain applied research areas and witnesses active formation of numerous competence centres and networks.

The RTD activities performed in the public sector are poorly oriented towards meeting the actual economic and social needs of the country; the assimilation of RTD results in the business sector is too low, either. In addition, the existing human resources engaged in the RTD do not respond to the current or future demands either in terms of quality or quantity. However, Lithuania may take advantage of the possibilities provided by the European Research Area and the participation in transnational RTD programmes and seek to attract direct investments in the area of high technologies.

Thus, the key objective Lithuania has to pursue in the area of RTD is to foster the RTD capacity and potential. As recommended in the Community Strategic Guidelines, the assistance of EU Structural Funds should be concentrated in high competence (excellence) centres and networks and be used for the purpose of implementing national programmes. Increased capacity of RTD on the national level would allow Lithuania to intensify its participation in the European research activities. With a view to achieving this objective, a complex approach should be applied, i.e. it may be achieved through the use of human resources and infrastructure and through various cooperation measures that will be financed in 2007–2013 from ESF and ERDF. The funding of national programmes from ESF and ERDF would also help to ensure a more effective use of EU Structural Funds assistance in the RTD area, as the latter is known to produce a higher structural effect. National programmes would be designed and implemented in the limited number of RTD priority areas. The list of RTD priority areas and national programmes will be approved at a later stage (the preliminary evaluation comment will be taken into consideration afterwards).

Higher competences of the public RTD sector would help to ensure a more effective performance of RTD activities and their better alignment to the needs of society and business sector and would facilitate the establishment of high-tech companies which would be applying the results of RTD performed by science institutions for commercial purposes. Furthermore, higher competences of private companies in research and innovations would enable a better use of the available technologies and development of new ones, which, in turn, is supposed to stimulate the process of creating new products, services and processes. Also, higher RTD competences in the public and the private sector would facilitate a better involvement of the Lithuanian science institutions and business entities in transnational RTD programmes and help to attract direct foreign investment (including foreign research centres) into the area of high technologies.

The quality and quantity of human resources engaged in the RTD area is seen in the Operational Programme for the Development of Human Resources as one of the major components constituting the RTD capacity. This goal incorporates two important aspects: first, Lithuania needs to improve the qualification and competence of researchers; second, Lithuania must endeavour to increase the number of researchers and minimize the average of their age. This effort is expected to reinforce the effect of ERDF investments in RTD (investments in research activities, RTD infrastructure, science and business cooperation, etc.). The ESF funds could be also used for complementing the assistance available to Lithuania in 2007–2013 under the 7th Framework Programme (in particular, under the priority “Capacities” whereby the assistance will be provided for unlocking the available research potential in “convergence” regions).

The Operational Programme for the Development of Human Resources implements the first priority “Productive human resources for knowledge society” envisaged in the Lithuanian National Strategic Framework for the EU Structural Funds 2007–2013. The third area under this priority is related to the development of high qualification workforce. The analysis of the existing situation and future trends shows that the labour market demand for high qualification workforce (including researchers) is and will continue growing; therefore, appropriate action in this area is also required. The human resources currently engaged in the RTD area do not conform to the current and projected needs due to a variety of reasons, such as low number of researchers, their ageing, the process of “brain drain”, insufficient qualification, etc. Human resources is one of the key factors in attracting direct foreign investment, in particular in the area of high technologies; therefore, the Operational Programme for the Development of Human Resources will aim at enhancing the quality and quantity of human resources engaged in the basic branches of science which are focused on satisfying the needs of knowledge economy and labour market.

The Operational Programme for the Development of Human Resources assistance is expected to contribute to the achievement of the following quantitative targets in the RTD area:

- increased number of researchers (the total number of researchers per thousand and inhabitants/number of researchers in the business sector) – 6.1/15% (cf. 5.12/6.6% in 2004);
- scientific publications per million inhabitants – 400 units (cf. 242 units in 2004);
- researchers of younger age (researchers with a doctor's degree within the age groups up to 45 years, the business sector excluded) – 50% (cf. 38.2% in 2004 within three age groups up to 45 years: below 25, 25–34 and 35–44).

The Operational programme objective to enhance the quality and quantity of RTD human resources through fostering the capacity and potential of the Lithuanian RTD will be implemented under priority 3 “Fostering of researcher competences“.

Operational programme Goal 4 – Foster the administrative competences and increase the efficiency of public administration sector performance.

In a modern knowledge economy and knowledge society, public administration institutions and public policies are gaining increased importance, as they are pressed not only to ensure favourable conditions for an effective performance of markets but also to eliminate any problems occurring therein and promote the creation and transfer of new knowledge. In the Lisbon Strategy, the effective public administration is recognized as the prerequisite for the competitive economy. The relaunched Lisbon Strategy proposes better legislating and better formation and implementation of public policies to facilitate the growth of economy and employment. Based on the provisions of ESF Regulations, a new priority area on administrative capacities and public administration will be financed for the first time in the programming period 2007–2013 in those EU Member States or regions thereof which are eligible to receive the EU structural assistance under the goal of convergence. Therefore, Lithuania strives to *foster the administrative competences and increase the efficiency of public administration sector performance* on all management levels (central, territorial and local-self governance). The need to ensure the transparency of public administration, too, will be addressed with due attention.

As recommended in the Community Strategic Guidelines for 2007–2013, the highest priority within the new programming period will be attached to those issues having relevance to the national public administration system reform which represent the major problem areas hindering the process of social and economic development: low share of public sector expenditure falling to the categories oriented towards increasing the economic growth; poor orientation of system performance towards the achievement of results; persistence of economic activity regulation restrictions; existence of administrative burden on the business sector and the need for public policy reform in the context of long-term sustainable financial and economic growth of the State. These restrictions are inline with some Lisbon Strategy integrated guidelines (guideline 2 on ensuring the economic and financial sustainability, guideline 3 on cost-effective allocation of expenditure, guideline 14 on better regulation, etc.).

The Lithuanian National Public Administration Development Strategy embracing the period up to 2010, which was approved under Resolution No. 488 of the Government of the Republic of Lithuania of 28 April, 2004, constitutes the basis of this priority. The vision pursued by the Strategy is formulated in the following statement: „A public administration system that is able to provide better public services, address the individual needs of citizens and adopt the EU institutional, administrative and policy making experience“. The major goal envisaged in this

Strategy is to establish a transparent and efficient IT based public administration system oriented towards the achievement of results and effective customer attendance. While programming the ESF assistance available under herein discussed priority, account was taken, too, of other strategic documents and needs. The ESF assistance under this priority is supposed to contribute to the implementation of National Public Administration Development Strategy for the period up to 2010 according to the respective Action Plan for 2007–2010 and action plans or operational programmes for other strategies. After 2010, the National Public Administration Development Strategy will be subjected to revision. In performing the reform of the public administration system and in using the ESF assistance, Lithuania will observe the principles embodied in a new revised wording of the Public Administration Law (precedence of law, impartiality, proportionality, no misfeasance, internal cooperation, efficiency, subsidiarity, “one-stop shop” attendance). Moreover, the assimilation of ESF assistance that will be made available to the public administration area in 2007–2013 will be based on the principle of “organizational capacity” for respective interventions. This implies that prior to appropriating the ESF assistance funds, there will be first evaluated the capacity of respective state or municipality institutions or establishments.

Taking into account the current lack of knowledge, competences and skills and considering the future trends in the area of human resources (ageing, “brain drain”, shift from public to private sector, etc.), investments in the human resources of the civil service sector are also required in Lithuania. This would allow the civil servants and other employees of state and municipality institutions and establishments to acquire and refresh their knowledge, competences and skills (through lifelong learning) and apply them in an efficient manner in public administration (in performing the functions of state management, economic activity regulation, in providing public services, etc.) under the conditions of ever-changing environment.

Despite the adoption of strategic planning, programmed budgeting and other performance management tools, Lithuania still needs to orient more towards the achievement of results (i.e., the quality of the aforementioned tools and their application in decision-making processes is still insufficient). Therefore, the activities of public system performance management in Lithuania must be improved so as the public policy and budget expenditure (including state investments) could be better aligned to the strategic priorities of the country, be more effectively implemented and produce a higher long-term impact hence creating more favourable conditions for the growth of economy and employment.

Furthermore, the scope of cooperation (consulting with the interested stakeholder groups with a view to enhancing the transparency and efficiency of public administration performance) is not sufficient. A closer cooperation between the sectors could contribute to the development of knowledge society, as it would create the necessary conditions for the representatives of various interested stakeholder groups to improve their knowledge, competences and skills and use them productively in decision-making and legislating processes.

Lithuania still features a certain degree of administrative burden on the business sector. By minimizing this burden, the country could ensure a more effective exploitation of business potential hence contributing to the increase of economy competitiveness. Thus, with a view to implementing the EU initiative for better regulation, Lithuania must endeavour to improve the quality of economic activity regulation and reduce the administrative burden on the business sector. The quality and accessibility of public services to business and citizens, too, must be enhanced in line with the increasing needs and expectations of society. Finally, Lithuania is already implementing or planning to implement a number of public policy and services reforms launched on the level of individual institutions (for instance, high education or health care

reforms), and the EU structural assistance to these reforms could facilitate the growth of economy and employment in the country.

Despite the fact that Lithuania according to the indicator on the transposition of EU directives into the national legislation is well ahead of other EU Member States, its capacity in ensuring the enforcement of some transposed EU legal provisions on the national level yet needs to be reinforced. Moreover, Lithuania needs to get duly prepared for the adoption of new major EU initiatives and legislative provisions (such as the provisions of relaunched Lisbon Strategy or new directives on services) so that the country could make an adequate contribution to the achievement of new goals both on the national and the EU level.

The Operational Programme for the Development of Human Resources implements the first priority on “*productive human resources for knowledge society*” set out in the Lithuanian National Strategic Framework for the EU Structural Funds 2007–2013. This priority relates to the creation in Lithuania of knowledge society the members whereof shall be in the capacity of acquiring, refreshing and developing their knowledge, competences and skills and applying them for the benefit of the country’s economy (including public sector, civil service and interested stakeholder groups involved in the process of legislating and decision-making). The fourth area under this priority was defined with a view to enhancing the efficiency of public administration performance. This area encompasses the issues on the implementation of EU legislative provisions, good public policy practice or respective programmes, better economic activity regulation, public policies and services reforms, cooperation, partnership, etc. which are itemized in the description of this priority.

It is anticipated that the Operational Programme for the Development of Human Resources assistance will help to achieve the following quantitative targets in the area public administration and administrative competences:

- the level of population credit in state and municipality institutions and establishments – at least 40% (cf. 35% in 2005);
- the ratio of management efficiency (the World Bank indicator) – up to 1.25 (cf. 0.85 in 2005);
- the ratio for better regulation (the World Bank indicator) – up to 1.3 (cf. 1.13 in 2005).

This Operational programme goal on the enhancement of administrative competences and public administration performance efficiency will be implemented under priority 4 “Foster the administrative competences and increase the efficiency of public administration sector performance”.

2.2. PRIORITY 1. „QUALITY EMPLOYMENT AND SOCIAL INCLUSION“

The *tasks* of the priority are the following:

- to improve adaptability of workers and enterprises to the needs of the market (clause 3(1)(a) of ESF regulation);
- to promote employment and participation of people in the labour market (clause 3(1)(b) of ESF regulation);
- to enhance social inclusion (clause 3(1)(b) of ESF regulation).

The intervention logic of this priority is based on the assumption that state investment will help to match better the supply and demand of workforce (especially qualified workforce), which will produce a positive and continuous economic effect over a long period, exceeding the provided investment. By promoting adaptability of workers and enterprises or developing general skills of people, the investments in workforce quality and the growth of its productivity will be made (thus, the supply of qualified workforce will increase). This will have a positive effect on the demand of workforce, because successful enterprises will need a new workforce or people having acquired appropriate skills will start an independent business (the opportunities of further economic growth, favourable business environment, further economic integration into the EU market specified in SWOT analysis should also be taken into account). The demand of workforce will also increase due to various incentives of supported employment (in social enterprises, “first job“ assistance, etc.), whereas the supply of workforce will increase because of the initiatives to raise the level of employment and economic participation of people and to promote integration of people at social risk and persons experiencing social exclusion into the labour market. The initiatives will help these groups of people to acquire knowledge and practical skills valued in the labour market and will increase their motivation to work. A better match of workforce supply and demand, creation of qualified jobs and supply of qualified employees over a long period will help to improve essentially the social situation of people, to guarantee a higher standard of living and quality of life.

On promoting quality employment and social inclusion, it is necessary to search for new, innovative solutions and to apply them in practice constantly. In the period of 2004–2006, the EU initiative *Equal* was implemented to search for innovative solutions in the social area. It is proposed in the ex-ante evaluation report to use *Equal* experience, good practices and to pay attention to the introduction of *Equal* achievements into the policy. The operational programme projects to follow the principles of the initiative *Equal* coherently (to promote international cooperation, partnership, search for innovative solutions and their consistent introduction into the policy) and to apply them not only in the social areas but in the employment area as well.

Partnership, international cooperation, (the sharing of information, good practices and people, joint interinstitutional actions), promotion of innovations will be used as the **horizontal principles** in implementing all the activities of priority 1 if the application of these principles is an efficient way of achieving the set goals. It is especially important in order to improve the quality of social inclusion and employment policy and services provided and in order to increase effectiveness of the actions financed by ESF. In fact, these principles are not equally important to the specific actions – table below presents the activities of priority 1 for which the principles mentioned above could be particularly important and efficient in order to achieve the set goals. Therefore, the active attempt to apply these principles will be made. Final details will depend on the nature of the particular activity, improvement opportunities of the state policy in the relevant area and the needs of target groups.

Tasks of the priority	HRD AP Intervention areas of priority 1	International cooperation	Innovations	Partnership
to improve adaptability of workers and enterprises to the needs of the market	Improvement of human resources in enterprises and public sector			√
	Promotion of social dialogue and social responsibility of enterprises		√	√
	Reconciling family and work commitments	√	√	√
	Developing skills of computer literacy and entrepreneurship	√	√	
	Promotion of the return of Lithuanian emigrants		√	√
	Deflection of workforce from agriculture to other areas		√	√
to promote employment and participation of people in the labour market	General services of employment assistance, vocational training, nonformal education, supported employment of unemployed people and workers who are threatened with unemployment	√	√	√
	Vocational rehabilitation of people with disabilities	√	√	√
to enhance social inclusion	Actions for reduction of discrimination and prevention of social problems	√	√	√
	Promotional activity of involving people at social risk and persons experiencing social exclusion into the labour market	√	√	√

Description of the priority

Improvement of adaptability of workers and enterprises to the needs of the market

The analysis of situation and SWOT shows that intensified globalisation, competition in the global markets, new technologies and economic integration in the EU create additional opportunities and new challenges to Lithuanian enterprises and workforce. For a long time, an important factor determining competition of Lithuanian enterprises was a low-cost workforce, however, the importance of this factor in the future will decrease basically. Such factors as work productivity, created added value, quality of production and innovation become more important. Another equally important factor is flexibility of workforce, i. e. motivation and capability to adapt quickly to the needs of the changeable market (to acquire additional knowledge, skills, etc.). As regards the demand of workforce, it is planned that the state economy will have to focus to technologies of high and average level in the future, however, there is a lack of qualified workforce in these areas.

Providing support to the improvement of adaptability of employees and enterprises, a contribution to the implementation of the stages outlined in the Integrated Guidelines for Growth and Jobs (2005–2008) will be made (Implementation programme of the national Lisbon Strategy is formed in line with these guidelines):

- to promote flexibility combined with employment security and reduce labour market segmentation, in view of the role of social partners (guideline No 21);
- to increase investments in human capital and improve their usage (guideline No 23):

The Community Strategic Guidelines *Cohesion Policy in Assistance of Growth and Jobs* (2007–2013) emphasize that it is necessary to increase investment in human capital when improving adaptability of employees and enterprises, to combine labour market flexibility with employment security, to reduce labour market segmentation, to promote the role of social partners in the area of employment policy. It is stressed that a strategic and systematic approach is essential in this area; much attention should be drawn to the involvement of the employees of SMEs, low-skilled or older workers in education process and the improvement of such skills as computer literacy and management.

The achievement of this task will contribute to the implementation of the plans of the mentioned EU documents, national strategies, programmes and measures for specific areas. The most important national strategic documents have already been indicated in the strategy of this operational programme (including the horizontal areas). Moreover, according to the task 1, the measures provided for in the Life long learning strategy and the plan of its implementation actions will be supported (approved by the Order No. ISAK-433/A1-83 (2004, No. 56–1957) of the Minister of Education and Science and the Minister of Social Security and Labour of 26 March 2004). The plan for development measures of social partnership of the Government of the Republic of Lithuania, trade unions and employers' organizations (2005–2006) (approved by the Decision of the Tripartite Council of the Republic of Lithuania of 25 December 2005) is relevant in the area of social partnership - it is projected to support actions provided for in the plans of this kind after 2007 and beyond.

Implementation of this task will be a coherent part of the assistance provided according to the programme of rural development (2007-2013). In implementing this programme, the training of people engaged in agriculture, forestry or activities alternative to agriculture in rural areas will be financed. The investment of European Social Fund will be provided to initiatives intended to refocus and to requalify workforce from agriculture in the other areas.

The main target groups of this task are the workers of enterprises and institutions of public sector, representatives of social partners' organizations, persons who are planning to start or develop their own business and others. In providing assistance and following the principle for ensuring equal opportunities coherently, the specific needs of youth, women, older people, persons with disabilities and other groups in the labour market will be taken into consideration. The task will contribute to the indicators of the Lisbon Strategy aiming at increasing the level of lifelong learning (up to 11 % in 2013). This indicator is very important in the implementation of the principles of sustainable development. It is projected that many training activities will be connected with information technologies (computer literacy training, the use of IT in training employees, etc.), and this will have a positive effect for the development of information society in Lithuania. Moreover, investment is provided in order to promote refocusing of people leaving the agricultural activities and to increase the employment of rural people. The initiatives of this kind are also important in implementing the horizontal promotional principle of regional development.

Joint actions of social partners are important for the implementation of this task that will be especially promoted in such areas as improvement of human resources in enterprises, promotion of social dialogue, development of enterprise social responsibility and others.

Improvement of human resources in enterprises

Lithuania has a much lower proportion of enterprises that provide conditions for a continuous learning of their workers than in other countries of the EU. This is one of the reasons why the

average work productivity of Lithuanian workers is among the lowest in the EU. Therefore, in order to help workers and enterprises to adapt to the globalization, international competition and challenges of the EU integration, the promotion of investment in human resources by enterprises (especially SMEs) is projected. The problems determining the low level of workers' learning will be solved, i. e. the lack of funds, motivation and the opportunity to combine work with learning. In providing assistance, the demand of workforce will be evaluated. The demands of particular sectors and medium-term or long-term perspective will be taken into consideration with reference to the analyses of labour market, qualification demands and strategic documents. Furthermore, it is planned to initiate additional evaluations of economy requirements if necessary. Implementation of this activity is closely connected with the priorities of the operational programme for economic growth: investment in the increase of workers' qualification is an important condition necessary to achieve the goals of this programme. Under this activity, assistance will be provided to train the workers of enterprises and to increase their qualification, also to train managers of enterprises and to improve qualification of personnel managers. According to the remark provided for in the ex-ante evaluation report, the improvement of qualification of enterprise and personnel managers may contribute to the introduction of new and innovative work forms. The creation of modern personnel management systems and their introduction in enterprises will be financed relating it with the particular training of managers and workers.

Priority will be given to the training activities providing and improving vocational qualification, specialized professional knowledge and skills (including practical training) that contribute to the interception and introduction of new technologies, creation of new products, enhancement of work safety aimed at increasing competitiveness and active participation of enterprises in international markets. In order to ensure effectiveness of assistance, systematic investment that can prove its long-term continuity will be supported (i. e. investment that is clearly connected with the plans of business development and personnel of the enterprise).

Priority will be given to the training programmes that form the basis of sectors, the initiatives of industrial and business associations aimed at promoting development of human resources and quality changes in the whole sector. The importance of this approach is also stressed in the ex-ante evaluation report. The list of sectors that will be given a priority in providing assistance can be approved by the Decision of the Government of the Republic of Lithuania.

It is planned to support special initiatives aimed at training workers at micro and small enterprises and to promote training of low-skilled and older workers.

Improvement of human resources in a public sector

Workers of public sector have to meet the increasing requirements in relation to their competence, work productivity and quality as well. These requirements are imposed primarily by citizens of the country who emphasize the importance of more effective implementation of policy, more accurate forecasting of economic and social changes, more successful prevention of problems and more economical usage of national funds.

To this end, investment will be provided to enhance the knowledge, competence and skills of employees working in public institutions for which the provisions of Law on Civil Service are not applied. Mostly, they are the workers of the institutions providing public services. Funding will be provided to develop special and general knowledge and competence necessary for particular areas of activity and for such areas as the introduction of flexible and innovative work forms and

introduction of gender equality aspect in the policy. Moreover, the creation and improvement of personnel management and training systems will be supported.

Priority will be given to such training programmes that are necessary in implementing systematic qualification improvement plans for workers in particular institutions and their groups by introducing new and efficient work methods. Priority will also be given to joint projects of several institutions and associated structures of public sector that could determine quality changes in that sector, for example, such sectors as health protection, provision of social services.

Developing skills of computer literacy and entrepreneurship

It is stated in the European Memorandum on lifelong learning that **computer literacy** is one of the main new skills that is necessary for those who want to participate actively in the life of information society and knowledge economy. It is also claimed in this memorandum that the very gaps of management skills of information technologies determine a high level of unemployment in certain regions, branches of industry and among disadvantaged people.

The General Computer Literacy Programme for the year 2004–2012, approved by the Government of the Republic of Lithuania, states that the lack of skills and opportunities to use information technologies reduces opportunities to participate in the labour market and constitute barriers for using services of the digital market. People need the skills and knowledge of computer literacy in order to use new services successfully. The implementation of this programme is aimed at creating conditions for all people of the Republic of Lithuania to acquire knowledge of computer literacy that conforms to their education and professional activities irrespective of the age, gender, special needs, social status and place of residence. It is planned that about 970 thousand of people will acquire computer literacy until 2012 that conforms to their education and vocational qualification.

This activity will be carried out to help people to acquire the abilities and skills that are primarily connected with the need to use public electronic services. In order to ensure viability of provided knowledge and skills, the provision of assistance will be connected with the possibility to use public internet access. According to this activity, priority will be given to improve abilities of persons of the average age, older people* and people living in rural areas.** The assistance will also be provided to other groups that need training of minimal and basic qualification of computer literacy in order to improve essentially their situation in the labour market.

With the view of increasing entrepreneurship of people and creating conditions for persons to develop their own business, the assistance will be provided to improve the **skills of entrepreneurship** and appropriate knowledge. Funding for various information, consulting and training services connected with the formation and development of business will be given to the persons who plan to start their business or to develop it. This activity is planned to be implemented through the institutions providing public services for business.

* 84.2 percent of people at the age of 16-24 years, 36.9 percent of people at the age of 45-54 years, 14.8 percent - 55-64 years old, 3.6 percent - 65-74 years old used computer in 2006.

** According to the data of the department of Statistics, 52.2 percent of families had a personal computer in large cities and 17.9 percent - in rural areas in 2006. 46.3 percent of families used internet in large cities and 16.4 percent - in rural areas in 2006.

Promotion of social dialogue and social responsibility of enterprises

Social partners (trade unions and employers) will be encouraged to seek the agreement and to implement joint measures ensuring adaptability of workers and enterprises to the changes of the market by increasing flexibility of labour market, quality and socially secure employment, enhancing social inclusion and improving the quality of services provided by training system. These measures can increase the effectiveness of the state initiatives in this area and help to achieve the set goals. It is especially important at the regional level – the role and skills of social dialogue are less developed in the regions than at the national level. Funding will be provided with the view of promoting social dialogue and enhancing the skills and cooperation of social partners, especially at the regional level and sectors and in the public sector. Assistance will be provided to improve the skills and competence of social dialogue in the areas of wages, work productivity and efficiency, prevention of illegal work, creation of work councils, improvement of working conditions, to promote partners to solve problems of ensuring equal opportunities, vertical and horizontal segregation in the labour market jointly. It is planned to support the training of employers and employers' organizations on the rights and responsibilities of employees and the opportunities to introduce flexible and innovative work forms (such training is one of the methods to promote introduction of the mentioned work forms which were considered in the ex-ante evaluation report).

It is planned to provide not less than 1 percent of ESF funds for priority 1 to the development of administrative skills of social partners.

The issues of increasing social responsibility of enterprises are directly connected with the creation of quality jobs in general and the promotion of social dialogue specifically. The measures promoting social responsibility of enterprises (2006–2008) were approved in 2005. They will be pursued in the future. This document states that the priority of the country in this area is to promote the environment for developing social responsibility of enterprises by cooperating with economic, social and international partners. According to this operational programme, the contribution is planned in implementing the set measures: to disseminate methodical material in order to apply the principles of social responsibility in business, to organize meetings concerning the introduction of these principles and the sharing of good practices and to carry out actions to promote the introduction of these principles.

Reconciling family and work commitments

Limited possibilities to reconcile family and work commitments constitute a major obstacle to the participation of working age population in the labour market and adaptability to its requirements. Innovation in work forms is insufficient, there is a lack of services helping people to take care of the persons who are not able to provide for themselves in the family (children, people with disabilities, the elderly or the sick). Therefore, it is planned to provide assistance to such activities.

The measures of enterprises, institutions and organizations (including NGOs) implemented in this area will be supported, especially the measures promoting partnership of employers, service providers and public authorities. It is planned to provide funding for the projects that promote participation of the persons involved in the family care function in labour market (providing assistance that would help to take care of the dependants); these activities have to be combined with the support of similar purpose provided for according to the other groups of activities (general services of employment assistance, active measures of labour market policy). Priority will be given to innovative projects which can be the examples of good practices and can be applied in other

enterprises, institutions and organizations. The assistance provided in order to reconcile family and work commitments will be especially important in implementing one of the horizontal principles because the responsibility to take care of family members at home usually falls on women.

Promotion of the return of Lithuanian emigrants

The problem of emigration is becoming increasingly important in Lithuanian labour market because many qualified and required workers leave the country due to insufficient working conditions to live and work abroad. It is necessary to solve this problem because only by ensuring a visible work perspective for people in Lithuania, it is possible to expect the consistent rate of economic growth over the medium term.

Assistance will be provided to the actions provided for in the Strategy on economic migration and its implementation measures, i. e. the actions that would promote and contribute to the return of emigrants to Lithuania, also preventive measures such as the creation of information and consulting systems and the provision of appropriate services on the possibilities to return, live and work in Lithuania and to use services provided by the state. On improving situation in this area, innovative projects and projects based on the particular needs of emigrant groups implemented by NGOs could play an important role.

Refocusing of workforce in rural areas from agriculture to other activities

Currently a proportion of people engaged in agricultural activities is noticeably higher in Lithuania than the average of more economically developed countries. Contributing to the measures implemented by other institutions, the efforts will be made to promote refocusing of workforce in rural areas from agriculture to other activities. Effective investment in this area will help to increase an overall productivity of the country's economy, the income of population and the standard of living.

Funding will be provided to various initiatives of focusing, consulting, training, professional development or requalification of people leaving the agricultural activities. It is planned to support information and consulting of agricultural workers and motivation measures on opportunities to work in other areas.

Promotion of employment and participation of people in the labour market

At present, the lack of workforce is becoming one of the main restrictions of agricultural development in Lithuania. This conclusion is drawn in the situation and SWOT analysis. However, the analysis pays attention to the fact that a large part of workforce has not been used in Lithuania yet: the level of economic participation of people has changed very slightly for the last several years. It made 68.4 percent in 2005. Although the number of unemployed people has decreased over recent years, long-term unemployment still is a serious problem. Long-term unemployed persons lack qualification, competence and often motivation to work. Employment level and economic participation of women, youth, older people or people with disabilities are lower than the average and the level of unemployment (including long-term unemployment) is higher than the average. These groups encounter certain systematic problems in the labour market (lack of qualification, occupational experience and motivation, social attitudes, discrimination, etc.). Therefore, it is planned to finance the actions that would promote the inclusion and return of unemployed and economically inactive people to the labour market, increase motivation, employment skills and possibilities to get work of unemployed people (especially long-term unemployed persons). The main **target groups** of this measure are **unemployed persons**

registered in the Labour Exchange, workers who are threatened with unemployment and people with disabilities.

This action group will start when implementing the Integrated Guidelines for Growth and Jobs (2005–2008) and accordingly the National programme on implementing the Lisbon Strategy:

- to implement the employment policy through full employment, improvement of work quality and productivity and enhancement of social and territorial cohesion (guideline No 17);
- to promote attitude towards work as the life-long cycle (guideline No 18);
- to improve conformity of labour market needs (guideline No 20).

The Community Strategic Guidelines *Cohesion Policy in Assistance of Growth and Jobs* (2007–2013) state that the Member States should promote the employment and integration of the population of all ages into the labour market, increase work attractiveness and seek better conformity of workforce to the market needs. Attention has to be paid to the active measures of labour market policy and the provided services have to be adapted to the needs of particular persons as much as possible. In providing assistance the participation of women and the youth in the labour market could be promoted.

The mentioned EU guidelines will be implemented coherently in providing assistance to these action groups. Furthermore, investment will be made in order to implement national strategies, programmes and plans that set the measures to increase employment and participation of people in the labour market. All the planning documents discussed in the general part describing the measures are important for this area (including the documents for horizontal subjects). It is planned that this action group will contribute to the implementation of the national strategy for demographic policy and its measures (2005–2007), also various programmes of employment assistance (prevention of unemployment, territorial programmes of employment assistance, etc). The provided assistance will supplement the activities funded during the implementation of the programme measures of Lithuanian rural development fund (2007–2013) and the measures of supporting Lithuanian fishery sector (2007–2013). The plans of these measures project to provide assistance in cases of the early termination of agricultural production or fishing activities. It implies that the number of economically inactive people may increase; whereas under this group of activities, assistance will be provided with a view to promoting the return of economically inactive people to the labour market.

It is expected that the allocated investment will contribute to the increase of the general participation level of workforce (15–64 years old) up to 73.5 percent. Initiatives aimed at improving the situation of unemployed women, youth, older persons and people with disabilities in the labour market will also contribute to the implementation of horizontal equal opportunities and principles of sustainable development and will encourage long-term and young unemployed people to use public services provided in order to help their integration into the labour market. It is assumed that the employment and the overall retirement age of older people will increase. Also, efforts will be made in order to increase economic participation of people with disabilities and to raise the level of their employment. Many of the initiatives provided to the mentioned target groups will have a positive effect to the regional development because the lack of the discussed services and measures is firstly evident in economically disadvantaged regions. In providing these services, it is planned to extend the application of modern information technologies, which will contribute to the development of information society.

General services of employment assistance

The important action group for matching labour supply and demand is general services of employment assistance aimed at helping job seekers (unemployed and employed people, inactive persons in the labour market) to select the appropriate profession and to find the job that satisfies their needs.

Under this activity funding will be provided to the general services of employment assistance such as information, consulting, professional focusing, mediation in employment process and preparation of individual plans for employment assistance. Priority will be given to the services matched with the active measures of labour market policy (training, supported employment, work rotation) and the services ensuring the practical employment and position for the users of these services in the labour market.

Moreover, the research and other activities carried out by the institutions implementing national policy of employment assistance will be financed in order to find out the challenges of Lithuanian labour market and to find the optimal ways of solving these challenges (analyses and evaluations of labour market requirements, estimates of qualification demands, evaluations of effectiveness of measures on active labour market policy and possibly the preparation and introduction of new services, programmes and methods in relation to the improvement of skills and qualification of the workers).

Vocational training and nonformal education of unemployed people and workers who are threatened with unemployment

Vocational training of unemployed people and workers who are threatened with unemployment is the most important active measure of employment policy. Such training services are popular in the market; they are evaluated positively by learners and employers. However, the research shows that it is necessary to pay more attention to practical training (primarily in specific workplaces) and there is a lack of cooperation with social partners when providing the services of vocational training.

Under this activity, funding will be provided to **vocational training and nonformal education of unemployed people and workers who are threatened with unemployment**. Priority will be given to training that would help learners to acquire qualification and practical knowledge in great request in the labour market, can increase essentially their employment skills and improve their situation in the labour market. Initiatives of unemployed people to start their own business will be supported by providing them with the necessary knowledge of business environment, introduction and development.

The implementation of vocational training programmes will be firstly connected with the short-term or medium-term estimates of labour market and qualification demands conducted by Lithuanian Labour Exchange with a view to ensuring the inclusion of workforce with the required qualification in the labour market. It should be indicated that unemployed people may have a very different background, occupational experience and qualification (for example, immigrants may have a very high qualification). Therefore, in order to increase training effectiveness, the provided services must be adapted to the needs of specific groups as much as possible.

Special actions are planned for long-term unemployed persons with a view to promoting the renewal of their motivation, knowledge and skills. Priority will also be given to young unemployed persons in order to give them opportunities of practical training, traineeship in enterprises, apprenticeship, and older people in order to improve their knowledge and skills and to apply these knowledge in the labour market.

Supported employment and work rotation

Activities of supported employment help to involve unemployed persons in the labour market and to provide occupational experience and practical skills for them. According to this operational programme, funding will be provided to such activities of supported employment as **subsidised employment, assistance to acquire occupational skills, work rotation, territorial mobility of the unemployed. Social enterprises will also be supported.** This support is especially important to people with disabilities and other target groups that can be recruited in social enterprises (long-term unemployed persons, unemployed pre-retired people and others). Moreover, special support for the first job according to the acquired speciality or profession will be provided to the enterprises recruiting the persons who have recently obtained their professional qualifications. This support will be particularly relevant to the youth. The funds of operational programmes can also be used for new initiatives in the area of supported employment that will be necessary in the future.

The funding for supported employment will be firstly provided to **long-term, young and older unemployed persons, people with disabilities and people living in economically disadvantaged regions and rural areas.** Integrated initiatives will be promoted that include not only supported employment but training activities as well. Attention will be paid to the creation of supported jobs and the assurance of their continuity.

Vocational rehabilitation of people with disabilities

Significant emphasis will be placed on the promotion of economic participation of people with disabilities, which is currently very low. The opportunities for people with disabilities to participate in the labour market would guarantee better life quality for them and avoid social exclusion. Furthermore, it would be useful for all the society and economy. In promoting the inclusion of people with disabilities in the labour market, several measures of this action group are important (training, supported employment).

Under this activity, it is planned to finance the creation and improvement of the system of vocational rehabilitation services (that consist of determination of working capacity level, preparation of methods and programmes, etc.) and provision of these services to people with disabilities. Special attention will be paid to the initiatives that include not only vocational rehabilitation services but propose real employment possibilities for those who finish the programme. In order to ensure efficient usage of funds and tangible effect of the programme, support will be primarily given to systematic measures that can prove their long-term continuity.

Enhancement of social inclusion

Social exclusion is the inability and incompetence of particular persons and groups to use the goods created by the society, to participate in occupational activities and social life. The situation and SWOT analysis shows that this problem arises for several reasons. Firstly, the majority of these people lack motivation and skills to work or use the goods provided by the society. Secondly,

negative attitudes of society and employers towards these persons (stereotypes, discrimination) play an important role.

Social exclusion is a threat to some people of those groups that are indicated as the supported groups under each type of activities: women, youth, people with disabilities, older people. As has already been discussed in the analysis part, social risk of these persons is often determined by certain additional factors. For example, after the separation of family, children usually stay with their mother. The care of children means certain financial responsibilities, however, it is not easy to reconcile work and family needs. Women usually become the victims of violence at home and human trafficking. Social exclusion risk of young persons usually arises if these persons do not have any qualifications, live in problematic families or special social care institutions, are addicted to drugs or alcohol. Disability or old age often becomes the factors of social risk and the situation of these persons may worsen due to unemployment, lost qualification and living in rural area. Other groups of persons who are threatened with social exclusion are convicted persons and people released from the prison, Roma people (also other ethnic minorities in some cases discussed in the analysis), persons of non-traditional sexual orientation, people with dependency, people who have not received their education, victims of violence at home and human trafficking, infected with HIV, sick with AIDS and others.

Social exclusion is a complex problem which has to be solved by means of the integrated approach of measures implemented by various institutions. The ex-ante evaluation report emphasizes that well motivated connections of initiatives are necessary in the areas of social inclusion and employment. In fact, it is usually not enough to provide services of employment support or to apply active measures of labour market policy to people at social risk and persons experiencing social exclusion. Therefore, under this action group, it is planned to promote additional actions that would help these persons to be involved in the society and accordingly in the labour market, and would help the society to change the attitudes towards these people. Priority must be given to the initiatives that can solve problems of target groups (recovery of health, social services, motivation, help to acquire knowledge and skills, social integration, employment) comprehensively.

This action group is particularly important in implementing the Integrated Guidelines for Growth and Jobs (2005–2008) (it is reflected in the Implementation Programme of the National Lisbon Strategy):

- to ensure open labour markets, to increase attractiveness of work, to make work financially attractive for those who seek employment including disadvantaged and inactive people (guideline No 19).

The Community Strategic Guidelines *Cohesion Policy in Support of Growth and Jobs* (2007–2013) state that it is necessary to enhance social inclusion, to promote persons at social risk to participate in the labour market in providing support. It is recommended to increase integration of immigrants into the labour market and society. The guidelines suggest to make possibilities for persons at social risk to enter the labour market providing the necessary social services and combating with discrimination.

Under this action group, support will be provided according to the set guidelines and through the implementation plans of national strategies, programmes and measures in the area of social inclusion promotion. All the documents discussed in the general description part of the priority specify the particular measures relevant to this area (including documents aimed at implementing the horizontal principles). In providing support, priority will be given to the measures that are

provided for in the National report on Lithuanian strategies for social protection and social inclusion (2006–2008 and subsequent). Also, it should be stressed that many measures provided for in this plan will be implemented under the action groups of increasing the adaptability of workers and enterprises to the needs of the market and promoting employment and participation of people in the labour market of this operational programme. Moreover, this action group will help to implement the national programme of antidiscrimination (2006–2008), the national strategy of demographic policy and the measures of its implementation (2005–2007) and the national political strategy for the children good and the plan of its implementation (2005–2012).

The programmes for specific risk groups are also important, i. e. the programme of convicted persons and people released from the prison (2004–2007), the national programme of drug control and prevention of drug addiction (2004–2008), the national programme of help for children and prevention of violence against children (2004–2007), the programme of prevention and control of human trafficking (2005–2008).

The activities financed under these action groups will contribute to the increase of participation of people at social risk and persons experiencing social exclusion into the labour market and the reduction of unemployment. It will also have a positive effect to the implementation of the principles of equal opportunities and sustainable development. The problems of social inclusion are especially relevant in the economically disadvantaged regions because of the lack of appropriate services, insufficient quality and diversity. The solution of these problems will be useful for the promotion of regional development. Moreover, in providing support for the activities described below, all the parties concerned will be encouraged to propose new, innovative ways of solving social exclusion problems, which can be based on the good practices of other countries and the experience of Lithuanian projects financed by initiative *Equal*. The importance of integrating the experience of initiative *Equal* into the projects of 2007–2013 is also emphasized in the ex-ante evaluation report.

Reduction of discrimination and prevention of social problems

Prevention of social exclusion and poverty is the most effective way of solving social problems. Under this activity, it is planned to invest in the creation of prevention measures and models for various groups of persons at social risk with a view to forestalling addictions, crimes, discrimination on the ground of the Law on equal opportunities, violence at home, human trafficking and other problems. Investment will also be provided to the creation of prevention systems of social problems, i. e. the creation of programmes of different social work methods (work with families and persons at social risk), social and psychological rehabilitation, the creation and implementation of measures and models for ensuring equal opportunities by promoting the cooperation of various institutions, NGOs working in this area.

Much attention will be paid to the initiatives that would help to change discrimination stereotypes in the society (regarding the gender role in the labour market, the role of „dependant“ attributed to older persons, people with disabilities and persons of other groups) that constitute an obstacle for these persons to integrate into the labour market. Innovative measures will be promoted that would help to solve the existing problems in a new and more effective way. The society will get information about gender equality and equal opportunities for all people.

Priority will be given to the long-term projects of various institutions and NGOs that would decrease essentially the potential or already existing risk of exclusion for certain groups in particular areas or the whole territory of Lithuania. The projects aimed at encouraging the

cooperation with foreign partners and introducing good practises of foreign countries in Lithuania will be promoted.

Services aimed at promoting the inclusion of people at social risk and persons experiencing social exclusion into the labour market

People at social risk and persons experiencing social exclusion (who are indicated in the part describing the task) encounter many difficulties when entering the labour market due to various social, psychological and economic reasons. In order to help these persons, specific and complex measures will be implemented: various social and professional services of rehabilitation that would increase motivation of these persons, form the necessary social skills, promote participation in the society life and improve the skills needed to start using general services of employment support and active measures of the labour market policy. The problems, their reasons and the needs of particular target groups will be evaluated and the measures will be set. Also, the effectiveness of these measures will be evaluated in order to make the support more efficient.

Some of these services will be provided in the institutions of social services established for special purposes (Social centres, Family crisis centres and Family support centres).

Moreover, it is very important to promote the initiative “from the bottom“ in solving the problems of social exclusion. Therefore, it is planned to support the initiatives of self assistance for various groups of persons threatened with social exclusion. Funding will be provided to the projects that will make the largest contributions in reducing social risk and social exclusion of people and will promote them or their family members to come back to the labour market.

Support will also be provided to create and improve temporary social services, i. e. to introduce evaluation systems of working capacity and professional skills, to create innovative methods of social work, to create special programmes increasing motivation for work and learning. It is planned to promote cooperation between various institutions working in this area (including NGOs, local communities) with a view to creating and implementing the integrated models of social, educational and employment services. All the parties concerned will be encouraged to propose new, innovative ways of solving social exclusion problems, which can be based on the good practises of other countries and the experience of the projects financed by initiative *Equal*.

Connection of the priority 1 „Quality employment and social inclusion“ with other priorities and other AP

Action groups of priority 1	Connection of the tasks and activities of priority 1 with other priorities of HRD AP and other AP
Task 1	
Improvement of human resources in enterprises	1. will contribute to the implementation of priorities 2 and 3 of AP through the investment in qualification of workforce 2. successful implementation will depend on the implementation of priority 2 of HRD AP which has to ensure sufficient accessibility to the necessary training programmes (especially nonformal training) and the quality of this training.
Improvement of human resources in the	1. will contribute to the implementation of priorities 2 and 3 of AP through the investment in qualification of workforce 2. successful implementation will depend on the implementation of priority 2

public sector	<p>of HRD AP which has to ensure sufficient accessibility to the necessary training programmes (especially nonformal training) and the quality of this training.</p> <p>3. It is planned under priority 4 of HRD AP „Enhancement of administrative skills and improvement of public administration effectiveness“ to enhance the skills of public officers (including statutory and other officers working in the national and municipal institutions for which the provisions of the Law on Civil Service are applied). Under priority 2 of HRD AP „Lifelong learning“, the training of teachers and administrative personnel in comprehensive, professional and the adult schools will be supported. Under this group of activities, training support will also be provided to enhance the competence and skills of workers of municipal institutions for which the provisions of the Law on Civil Service are not applied (mostly these are the workers of the institutions providing public services).</p>
Developing skills of computer literacy and entrepreneurship	<p>1) To some extent, computer literacy may be financed through the activities of the tasks 1 and 2, however, only for the purposes connected with the activities of enterprise and the functions of worker, focusing especially on the specific IT knowledge and not on the general skills.</p> <p>Under this activity, support will be provided to improve the skills that are necessary in order to use public electronic services (and for the certain indicated target groups), also in the cases when a person lacks general IT skills required in order to stay in the labour market and to improve his working situation.</p> <p>2) Independent employment of the unemployed people registered in the Labour Exchange (the initiatives of these persons to start their business in providing them with the necessary knowledge about business, its introduction and development) will be supported through the activities of the task 2 of priority I. Other persons planning to start or develop their own business will get support in accordance of this activity.</p>

Refocusing of workforce in rural areas from agriculture to other activities	The situation of workforce in rural areas can also be improved by the other actions of priority I. Under the action group „The promotion of employment of people“, it is planned to support the active measures of labour market policy applied to unemployed persons and professional orientation of these people. Temporary social services are relevant to some groups of people living in rural areas and are planned to be financed under the action group „Enhancement of social inclusion“.
Task 2	
General services of employment support; vocational training and nonformal education of unemployed people; supported employment, work rotation	1) The support of priority 2 of HRD AP to develop and improve the system of professional orientation, to improve the quality and accessibility of vocational training services, also the investment of cohesion promotion of priority 2 (AP) in the development and optimization of vocational training infrastructure and the modernization of the infrastructure of territorial labour exchanges will provide conditions to implement this activity successfully. 2) These activities are closely connected with each other. General services of employment support is the first stage in which the information on the labour market requirements is provided, personal needs and possibilities are evaluated; this stage provides the conditions to plan further support and to propose the active programmes of labour market policy to the job seekers (vocational training, supported employment, etc). Funding of supported employment is provided together with vocational training in most cases. Unemployed person who finished vocational training programme has to participate in the programmes of supported employment to acquire the required work experience and practical skills.
Vocational rehabilitation of people with disabilities	The support of cohesion promotion of priority 2 (AP) is provided to develop the infrastructure of vocational rehabilitation of people with disabilities, which is one of the main conditions to create the system of vocational rehabilitation of people with disabilities and to provide these services.
Task 3	
Promotional activities of involving people at social risk and persons experiencing social exclusion into the labour market	1) The support of cohesion promotion of priority 2 (AP) provided to develop the infrastructure of temporary social services will contribute to the implementation of this activity. 2) This activity applied for the economically inactive people and persons experiencing social exclusion is closely connected with the activities financed under the task 2 of priority I (HRD AP). The partnership and cooperation with labour market institutions can ensure the achievement of the main goal – successful integration of these people into the labour market.

Cross funding and global grants

In implementing this priority, it is planned to use cross funding that ensures the support of the areas financed by ERDF. Cross funding would be used to create and renew small infrastructure and to purchase equipment according to the particular action groups with a view to increasing the effectiveness of these activities and considering the needs of target groups better.

Cross funding has to comply with these criteria:

1. The activities financed by ERDF have to be implemented as the constituent part of the actions implemented under this priority;

2. The activities financed by ERDF have been indispensable for the achievement of the goals and results of the actions financed under this priority.

In implementing this priority, the schemes of global grants can be applied.

Conformity to other measures supported by the EU

Significant emphasis will be placed on the conformity of the actions implemented by the Human resources operational programme and the coherent contribution to various initiatives of the EU in the areas of increasing employment and reducing social exclusion. Under this operational programme, funding will be provided to the actions that comply with the goals of the Lisbon strategy, the Integrated Guidelines for Growth and Jobs (2005–2008) and the Community Strategic Guidelines *Cohesion Policy in Support of Growth and Jobs* (2007–2013).

The integrated lifelong learning programme of the EU (the implementation of which will start in 2007) is relevant to the Employment priority because its special programmes are applied in vocational training (*Leonardo da Vinci*) and adult education (*Grundtvig*). Moreover, the horizontal programme is also important aimed at learning languages and used for the measures connected with ICT.

Information on the limits of the support provision in the areas supported by EAFRD and EFF is provided for in Annex 4 „Conformity of the EU structural assistance to the support provided by EAFRD and EFF”.

The planned distribution of expenditure in the categories

Distribution of expenditure according to the priority subjects		
Code	Title	Financial proportion (in Euros)
62	The creation of lifelong systems and strategies in enterprises; training and services for workers with a view to increasing their ability to adapt to the changes; promotion of entrepreneurship and innovations	149.619.820
63	The creation and distribution of innovative and more efficient methods of work organization	14.123.515
64	Development of specific services of employment, training and support by restructuring sectors, enterprises and the creation of systems of forecasting economic changes and future requirements connected with workplaces and skills	50.867.012
65	Renewal and enhancement of the labour market institutions	3.279.339
66	Implementation of active and preventive measures in the labour market	58.431.850
67	Measures that promote active ageing and prolong the age of working capacity	9.912.546
68	Support to independent work and the creation of business	3.577.460

69	Measures aimed at improving employment opportunities and increasing sustainable participation and progress of women in the area of employment in order to reduce segregation because of the gender in the labour market, reconciling work and private life, for example, by providing better conditions to use the services of the care for children and dependant persons	17.365.588
70	Particular actions aimed at increasing employment of migrants and enhancing their social integration	4.695.417
71	Methods to integrate and to involve socially disadvantaged people in the work; combating with discrimination of possibilities to participate in the labour market and to make progress in it, the promotion of accepting diversity in the workplace	59.288.950
80	Promotion of partnerships, agreements and initiatives when creating the networks of the parties concerned	1.490.608
IN TOTAL		372.652.105
Distribution of expenditure according to the types of funding		
Code	Title	Financial proportion (in Euros)
01	Irrevocable support	372.652.105
IN TOTAL		372.652.105
Distribution of expenditure according to the types of territories		
Code	Title	Financial proportion (in Euros)
00	N/A	355.274.904
05	Rural areas (<i>except mountains, islands and sparsely populated regions</i>)	17.377.201
IN TOTAL		372.652.105

2.3. PRIORITY 2. “LIFELONG LEARNING”

Description of the priority

To increase lifelong learning possibilities for Lithuanian citizens, the following *tasks* shall be carried through:

- improvement and strengthening of institutional lifelong learning system;
- improvement of the quality of lifelong learning services;
- Increasing accessibility of lifelong learning.

Improvement and strengthening of the institutions of lifelong learning system

In order to solve the problem of low lifelong learning level, the system of institutions and incentives will be improved in the first place, so that educational institutions were interested in focusing on the development of lifelong learning services. Investment funds will be directed to two main groups of actions. The first group provides for completing the development and implementation of the national qualifications system and enhancing of education quality assurance and monitoring system. Taking into consideration the comments of pre-evaluation, it has been established that, according to the GPD-financed projects, by the year 2008, model of national qualifications system will be developed and its implementation will be started, lists of competences will be prepared and qualifications framework will be formed for two economic sectors, formation of the system of vocational training standards will be completed and 100 professional education standards will be prepared, uniform model of quality assurance system and quality standard for vocational training sector will be developed and implemented, other preconditions for the functioning of external and internal quality assurance system will be created. Therefore, during the period from 2007 to 2013, it is planned to continue implementing national qualifications system: to prepare the lists of competences and form qualifications framework for other economic sectors. Vocational training standards will need to be reviewed gradually and a small number of new ones will need to be created, several hundred new programs will have to be reviewed and tenths of new ones will have to be developed according to the newly approved standards. To strengthen the education quality assurance system, it is planned to continue implementing on a grander scale internal quality management systems in the institutions of vocational training, perform external evaluation of the activities of some institutions of vocational training (on the program and institution level).

National qualifications system, development of which was started in 2004–2006, will include evaluation and recognition of the competences acquired formally, informally and by way of self-education, and improved credit system. It will help to eliminate the obstacles for lifelong learners, provide them with conditions for easier evaluation of ones possibilities and achievements to further improve or change qualifications. The situation where only the qualifications acquired within the system of formal education are recognised, whereas the competences acquired during professional practice or through self-education cannot be assessed and recorded, will be changed. In order to

assure the functioning of the national qualifications system, adequate investments will be made into administrative and expert capacities of the institutions administrating this system. Development of the national qualifications system shall be carried out according to Priority 4 “Strengthening of administrative capacities and increase of efficiency of public administration” and Priority 2 of Community Cohesion Action Plan. Priority 4 provides for investments in creation of organisational and administrative preconditions for the national qualifications system, testing of this system and training of public servants. Priority 2 of the Community Cohesion Action Plan provides for the investments in the infrastructure of the system. All other activities of development and implementation of the national qualifications system will be financed according to Priority 2 “Lifelong Learning”.

Enhancing of education quality assurance and monitoring system will involve internal and external evaluation of pupils’ achievements within the system of formal education, internal and external evaluation of study programs as well as improvement of institutional evaluation. In the development of quality assurance system, expertise and experience of social partners and the best local and foreign experts will be used. Reliable quality assurance system will guarantee the quality of education services and effectiveness of their provision. Particular focus will be on further improvement of administrative and expert capacities of the institutions that ensure the quality and provide methodological assistance. To improve education monitoring system research will be carried out, information necessary for the improvement of education system will be gathered and systematised. Investments in the infrastructure of quality assurance and monitoring system are planned in the Priority 2 of the Community Cohesion Action Plan.

Investments in the second group will be directed towards decentralisation and improvement of education system management and financing of education, optimisation of institutions of formal and informal education and their networks, reformation and development of the network of state-level and public libraries. Principles of strategic planning will be introduced in educational institutions and the openness of the institutions will be increased, networks of partnerships of various kinds of institutions will be developed. While reorganising the management of institutions, more authority in forming the supply of education services will go to organised users of education services: employers and their associations. It is planned to invest in improvement of managerial capacities of educational institutions to improve the qualification of their personnel and introduce progressive forms of work organisation, enhance the awareness of the personnel of these institutions. This will enable increasing the independence and flexibility of educational institutions and their focus on the labour market needs and socio-cultural needs of the society. At the same time, quality management systems based on the principles of strategic planning will be implemented, internal management will be improved differently; besides, incentive systems for personnel will be introduced in order to turn educational institutions into flexible and fast-learning service providers. Education financing system will be further improved by encouraging professional competition and thus increasing the service focus of educational institutions on the needs of the students, society and labour market. Financing of educational institutions will be associated with indicators of informal education service provision as well as those of formal education. Qualifications acquired informally or by way of self-education will be recognised and assessed by credits after the national qualifications system is implemented. It is planned to develop and start applying flexible financing models for adult studies based on the principles of the “student’s basket”. Network of educational institutions is not optimal, small institutions with large fixed-costs prevail in certain levels of education. Investments will help to ensure their smooth joining, search for internal reorganisation solutions, optimal for modern educational institutions, and their implementation to help the institutions cut their fixed costs, make use of the infrastructure and mass economy. Network of state-level and public libraries will also be

improved. As part of reorganisation of the institutional networks, it is planned to strengthen various institutions of formal and informal education, encourage their partnership with educational institutions of public sector, thus expanding the range of education services offered, enhancing the flexibility of the institutions, developing the ability of institutions to adapt to the changing education context.

When reorganising the institutional networks and improving the use of educational resources, it is planned to prepare and implement national programs, where investment priorities are defined and investments of Community Cohesion and Human Resource Development Action Plans are agreed upon. Physical reorganisation of the infrastructure of educational institutions and the network of state-level and public libraries will be financed according to Priority 2 of the Community Cohesion Action Plan, whereas the studies, audits and technical documentation necessary for reorganisation of institutional networks will be prepared according to Priority 4 of Human Resource Development Action Plan “Strengthening of administrative capacities and increase of efficiency of public administration”. Solutions for improvement and reorganisation of the network of state-level and public libraries will be coordinated with the reorganisation of educational institutions and improvement of their network in order to better integrate these libraries into lifelong learning system, strengthen their cooperation with educational institutions and users of education services, particularly, local communities. According to Priority 2 of Human Resource Development Action Plan “Lifelong Learning”, search for progressive forms and solutions of cooperation between educational institutions of various levels, their presentation and implementation will be supported in order to use educational resources more effectively and increase economic viability of educational institutions. To strengthen cooperation networks between educational and research institutions, efforts will be made to encourage cooperation of educational institutions of all levels, improve qualifications of the personnel, exchange experiences, improve the links between science achievements and educational practice, jointly use educational resources and seek other strategic goals in education.

The expected result of strengthening the institutions will be opportunities of additional education provided to the managers of educational institutions and other employees (other than educators). They will serve to support and ensure the success of the aforementioned reforms and efforts of creation of institutions. Additional opportunities of informal education will be offered to at least 6900 employees, those of formal education – to at least 1000 employees.

Improvement and strengthening of the institutional system is in line with the provisions of the National Education Strategy. It is planned in the National Lisbon Strategy Implementation Program to create national qualifications system, introduce teaching quality assurance system, evaluate and recognise qualification, create informational education management system, carry out research and analysis necessary for the education monitoring, implement Lifelong Learning Assurance Strategy and the action plan for its implementation, and arrange for reorganisation of the network of schools with programs of formal education. Priority course established in the program for the implementation of the Provisions of the National Education Strategy 2003-2012 is “improvement of management”. While implementing the Strategy, it is planned to prepare the methodology for informal education basket, implement other measures for improving the procedure of financing of education. Network of vocational training institutions is to be reformed according to the 2005-2012 Master Plan for reformation of the network of vocational schools established by the Ministry of Education and Science.

Improvement of the quality of lifelong learning

Investments in the improvement of quality of lifelong learning in Lithuania in 2007-2013 will seek to achieve that educational institutions could develop and offer wide range of quality education services. It is planned to improve the programs of formal education and increase the capacities in providing them. Very few Lithuanian citizens study informally, therefore, this way of studying, qualification upgrading, development of flexible forms of education will be established as a horizontal priority in all programs of formal education (after acquiring basic education). Similarly, investments in the infrastructure of teaching and studying within the Community Cohesion Action Plan will be made only in case they will help both to prepare new specialists and upgrade the qualification of existing specialists. Investments in the quality of learning services are intended to improve it at all levels of education, starting with preschool education, because the teaching quality in the lower stages of education determines further success of learning and integration into labour market. Following this systemic approach, there are two key priorities set for the investments in quality: improvement of quality of natural and technological sciences and development of key competences. Investments will be aimed at correction of interrelated factors that limit the quality of teaching: lack of qualification of lifelong learning personnel, shortage of modern methodologies and technologies, textbooks and other training materials and sources of information as well as study programs, which meet the requirements of modern economy. As a result of interventions in seeking quality goals, at least 30 thousand teachers and lecturers will be granted additional opportunities of informal education aimed at improvement of their qualifications and capacities in providing high-quality education. Besides, at least 15 thousand pupils and students will be offered the opportunity to complete high-quality programs of formal education in priority areas of education. These actions of Priority 2 “Lifelong Learning” will be logically supplemented by the investments in infrastructure according to Priority 2 of the Community Cohesion Action Plan in order to adapt it to the modern needs of teaching, also, by measures of Priority 1 “Quality Employment and Social Inclusion”, promoting and supporting the demand for learning services.

The primary intention is to invest in preparation or acquisition of modern methodologies, textbooks and other training materials, providing educators with access to other sources of information necessary for studying. A lot of attention will be given to providing the educators with electronic and other teaching aids for teaching technologies and natural sciences, which also expand the socio-cultural competences of people: software for learning, electronic simulators, etc. This will enable to increase the effectiveness of improvement of qualification of lifelong learning personnel, which is one of the areas of investment, and the overall quality of lifelong learning services.

When investing into the qualifications of the teaching personnel, first of all, qualification improvement systems will be strengthened by resolving the issues of institutions of qualification improvement and accreditation of their programs, assurance of quality monitoring, strengthening of informal educational institutions, expansion of partnership networks and other issues. Network of competence of sustainable development of education will be created, whose main function will be to provide constant assistance to the teaching personnel and ensure cooperation of various educational institutions – universities, colleges, vocational training, general education, education centres, informal education and other institutions – when implementing strategic provisions of education. In order to better serve the increasing needs of continuous adult learning, proper attention will be given to the preparation of andragogues and development of andragogic competences of teaching personnel. When improving the qualification of personnel within the system of education, cooperation of universities and other schools by combining scientific

research, studies and educational practice is particularly important. It is planned to increase the mobility of teaching personnel, provide conditions for probation at employer companies or educational institutions because this will help to refresh their skills, exchange experiences, increase the openness of vocational education and study systems and the compliance of their services with the needs of economy. When reorganising and improving the network of educational institutions, teaching personnel of these institutions will be given the possibility to change qualifications, meet other lifelong learning needs. These investments will enable teaching personnel to acquire, improve and update their competences necessary for a modern teacher, lecturer or trainer. Better integration in the activities of education system of teaching personnel at the employer companies or institutions – school and student practice supervisors, research advisors will be sought. Investments will be made into their qualification; they will be given a possibility to improve their skills in the education system and the issues of their motivation will be otherwise resolved together with the employers.

Investing into qualification of teaching personnel and application of modern teaching aids, methodologies and technologies will provide conditions for substantial updating and development of new teaching and study programs, accreditation of qualitative ones and their testing. The quality of organising teaching and study programs will be improved. At the same time, it is planned to support the preparation or updating of vocational training standards and regulations for fields of studies according to the first task of this priority, educational institutions will be encouraged to update and prepare new teaching and study programs according to the new quality requirements, finance the implementation of these programs. Major attention will be given to the reviewing of study contents, taking into account the capacities of high schools and needs of the economy. Approval of vocational training standards and regulations of fields of studies will facilitate the assurance of the quality of teaching and study programs. Priority 2 “Lifelong Learning” focuses on lifelong learning system, except the third study level, which will be developed according to Priority 3 “Strengthening the capacities of researchers”. According to the latter priority, activities of scientists and other researchers will be financed; research of the pupils of secondary schools, technology gymnasiums and other educational institutions will be supported as well as the cooperation of research, educational institutions and business entities. According to the priority of the Action Plan for Economic Growth “Information Society for All” it is planned to finance the development of information system of research and study institutions and computer network, which is important in carrying through the tasks of lifelong learning according to Priority 2.

When investing, particular attention will be given to the development of key competences at all levels of education system, particularly, entrepreneurship, public spirit, language skills, computer literacy and promotion of socio-cultural competences. Key competences become particularly important in realising the lifelong learning possibilities and adapting to the changing needs of labour market, decreasing socio-cultural exclusion from political institutions of social life, developing the ability to take part in social life and improving life quality. According to Priority 2, the supply of development of key competences will be strengthened, whereas according to Priority 1 “Quality Employment and Social Inclusion”, the development of key competences (computer literacy, entrepreneurship, languages, etc.) will be supported directly.

Improvement of teaching quality is in line with the provisions of Lithuanian education policy. It is planned in the National Lisbon Strategy Implementation Program to prepare vocational training standards and regulations for fields of studies, teaching and study programs in compliance with the needs of economy, improve the qualification of teaching personnel of educational institutions and reform the system of qualification upgrading. A number of quality improvement tasks are provided for in the Lifelong Learning Assurance Strategy, including such tasks as preparing the heads of

educational institutions and improving their qualification, providing conditions for education employees to obtain minimal competence of andragogue necessary for working with adults and so on. Program for implementation of Provisions of National Education Strategy 2003–2012 provides for the measures of teaching quality improvement within priority trends for improvement of contents and personnel whose implementation could be partly financed by the European Social Fund. When creating the network of sustainable education development, integral system of teachers' preparation and qualification improvement focusing on the changing role of the teacher and lecturer in the knowledge society, and the new competences and values attributable to modern teacher and lecturer provided for in the provisions of the National Education Strategy 2003–2012 would be developed. Preparation of the National Sustainable Development Education Program covering formal, informal and self-education is included into the Program for 2004-2008 of the Government of the Republic of Lithuania, which will contribute to the implementation of the provisions of National Long-term Development Strategy and National Education Strategy 2003–2012 in the area of education quality improvement and supplement the provisions of the National Sustainable Development Strategy (section "Education and Science").

Increasing accessibility of lifelong learning

In order to increase the accessibility of lifelong learning services, investments in three groups of measures are planned: developing flexible, individualised forms of learning, increasing informational and geographic accessibility of learning services and improving the learners' support system. Accessibility of learning services will be increased for all residents of Lithuania, priority being given to the most neglected in terms of education groups of rural area residents, i.e. people with special needs (primarily, the disabled) and (or) social risk groups (primarily, children and youths who were left out of basic and secondary schools and who lack motivation for learning) and gifted children. Having carried through the accessibility task, at least 13.8 thousand disabled people or education employees ensuring accessibility of education to those people will be given additional opportunities of informal education. Also, at least 4 thousand will get additional opportunities of formal education. Measures for improving accessibility of learning as per Priority 2 "Lifelong Learning" will be coordinated with the measures provided for in Priority 1 "Quality Employment and Social Inclusion". Measures of Priority 2 will improve the supply of learning services, seek to ensure the accessibility of services, whereas the measures of Priority 1 will support and promote the consumption of learning services, seek to ensure successful integration of all groups, particularly, socially vulnerable groups, into labour market, facilitate the ongoing structural economic reforms. Many actions of Priority 2 in the area of improvement of teaching accessibility will be supported by investments in teaching infrastructure whose inadequate application and depreciation are major factors limiting teaching accessibility.

It is planned that when investing into the quality of education services, horizontal priority will be the development of informal education possibilities. When increasing learning accessibility, additional (vertical) investments will be made in the development of flexible and individualised forms of learning. Educational institutions will be encouraged to prepare study programs for nonsequential and distant learning or other modern forms of learning in line with the needs of economy and intended for the needs of working people, specialist learning and upgrading of qualification by providing financing for implementation of these programs. Older people and those who are employed will be given the opportunity to upgrade their qualification and satisfy their lifelong learning needs without retracting from work for a longer period. Attention will be focused on the quality of these forms of learning.

To increase accessibility of information, it is planned to further strengthen and develop vocational guidance system in order to improve the continuity of vocational guidance services and their accessibility for all age groups (students, the employed or unemployed, those with special needs and so on), enhance the quality of service provision by involving mediators and social partners in the process of development of vocational guidance. Investments of the first objective of the Action Plan put strong foundations for vocational guidance system, including the development of important standards for career information and vocational guidance, teaching materials for the specialists of vocational guidance and infrastructure for providing vocational guidance services. It is planned that the system will be further developed in 2007–2013, support of ESF will be then invested, service development will be targeted at different groups and types of institutions (e.g. career education in secondary schools, pupils of vocational schools, high school students, etc.), training of vocational guidance specialists, development of their materials and tools, further improvement of vocational training infrastructure. Investments according to this program will improve the accessibility and quality of services for about 130 thousand clients annually in 2007–2013 and about 80 thousand in 2006.

Investing in geographical accessibility of learning will aim to increase the accessibility of various lifelong learning services for the residents of rural areas closer to their places of residence. According to Priority 2 of the Community Cohesion Action Plan, it is planned to use the infrastructure of the basic education schools that are being closed down as a result of school network reform for establishing multi-purpose centres. They will meet various learning needs of communities in the rural areas. Investments of Priority 2 “Lifelong Learning” will help to ensure effective organisation of teaching and development needs of these communities that match the allocation. It is also important to ensure that when cooperating with other educational institutions and schools, qualified pedagogical and organisational help was made available to those willing to learn. Provision of learning services to the residents of rural areas will be financed according to Priority 1 “Quality Employment and Social Inclusion”. This priority provides for the development of non-stationary social services, which could be combined with the investments of Priority 2 “Lifelong Learning” and Priority 2 of the Community Cohesion Action Plan in increase of accessibility of learning opportunities, and such services, when possible, were supplied “under one roof”. Investments in the increase of geographic accessibility of learning will facilitate the reformation of the educational institutions network. Many residents of rural areas are still unable to use the preschool education services; therefore, one of the main functions of the multi-purpose centres in the rural areas will be preschool education. Investments of Priority 2 will help to introduce general preschool education in the country: will help to resolve such problems as shortage of preschool educators in rural areas and safe delivery of children from remote areas to the educational institutions, and to supply preschool institutions with teaching aids and tools. Current program will allow increasing preschool education of 5-6 year old children groups from 76 percent in 2005 up to over 90 percent in 2013, both in towns and in rural areas, thus overcoming the gap between these populations.

It is planned to reform and develop the system for psychological, special or social pedagogical and other education assistance. Insularity of the special education system determines social exclusion of its clients and, subsequently, complicated integration in the society and labour market. Poor access to modern education assistance for people with special needs, social exclusion groups, unmotivated persons, their teachers and relatives is the reason why a big part of society is unable to use lifelong learning opportunities together with other members of society. Opening up and adapting general education and vocational training system to the education of such groups of persons will aim to ensure the accessibility of professional methodological, consulting and other assistance to the educators, also to integrated learners (including their delivery to the educational

institutions) and their relatives. It is planned to strengthen methodological centres, which will be established by reorganising the network of special education institutions, and pedagogical-psychological service. In order to get back to education system those children and youth who did not adapt in the basic and secondary schools, lack motivation for learning or do not attend general education schools because of other social and economic reasons, capacities of youth schools will be strengthened by supplying them with necessary human resources and teaching aids. Actions of Priority 2 “Lifelong Learning” will be coordinated with the actions of Priority 1 “Quality Employment and Social Inclusion” to increase social inclusion (reduction of discrimination, prevention of social problems, social services intended to encourage people from social risk groups and socially excluded persons to return to the labour market).

In this group, major focus will be on revealing the talents of gifted children and meeting their educational needs within the existing system of formal and informal education. The most gifted children have the potential to have major influence on the future development of culture, knowledge society and economy; therefore, it is important to provide them with educational, psychological, social and financial conditions to reveal their talents and choose the education corresponding to their needs and interests. According to the Program for Gifted Children and Youth, Lithuania will create methodology for developing such children and teaching programs on the level of local self-government. These will be tested in 2008. This ESF program will help implementing educational programs on a national scale, mostly by improving the competence of teachers, spreading methodologies of intensified teaching, providing additional assistance at the general education institutions and increasing the possibilities of gifted children to use the opportunities of informal education outside school, including preparation and participation in the national and international contests. Activities intended for gifted children and youth will be closely coordinated with the activities aimed at encouraging and preparing schoolchildren and youth for the career in the field of natural sciences and technologies. This is planned in Priority 3 of the current ESF program.

Increase of accessibility of learning possibilities is in line with the provisions of the EU and national policies because it is provided for in the National Lisbon Strategy Implementation Program, improvement trends for assistance of the program for implementation of Provisions of the National Education Strategy 2003–2012, also, in the Lifelong Learning Assurance Strategy, Plan for Implementation of Vocational Guidance Strategy, Socialisation Program for Children and Youth, Guidelines for Getting Children Back to Schools, Program for Provision of Special Education Services, Conception of Youth Schools, Strategy and Program for the Development of Gifted Children and Youth, Program for Development of Preschool Education and other documents of public policies. In these documents, plans are laid to develop flexible, individualised forms of learning, strengthen and improve vocational guidance system, increase the accessibility of its services, implement general preschool education and increase accessibility of preschool education, implement measures to improve the services of special or social pedagogical, psychological and other help to the learners and increase their accessibility, develop accessibility of lifelong learning services for people of various ages and needs by involving educational institutions of various levels, public libraries and various other institutions into provision of these services, ensure compulsory learning of the children and youth who did not adapt in the basic and secondary schools or lack motivation for learning, provide educational, psychological, social and financial conditions for gifted children and youth, irrespective of their social status, place of residence, type of school, age, gender and lingual environment, to choose education corresponding to their needs and interests and equal possibilities for self-education.

International cooperation, innovations and partnership

Objective	Areas of investment (code acc. to regulation No. 1828/2006)	International cooperation	Innovations	Partner ship
Improve and strengthen the institutional system of lifelong learning	1. Development, implementation and realisation of reforms of education and teaching systems in order to develop the opportunities of getting a job, better adjust the primary and vocational education and training to the needs of labour market and refresh the skills of teaching personnel in view of innovations and knowledge-based economy (72);	√	√	√
Improve the quality of lifelong learning services	2. Measures intended to increase participation in lifelong education and learning, with this in mind resorting to actions intended to reduce the numbers of persons prematurely leaving school, gender-based segregation of disciplines and to provide better opportunities of getting high-quality primary vocational and service sector education and training (73)	√	√	√
Increase the accessibility of lifelong learning			√	√

Correlation of the Priority “Lifelong Learning” with other priorities of the Action Plan for 2007–2013

Objective of the priority	Correlation of the Priority “Lifelong Learning” with other priorities of the Action Plan for 2007–2013
Improve and strengthen the institutional system of lifelong learning	<p>1. Development of the national qualifications system is also planned according to Priority 4 „Strengthening of administrative capacities and increase of efficiency of public administration” of the Human Resource Development Action Plan and Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social Infrastructure” of the Community Cohesion Action Plan. Investments in creation of organisational and administrative preconditions for national qualifications system, testing of this system and training of public servants are planned in Priority 4. Investments in the infrastructure of the system are planned in the Priority 2 of the Community Cohesion Action Plan.</p> <p>2. Investments in the infrastructure of education quality assurance and monitoring system are planned according to Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social</p>

	<p>Infrastructure” of the Community Cohesion Action Plan.</p> <p>3. Physical reconstruction of educational institutions network will be financed according to Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social Infrastructure” of the Community Cohesion Action Plan, whereas studies, audits and technical documentation necessary for the reorganisation of institution networks will be prepared according to Priority 4 “Strengthening of administrative capacities and increase of efficiency of public administration” of Human Resource Development Action Plan.</p>
<p>Improve the quality of lifelong learning services</p>	<p>1. According to Priority “Information Society for All” of Action Plan for Economic Growth, it is planned to finance the development of information system and computer network of research institutions.</p> <p>2. Supplementing the measures of this task (improvement of the quality of existing teaching programs, preparation of new teaching programs in line with the needs of economic development, upgrading of qualification of teaching personnel, implementation of the soft skills and particularly entrepreneurship in the education system) according to Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social Infrastructure” of the Community Cohesion Action Plan, it is planned to establish practical training centres by sectors. Their practical training facilities could be available to educational institutions of various levels (general education and vocational training institutions, colleges, universities).</p> <p>3. Investments according to Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social Infrastructure” of the Community Cohesion Action Plan intended for complex modernisation and development of infrastructure of studies will also be combined with the measure of this priority (supply of research institutions with modern training materials, provision of access to the information source for lifelong learning);</p> <p>4. According to this priority, the supply of development of key competences will be strengthened, whereas according to Priority 1 “Quality Employment and Social Inclusion” of Human Resource Development Action Plan, supply projects intended for the development of general competences and capacities of employees will be supported.</p> <p>5. The activities of this priority will be logically supplemented by the investments in infrastructure according to Priority 2 of the Community Cohesion Action Plan, in order to adjust it to the modern needs of teaching, as well as the measures of Priority 1 “Quality Employment and Social Inclusion” encouraging and supporting the demand for learning services.</p> <p>6. According to this priority, development of new high school curricula for level I and II studies and renewal of the old ones as well as the development and implementation of joint study programs is planned. Investments according to Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social Infrastructure” of the Community Cohesion Action Plan, intended for complex modernisation and development of the infrastructure of the studies (particularly interdisciplinary social studies and arts), will be coordinated with the</p>

	<p>measures of this priority. Activities of this priority will be supplemented by Priority 3 “Strengthening of researcher’ capacities”, which provides for the implementation of high school curricula (particularly in levels II and III) in the knowledge and research-consuming sectors, if this is provided for in the complex programs.</p>
<p>Increase the accessibility of lifelong learning</p>	<ol style="list-style-type: none"> 1. Activities of this priority in the area of improvement of teaching accessibility will be supplemented by investments in teaching infrastructure. To supplement the measures of this priority, it is planned according to Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social Infrastructure” of the Community Cohesion Action Plan to use the infrastructure of the general education schools that are being closed as a result of school network reform for establishing multi-purpose centres, which will meet various learning needs of the communities in the rural areas, and strengthen the institutions providing preschool education services. 2. It is planned to finance formal and informal education of gifted children according to this priority, whereas promotion of science and technologies among youth by using public activities, national and regional contests of young scientists will be part of Priority 3 “Strengthening of researcher’ capacities” of Human Resource Development Action Plan. Meanwhile, Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social Infrastructure” of the Community Cohesion Action Plan will seek higher quality of teaching technologies and natural sciences at the general education schools of the country. 3. To supplement the measures according to this priority, it is planned in Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social Infrastructure” of the Community Cohesion Action Plan to invest in adjusting and renewal of the infrastructure of methodological centres established to replace special schools, material and methodological basis of pedagogical psychological services, adapt the infrastructure of educational institutions to the children with special needs, renew and adjust the infrastructure of youth schools. 4. To supplement the measures according to this priority, it is planned according to Priority 2 “Quality and Accessibility of Public Services: Health, Education and Social Infrastructure” of the Community Cohesion Action Plan to develop and modernise the infrastructure of vocational guidance. 5. Measures for increase of learning accessibility according to this priority will be combined with measures of Priority 1 “Quality Employment and Social Inclusion” of Human Resource Development Action Plan. Measures of this priority will serve to develop the range of learning services and ensure the accessibility of services, whereas measures of Priority 1 will assistance and encourage the use of learning services in order to ensure successful integration into labour market of all, particularly, socially vulnerable groups; facilitate the ongoing structural reforms of the economy.

Cross financing and general grants

While implementing this priority cross financing may be used, which would allow financing ERDF-financed areas. Cross financing would be used for creating or renewing small-scale infrastructure and purchasing equipment according to certain groups of activities in order to increase the effectiveness of these activities and better consider the needs of target groups.

Cross financing must meet the following criteria:

1. ERDF-financed activities must be carried out as an integral part of activities, carried out according to this project;
2. ERDF-financed activities must be mandatory in achieving the objectives and results of the activities financed according to this priority.

General grant schemes may be used to implement this priority.

Compatibility with other EU-supported measures

It is established in the draft regulations of the EU structural funds that major attention should be given to ensuring the supplementability and compatibility with other political initiatives of the Community. The tasks and measures of Priority 2 “Lifelong Learning” are compatible with other EU-funded measures and supplement them. It is planned that implementation of new integrated lifelong learning program will start in 2007. It will consist of four special programs: *Comenius* program intended for general educational activities related with schools up to secondary education level (inclusive); *Erasmus* program intended for the improvement of teaching and further education; *Leonardo da Vinci* program intended for all other aspects of vocational training and *Grundtvig* program intended for adult education. Besides, lifelong learning program will consist of two horizontal programs. First, “transversal” program will cover all aforementioned political issues and provide special conditions for language teaching and ICT-related activities when these are not included into special programs. Second, Jean Monnet program intended to assist European Education and teaching institutions and activities related with European integration.

This priority does not correlate with any activities finances from EAFRD or EFF.

Planned expense allocation according to categories

Expense allocation according to priority subjects		
Code	Description	Financial proportion (in EUR)
72	Development, implementation and realisation of reforms of education and teaching systems in order to develop the opportunities of getting a job, better adjust the primary and vocational education and training to the needs of labour market and refresh the skills of teaching personnel in view of innovations and knowledge-based economy	84.033.050

	Measures intended to increase participation in lifelong education and learning, with this in mind, resorting to actions intended to reduce the numbers of persons prematurely leaving school, gender-based segregation of disciplines and to provide better opportunities of getting high-quality primary vocational and service sector education and training	170.612.555
73		
TOTAL		254.645.605
Expense allocation according to the method of financing		
Code	Description	Financial proportion (in EUR)
01	Non-repayable assistance	254.645.605
TOTAL		254.645.605
Expense allocation according to types of territories		
Code	Description	Financial proportion (in EUR)
00	N/A	254.645.605
TOTAL		254.645.605

2.4. PRIORITY 3. STRENGTHENING RESEARCHERS ABILITIES

Priority Description

This priority aims at improving the capacity of human resources in the RTD in terms of quality and quantity by implementing the following objectives:

- improve qualifications and competence of scientists, doctoral students and other researchers in vertical and horizontal areas, and promote researchers and students' internal and international mobility as well as mobility between the public and private sector
- help increase the number of the researchers in Lithuania and decrease their average age

Improving of the researchers' qualification and competence and encouraging their mobility

Qualification of Lithuanian doctoral students, scientists and other researchers needs to be further developed. This encompasses the doctoral students training quality as well as improvement of the qualification and competence of the scientists and researchers who are working in science institutes, institutions of higher education and businesses, in all stages of their career (at the early stage after graduation and throughout their career). The improvement of the quality of human resources within this target group is required to ensure more effective RTD in the public sector and wider RTD activity in the private sector. This objective would also help to improve Lithuanian participation in the international RTD programmes as well as attracting more direct foreign investment in the high technologies area (including foreign science centres).

The relevant competency as well as horizontal competencies of the Lithuanian doctoral students, scientists and other researchers are envisaged to be strengthened. Relevant competencies would enable better RTD in all branches of science oriented to the demands of knowledge society and competitive economy. The horizontal competencies (as well as accessible quality public assistance services) would create favourable conditions for Hi-Tech companies to split off from the science institutions, to hand the technologies to the private sector, improve participation in various RTD programs, etc. Introductory training and lifelong learning would be financed, the favourable conditions would be created. In the period of 2007-2013, around 10.000 beneficiaries (researchers, other RTD workers, students and other people) would be trained according to the formal and informal education programs. The aim is to achieve that around 85% of these people get certificates of the informal education program and/or qualification recognized by the state. As recommended during the prior evaluation, this priority will be strengthening the capacity of the researchers to carry out strategic and applicable scientific research that would meet the business development and economic growth demands, or use the RTD results in business creating new products or services. The priority would be given to the projects improving the researchers competencies that are carried out according to the national (integrated) programmes encompassing specialist training, scientific research and business sectors partnership.

Training and skill development of high level researchers would be supported in this area. The updating and creation of new (inter-institutional, inter-disciplinary and international studies among others) doctoral and other graduate study programmes would be supported, study content and learning process (including the use of foreign experts' knowledge) would be developed. Priority would be given to the study programs that would produce graduates for knowledge and technology intensive industry (e.g., in the areas of physical, biomedicine sciences and technology) as well as knowledge intensive service sectors. Assistance for creating and updating of the 1st and 2nd level

new study programs will be provided in line with the Priority 2 Lifelong Learning. ESF assistance for researcher training (in the knowledge and science intensive sectors, particularly on the 2nd and 3rd level study levels according to the national programs) and qualification development will be coordinated with ERDF assistance in the competence centres and networks - according to this priority, researcher training and competence development programs implemented in these centres will be financed.

Mobility of scientists, doctoral students and other researchers on both national and international level as well as between different sectors (public, private non profit and private business) needs to be promoted in Lithuania. National Lisbon Strategy Implementation Programme provides various measures regarding promotion of mobility (financial employer promotion, creation of conditions for researchers mobility). In line with this priority, the mobility of the students (e.g., organization of internships of doctoral students, doctors of philosophy-interns abroad or traineeship in Lithuanian or foreign companies, private non profit sector or public sector during or after studies) as well as mobility of existing RTD staff (e.g., secondment of the scientist in Lithuanian or foreign science centres and private companies) is going to be supported. Besides, it is planned to further support the area of mobility of the scientists, researchers and students who are coming to and leaving from Lithuania (by providing information, consultancy and training services and maintaining and expanding the activity of the scientist mobility centre in Lithuania).

Increasing mobility would improve competence and promote more effective use of RTD human resources. ESF assistance in the area of mobility is connected to the implementation of relevant legal-administrative measures (regarding student-trainee and researcher status in non-state science research institutions, payments to them by enterprises, administrative system and method, etc.) that can be financed in line with the Fourth Priority Strengthening of the Administrative Abilities and Increasing Effectiveness of Public Administration.

Implementation of this priority would be connected to the implementation of the national programmes within priority RTD areas where Lithuania has scientific and/or production potential. As provided in the national Lisbon strategy implementation programme and other strategic documents, the plans are to update RTD priority directions, high technology programme and prepare other national programmes in RTD priority areas. The "hard" measures of prepared integrated national programmes could be financed by ERDF (infrastructure in high qualification centres and networks, RTD activity in priority areas, cooperation between business, private non-profit and public RTD sectors, etc.), while "soft" measures by ESF (training of scientists and researchers, qualification development and their mobility in line with this priority). Individual specialist training and qualification development programmes could be developed for the RTD priority areas as provided in the national Lisbon strategy implementation programme. Their implementation would be financed in line with the priority Strengthening of the Researchers' Abilities. The aim is to improve researchers competence and qualification in 2007-2013 programme period according to all national programmes in the RTD priority areas. In line with the order by the minister of education and science, 3 national programmes are planned in 2007 in order to use EU structural funds assistance in the area of RTD (e.g., Researchers Career Programme, General National Integration Programme, General National Science Research and Science and Business Cooperation Programme). National programmes encompass national and regional training networks and development of the researcher's career (Transnational researcher training networks in the Seventh Framework Programme).

In 2007, the Government of the Republic of Lithuania approved new RTD priority areas for 2007-2010: research ensuring people's life quality, development of knowledge society and

nanotechnologies, research and development to increase international competitiveness of Lithuanian industry (High-Tech), and high technologies programme 2007-2013. The infrastructure development plan will make a part of the national programmes in RTD area. Higher education and post graduate studies (master and doctoral studies in particular), related to the RTD priority areas, will also be a part of the national programmes. These programmes will provide detailed information about needs and activities of infrastructure and studies.

This Strengthening of Researchers Abilities priority will be implemented within the environment that is characterised by adaptability of the educational systems to the changing societal and economy needs and service quality improvement. These needs will be met according to the other priorities (priority 2 "Lifelong Learning" of the ESF funded programme and priority 2 "Quality and Accessibility of the Public Services: Health, Education and Social Infrastructure" of the Operational Programme for Promotion of Cohesion, funded by ERDF), however, the RTD quality in the science and study system needs to be ensured in line with this priority, therefore assessment of scientific activity, training and teaching of RTD experts and staff, various RTD technical aid in the RTD area will be supported. In line with the priority 2 "Lifelong Learning", the education quality and monitoring system will be financed; it will encompass assessment of pupils' achievements, educational and study programmes, and institutions.

Increasing the Number of the Researchers and Decreasing their Average Age

Within programme period of 2007-2013, the aim is to increase the number of scientists and researchers in Lithuania (in business in particular). As mentioned in the analysis of the present state and trends, problems of the aging of this target group and brain drain are typical in Lithuania, while the extent of new specialist training does not meet the growing society and economy needs. These needs are particularly relevant in the areas of the physical and technological sciences, where the number of trained researchers is too low. The number of the students in Lithuania will remain the same or increase; major part of them should be directed to RTD activity. The national Lisbon implementation programme aims to raise students' interest in physical and technological sciences.

It is planned to encourage people in Lithuania to undertake and continue researcher career. This can be implemented by supporting studies of natural persons, university and research institute employees (by providing assistance for master, doctoral and post graduate studies in Lithuanian or foreign science and educational institutions and continuous professional studies of researchers), if it is related to integrated programmes. The employment of the researchers in research centres related to RTD priority areas will be the main activity meeting the needs of private enterprises related to the high technologies (see below). The development of the system of every level professor qualification improvement will be financed in line with the priority 2 "Lifelong Learning".

The assistance will also be provided for the scientific activity of the scientists and researchers during the study process (e.g., assistance of the scientific practical activity of the studying and their tutors at the first, second and third level studies) and activity of scientists or their groups carrying out strategic (fundamental) and applied scientific research in prospective areas (with participation of foreign scientists, including Lithuanians abroad) in order to improve scientist qualification and promote international cooperation. This assistance would contribute increasing attractiveness of the studies and scientific activity and would improve the competence of the representatives of this target group. Promoting the attractiveness of the researcher career it is necessary to ensure equal rights or even measures should be taken to increase women participation in RTD. However, the use of the assistance in this area is closely related to the coordination of the number of students

admitted to the higher schools of the country with the needs of the society and enterprises in order to improve the doctoral studies. Complementarity will be ensured among priorities "Strengthening of Researchers Abilities" and the second priority "Lifelong Learning". It is planned to finance formal and informal education of particularly gifted children according to the second priority, while spreading science and technology among young people with the help of public activities, national and regional competitions and activities of young scientists and informal education in the areas of natural and exact science will form the part of the priority "Strengthening Researchers Abilities".

Moreover, assistance according to this priority will be given to employ researchers (such as high qualification employees with no less than 5 year relevant work experience) according to work contract in small and medium enterprises (not only in Lithuania but also abroad) as well as in private non profit or public RTD sectors (universities, research institute, etc.). During the 2007-2013 programme period the scientists and other researchers are to be employed according to the work contracts in the public RTD sector and private enterprises. The aim is to achieve that 80% of those people are employed within 6 months after the end of the project. During the implementation the preference will be given to the private companies (up to 70% of all employed researchers) in order to increase the number of scientists and other researchers in business sector. This action would help to bring back the "brain" from abroad and would help to reduce its "drain" from Lithuania. Information about science, technologies and innovation needs to be deepened and spread, as it would help to develop the culture of scientific research and innovation. Assistance will be given to the

Priorities of Operational Programme for Economic Growth "Scientific Research and Technology Development for Economic Competitiveness and Growth" and "Improvement of Business Productivity and Environment" will also add to the quality changes in RTD area through investment to high level (including competence) centres and networks, development of public innovation and business friendly infrastructure, and better access to financing.

Besides, during the programme period of 2007-2013 a lot of attention will be paid to reduce the "brain drain" and to bring the "brains" back from abroad. National Lisbon strategy implementation programme aims to encourage coming back of Lithuanian scientists trained abroad to Lithuania. During the programme period of 2004-2006 the "brain drain" problem was being solved indirectly (improving scientist training and qualification, excluding assistance for making and implementing bringing "brains" back programme), and during the new period it is planned to continue assist bringing "brains" back applying direct method as well. More favourable study conditions or conditions for RTD activity as well as special assistance to integrate Lithuanian scientists trained and working abroad to Lithuanian economy and labour market would help (giving scholarships for their integration to the Lithuanian RTD system and scientific activity in Lithuania).

The priority of strengthening researcher and scientist ability will contribute to promotion of various RTD sectors (public, private, non profit, business). The cooperation between state and private institutions carrying out scientific research as well as business entities will be supported by training high qualification specialists during study period, improving their qualification, and also through information exchange or mediation services, where initiative would come more from the science and study institutions. According to the priority "Improvement of Business Productivity and Environment" of Operational Programme for Economic Growth, cooperation initiatives of companies and state and private science institutions will be supported (including innovative clusters, cooperation networks, technology platforms, assistance for associations and other public legal entities who provide public services to companies), where initiative would come more from

the economic subject part. As mentioned above, national programme measures for private and state RTD sector cooperation can be financed respectively by ESF or ERDF.

International Cooperation, Innovation and Partnership

Goal	Investment Areas (code according to the directive No. 1828/2006)	International Cooperation	Innovation	Partnership
Improve qualification and competence of scientists, doctoral students and researchers in vertical and horizontal areas and promote researcher and student internal and international mobility as well as mobility between the public and private sector.	Development of human resources in the area of scientific research and innovation, primarily promoting the second and third level studies and science workers training as well as establishing relations between universities, scientific research centres and enterprises (74)	√	√	√
Help increase the number of researchers and decrease their average age in Lithuania.		√	√	√

The Link of Priority "Strengthening Researchers Abilities" with other priorities of 2007–2013 Operational programme

This priority also contributes to several tasks that are to be achieved with priorities of Operational Programme for Economic Growth "Scientific Research and Technology Development for Economic Competitiveness and Growth" and "Improvement of Business Productivity and Environment". ERDF financed Operational Programme for Economic Growth priority is going to support national competence centres and networks, implementation of national programmes in RTD priority areas, create favourable conditions for taking part in the Seventh Framework and other international RTD programmes, support enterprises and common company and science and study institution projects in the area of research and innovation, etc. According to the Operational Programme for Economic Growth priority "Improvement of Business Productivity and Environment", development of infrastructure favourable for public innovation and business (including science and technology parks, innovation and technology centres, technologic business incubators, etc.), enterprise and science institution cooperation initiatives (including clusters, technology platforms), better access to financing sources (partial financing of loan interest, microcredits for investment, investment to risk capital funds) are to be supported

The priority of strengthening of researcher and scientist abilities is connected to the higher education reform development and reorganization of the public RTD structure and management that would create favourable conditions to increase RTD abilities and potential. In the first stage of the development of higher education (implementation in 2008-2010) management of the higher education system and state university internal management are to be improved and financing of the higher education system is to be reformed.

RTD reform could call for renewal of such institutions as Science Council of Lithuania, or support of activity of the Centre for Science and Study Monitoring and Analysis. Assistance could be also provided for preparation of various integrated programmes in the area of RTD the implementation of which would be financed from the EU structural funds through the renewed Science Council of Lithuania, and activities such as inclusion of foreign experts, staff training, employment of additional staff, that are provided in the priority "Strengthening Administrative Abilities and Increasing Effectiveness of Public Administration", monitoring and assessment, coordination assistance in the area of RTD, and the implementation of legal acts. Moreover, the regulatory RTD environment needs to be improved (dealing with intellectual property, author's rights, patents, access to information or infrastructure, mobility, research and innovation statistics, and other questions). Assistance in this area would be also provided according to the ESF funded operational programme priority 4 "Strengthening Administrative Abilities and Increasing Effectiveness of Public Administration".

The Operational Programme for Economic Growth "Information Society to Everybody" priority provides financing creation of science data archives, and development of science and study institution information system and computer network is related to this priority. According to the Operational Programme for Promotion of Cohesion priority "Quality and Accessibility of the Public Services: Health, Education and Social Infrastructure", modernisation of college and university infrastructure for studies, research centres and university hospitals adaptation for studies, and development of higher education expert institution basis will be supported in the area of higher education.

The aim of the Priority	The Link of Priority "Strengthening of Researchers Abilities" to the Other of 2007–2013 Operational programme Priorities
To improve scientists and doctoral students qualification and competence in vertical and horizontal areas as well as promote researcher and student internal or international mobility and mobility between public and private sector.	<p>1. After preparation of national programmes, their "hard" measures will be financed by the Operational Programme for Economic Growth priority 1 (infrastructure in high qualification centres and networks, RTD activity in priority areas, cooperation between business, private non profit, public RTD sectors, etc.), while "soft" measures will be funded by this priority (scientist and researcher training, improvement of qualification and their mobility according to this priority).</p> <p>2. The use of the assistance of this priority is connected to the implementation of the relevant legal-administrative measures (regarding student-trainee status, researcher status in non-state scientific research institution, their pay from enterprises, administration system and method, etc.) that can be financed according to the priority 4 of the Human Resource Development Operational programme "Strengthening Administrative Abilities and Increasing Effectiveness of Public Administration".</p>

	<p>3. In line with the priority of the Operational Programme for Economic Growth "Information Society for Everybody" creation of science data archives will be financed; this priority is connected to the development of the information system of science and study institutions and computer network.</p> <p>4. According to the Operational Programme for Promotion of Cohesion , priority 2 "Quality and Accessibility of Public Services: Health, Education and Social Infrastructure" modernization of college and university infrastructure for studies, research centres and university hospital adaptation for studies, and improvement of higher education expert institution bases will be supported in the area of higher education.</p> <p>5. The use of the assistance provided by this priority through universal donations (grants for scientists and other researchers) would be provided in national programmes connected to RTD. Renewal and creation of expert institutions connected to grant schemes and maintenance of their activity is provided by the Operational Programme for the Development of Human Resources priority 4 "Strengthening Administrative Abilities and Increasing Effectiveness of Public Administration", while technical assistance for administration of public donations (grants for scientists and other researchers) scheme is provided in the Operational Programme for the Development of Human Resources priority 5 "Technical Assistance for Implementation of Operational Programme for the Development of Human Resources ".</p>
<p>To help increase the number of researchers and reduce their average age in Lithuania</p>	<p>1. Complementarity will be ensured by priorities "Strengthening Research Abilities" and second priority "Lifelong Learning". Formal and informal education for gifted children is going to be financed according to the second priority, while the spreading of science and technologies among young people through public activities, national and regional competitions and activities for young scientists and informal education in the areas of natural and exact sciences will form a part of priority "Strengthening of Researchers Abilities".</p> <p>2. According to the Operational Programme for Economic Growth priority "Improvement of Business Productivity and Environment", cooperation initiatives of enterprises and state as well as private science institutions (including innovative clusters, cooperation networks, technology platforms, assistance for associations and other public legal entities that provide public services for companies), where initiative would stem more from the enterprises.</p> <p>3. According to this priority, implementation of programmes of higher education studies (especially at second and third level) in the knowledge and science intensive sectors, if that was provided in the integrated programmes. Investments according to the Economic Growth Promotion Operational programme priority "Improvement of Business Productivity and Environment" for</p>

	<p>modernization and development of integrated study (particularly interdisciplinary studies of social and humanity sciences) infrastructure will be consistently harmonised with the measures of this priority through national programmes. The actions of this priority will be complemented by Operational Programme for the Development of Human Resources priority 1 "Lifelong Learning", where creation and updating of new higher education programmes in the first and second level studies and creation and implementation of joint study programmes is provided.</p>
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Cross-Financing and Universal Grants

Putting this priority into effect cross-financing can be used, enabling financing of areas funded by ERDF. The cross-financing would be used to create and update small scale infrastructure and purchase equipment in line with specific activity groups, in order to increase the effectiveness of these activities and take into account the needs of the target groups (also according to the universal grant schemes for scientist and other researchers).

Cross-financing has to meet the following criteria:

1. Activities funded by ERDF have to be implemented as part of the activities implemented by this priority;
2. Activities funded by ERDF have to be mandatory for the achievement of goals and results of the actions financed by this priority.

Implementing this priority, up to 60% (of the priority financing) can be applied to the scientists of universal grant scheme and other researchers.

Compatibility with Other EU Supported Measures

Projects regulated by EU structural funds pay particular attention to ensuring complementarity and compatibility with other Community political initiatives, in particular with 7 scientific research and technology development program and with the Competitiveness and Innovation Framework Programme. European Community strategic guidelines recommend to concentrate EU structural funding to high competence centres and networks and use it to implement national programmes. This would enable Lithuania to get ready for effective participation in European scientific research.

During the programme period of 2007-2013 EU structural assistance in the area of RTD will be harmonised with the Seventh Framework and other international RTD programmes. In 2007-2013 the Seventh Framework Programme will have four main priorities: Cooperation, Ideas, People, and Capacities. In line with the Capacity priority of the programme, opening up of the unused research potential in the convergence regions (exchange of knowledge and experience, employment of new researchers in science centres, acquisition or development of special scientific research equipment, various events and assessment). Strategic partnership between convergence countries and other European scientific centres or groups will be supported in order to improve participation in European research. This assistance of research potential will be harmonised with 2007-2013 EU structural funds (ESF and ERDF) assistance in RTD in Lithuania, which will be used for additional investments not financed according to the Seventh Framework Programme. In line with this ESF financed priority additional assistance can be given to the human resources in the area of RTD.

The ESF and ERDF will also support implementation of the national RTD and innovation strategies and programmes. In the human resources area, the assistance of the Seventh Framework Programme to regional, national or international programmes will have to be harmonized financing the area of researchers training and career development according to the priority People. Compatibility between the actions of Marie Curie and priority Strengthening of Researchers Abilities will be ensured through integrated programmes in the area of RTD (in particular according to the Researchers Career Programme).

Further coordination of specific actions and assurance of complementarity will be carried out preparing the work programmes of the Seventh Framework Programme and later, the appendices for the operational programmes in Lithuania financed by the EU structural funds in 2007-2013.

This priority has no relation to the activities financed by EAFRD or EFF.

Proposed Expenditure Distribution per Category

Expenditure distribution according to the priority topics		
Code	Title	Financial Ratio (in Euro)
74	Development of human potential in science research and innovation, primarily promoting second and third level studies, scientific staff training and establishing relations among universities, science research centres and companies.	118.006.500
TOTAL		118.006.500
Expenditure distribution according to the financing method		
Code	Title	Financial Ratio (in Euro)
01	Non-returnable assistance	118.006.500
TOTAL		118.006.500
Expenditure distribution according to the type of territory		
Code	Title	Financial Ratio (in Euro)
00	Not applicable	118.006.500
TOTAL		118.006.500

2.5. PRIORITY 4. 'FOSTERING ADMINISTRATIVE COMPETENCES AND INCREASING EFFICIENCY OF PUBLIC ADMINISTRATION'

Description of the Priority

Aiming at strengthening administrative capabilities and increasing public administration efficiency, the *following objectives* are established in this priority:

- To improve administration of human resources and strengthen administrative capabilities of the public service;
- To improve work management, better implement EU policies, to improve structure of public administration;
- To improve regulation of economic activity, services to public and business.

These Priority objectives are linked to renewed Lisbon Strategy and 2005–2008 Lisbon Strategy National Implementation Programme. It provides a better diffusion, better regulation, reform of public policies and liberalization of sectors, move of public services to the electronic medium and other measures are established. Many objectives of this priority are also linked to the Strategy of Public Administration Development till 2010, which will be reviewed in 2010.

These objectives comply with ESF regulation priorities in the area of strengthening institutional capabilities that include: promotion of mechanisms to improve good public policy and Programmes compilation, supervision and evaluation (ESF regulation Article 3 (2) (b) (i)) and promotion of capability strengthening implementation of public policies and Programmes in respective areas (ESF regulation Article 3 (2) (b) (ii)).

Improving management of human resources and strengthening of public service administrative capabilities

Management of public service

There is a need in Lithuania to invest in public service human resources, for them to acquire adequate knowledge, capabilities, and skills and use it productively in public service. So this priority is aimed at implementation of the objectives and tasks established for public service in the Strategy of Lithuanian Public Administration Development till 2010. The 1 objective of the Priority established in the Strategy of Lithuanian Public Administration Development covers areas of improving management of human resources and improving public service system:

- Modernizing management of human resources: selection and appointment for occupation, wages and social security (especially of Statutory public servants), evaluation of activities, improvement of staff management system and public service management information system;
- Improvement of education and in-service training system, education quality control system establishment;
- Improvement of application of ethic norms in public service.

In this area a lot of attention will be paid to promoting initiative of public employees and improving system of encouragement, to allow a productive use of knowledge, capabilities, and skills in public administration. Improving encouragement will include improving functions of afore-mentioned public service, ESF money will not be used for salaries and social security of public service employees. The system of encouragements should be better adjusted to the needs of strategic planning and the management of activities, which will be improved under 2007-2013

Programmes with the help of ESF. It is planned to evaluate the situation in other EU member countries and good experience in the field of encouragement, and base don that present recommendations how to improve the public service legal basis. Enhancing motivation and improving image of public service would also decrease the threat of quitting the public service positions (supporting diffusion of good practice and experience, public notification, understanding and consciousness).

ESF money will be used for research, analysis of legal basis and preparation of recommendations on how to improve it, implementation of projects evaluating the impact of diffusion of good practice, reform projects and plans of implementation, and reforms. More effective management of Lithuanian public service will affect 1-st and 2-nd strategic context indicators of this Operational Programme.

Public service employees' education and in-service training

Moreover, knowledge, capabilities, and skills of public service employees and other workers would be improved, aiming at making them adequate to the present and future public service requirements. This would include both afore-mentioned target groups in-service training, and analysis of educational needs, preparation or updating of study-programs and didactic material, training of lecturers and their in-service training, and strengthening capacities of enterprises providing these services, improving their infrastructure (using cross-funding), creation and application of various forms of teaching and learning, other actions.

The target group of all the educational activities that will be funded from ESF under the 4-th priority – all employees of the enterprises, to which the Public Service Law is applied and the list of which is defined by the Seimas of the Republic of Lithuania Resolution no IX-992 from 2002 June 27 'Resolution on the Approval of the List of Harmonised Positions of the Seimas Public Servants of Political (Personal) Confidence, Positions of Public Servants of the Seimas Office And Institutions Accountable to the Seimas, the Office of the President of the Republic and Institutions Accountable to the President of the Republic, the National Court Administration, the Courts, the Prosecutor's Office and Municipal Institutions' (Žin., 2002, Nr. 66-2707) and the Resolution no 684 of the Government of the Republic of Lithuania from 2002 May 20 'Concerning the certification of the List of Unified Occupations of the Prime Minister Political (Personal) Trust Public Servants, the Office of the Government, Ministries, Governmental and Ministerial Institutions Public Servants' (Žin., 2002, Nr. 51-1952):

- State politicians (together with Members of Municipalities' Councils);
- Civil Servants (together with Judges);
- Public Service Employees (Heads of institutions, Public Servants of Political (Personal) Confidence, Career Civil Servants, Statutory Public Servants)
- Other employees of state and municipal enterprises, employed in accordance with the Labour Code.

Education and in-service training of Public Service Employees would be carried out in accordance with the 2007–2010 Public Servants Education Strategy (and later in accordance with the 2011–2014 Strategy), in which priority objectives have been established (to improve capabilities, linked to implementation of the state and municipal institutions' objectives; to take part in the EU decision-making process, and in the processes of ensuring taken decisions implementation, to prepare for EU Presidency in 2013; to improve public servants knowledge in the areas of professional ethics and corruption prevention; to strengthen EU working languages skills and computer literacy skills) and target groups (public servants target groups, responsible for the state

and municipal institutions strategic objectives implementation; public servants target groups, associated with taking part in EU decision-making and ensuring implementation of made decisions processes, and with the Lithuanian preparedness for presidency of European Union in 2013). This Strategy was prepared in accordance with analysis of instructional media, carried out by the Lithuanian Institute of Public Administration, with regard to the education plans of public administration institutions. During the training that will provide civil servants with basic and general competence, the main emphasis will be on implementation of strategic objectives, participation in EU decision making, and in the process of decisions implementation, professional ethics, and corruption prevention, learning of EU working languages, and computer literacy. Compulsory education will be funded from the national money. Pursuant to the Law on Public Service 'Compulsory training – introductory training of public servant newly (for the first time) , training of 18–20 category public servants, training of heads of institutions.

Provisions on the public servants training strategy are not applied to the statutory public servants and other employees of state and municipalities institutions and agencies, so their educational needs will be evaluated if have not been defined until now. For example policemen, border guards, firefighters-rescuers have training systems.

In total in the years 2007–2013 is planned to train about halve of persons from entire target group, i.e. 37,000 public servants, statutory servants, other employees of state and municipalities institutions and agencies (45 percent public servants, 30 percent statutory public servants, 25 percent other employees).

Public servants training quality and application of acquired skills at work thorough evaluation methodology will be developed during the first year of implementation, but this result indicator will be applied only starting with the year 2008. Data will be collected during regular inquires based on developed evaluation methodology.

Also it is aiming to insure that 90 percent of persons taking part in training would successfully finish it and receive training certificate.

Under the other Parts of this Priority the target group training in the area of specific competence will be funded. Public servants, statutory servants, and other employees working in state and municipal institutions, will acquire special competence that is necessary in introducing and applying new systems or processes in the public administration. The main attention will be paid to specialized training that is inked to introduction and application in Lithuania of activities, quality management, and other systems or processes, which are described bellow. This training will be based on consecutive analysis of needs, after which training will be carried put. If necessary, Qualification centres' capabilities of delivering educational services will be improved.

Training and professional development of other public sector employees, not working in state and municipal institutions and agencies, in which the Public Service Law provisions are applied, will be funded under ESF funded Operational Programme Priorities 1 and 2. this assistance will allow preparing specialists of higher qualification and competence for the work in public service.

Training and professional development that will be funded under this Priority in the years 2007–2013 will be harmonious with earlier trainings of public servants and other employees of public administration institutions, which were funded under the 2004–2006 General Programming Document Measure 2.2.

Collaboration and partnership of institutions

Capabilities of entire public service system depend not only on activities of particular state and municipal institutions and agencies or public servants working in them, but also on their interaction in the process of public administration, and cooperation between public and private sectors, thus it is planned to provide support to cooperation among institutions and coordination of their actions. It is planned in this area to review present legal system and current cooperation practice, to test new cooperation activities through such pilot projects as introduction of new cooperation mechanisms and networks.

Moreover under this Priority is planned to fund various activities of international cooperation (study tours, peer reviews, etc.), aiming at strengthening administrative capabilities and efficiency of public administration in various areas. Practice of exchange with other EU member countries in the area of EU structural assistance planning and management will be funded under this Operational Programme the Priority 5 'Management, monitoring, and control of the Structural Assistance received under the Convergence Objective'.

It is aiming by this Priority at promoting of cooperation between public and private sectors in the areas of supply and demand. In the area of supply consulting with interested groups would be improved, and participation of citizens and local communities in the process of public policy and lawmaking in developing present or creating new measures. That may include various aspects of consulting and participation: public notification, involvement of representatives from interested groups etc. This ESF assistance would help transparency and efficiency of public administration; various interested groups would receive information about draft decisions or draft legal acts and would be able to offer suggestions on their improvement.

In the area of demand increasing of partners' capabilities and joint partners' actions in representing interests of citizens in the process of public policy and lawmaking, providing of public services to people would be supported. Moreover assistance to promotion of cooperation between public and private sectors would help implementation of other objectives of this Priority.

In total in the years 2007–2013 it is planned to fund about 20 various cooperation projects. Hopefully a part of the projects will make up projects of international cooperation (peer reviews, study tours), which are linked to implementation of new principle of cooperation actions.

Under the Priority 1 'Quality employment and social inclusion social dialogue will be supported (system of interrelationships between representatives of employees and employers and their organizations as pursuant to the Labour Codices), and services for business will be funded under the Operational Programme for Economic Growth Priority 2 'Advantageous environment for business and innovations'. Partnership during EU structural assistance cycle will be funded separately under the Priority 5 'Management, monitoring, and control of the Structural Assistance received under the Convergence objective'.

Moreover under the Operational Programme for Cohesion Promotion Priority 1 is planned to fund various actions of public notification and education about environment (including joint projects with nongovernmental organizations, dedicated to involving the public into environmental protection decision-making), which will not be funded under this Priority 4 of the Operational Programme for the Development of Human Resources.

Other forms of cooperation between public and private sectors that are planned to be supported during the new period is partnership between private and public sectors as an additional financial

mechanism for development of public infrastructure and public services and improvement of their quality. In Lithuania is intended to create a more advantageous legal environment for development of partnership between afore-mentioned sectors, which would allow in turn joining efforts of public and private sectors to improve quality of public infrastructure and public services, together ensuring more efficient management of the authorities sector functions in satisfying public interest and society needs. Moreover this support would help more efficient management of state expenditures, promotion of investments, and economy growth. The support could be provided for development of partnership process between public and private sectors, development and standardization of partnership projects preparation and implementation process, and methodology-consulting assistance, i.e. preparation of actions manuals and guidelines, standard contracts, feasibility studies, and other documents, for dissemination of good practices, for training and development of specialists, and funding other associated activities.

Improvement of activities management, better EU policies implementation, development of public administration structure

Activities management

There is a need in the public sector for well functioning systems of taxes and expenses, directed to growth and employment, thus this Priority is aimed at more rational allocation of resources, for them to reflect strategic priorities and citizens needs, and at more effective use of the resources to achieve planned objectives and goals. It is planned to develop allocation of expenditures improving strategic planning (including monitoring and evaluation), programming program budget, internal and external audit, accrual-based accounting in public sector, evaluation of impact of decisions, reviewing budget programmes and other associated measures of activities management, which will be applied during new programming period on all management levels (central, territorial, local). Capabilities of responsible institutions to apply these measures will be improved with the help of ESF.

These activities management measures would cover all stages of various public policies (employment, social coverage, education and science, industries and business, agriculture and fishery, health care, tax administration, environment, justice and etc.) cycle: public policies, establishment of programmes and other integral parts, their implementation, monitoring and evaluation. Improvement of expenses management would cover coordination of national and EU expenses aiming at priorities of renewed Lisbon strategy and at maintaining reforms of public policies or services.

A lot of attention would be paid to introduction of strategic planning in local municipalities activities management systems introduction in Ministries, other state institutions and agencies, or areas of state administration. It is planned that until the end of the period 2007–2013 activities management system will be installed that will cover all the 13 Ministries of Lithuania. This system will allow for better evaluation of strategic objectives, tasks, and measures in accordance with the existing system of evaluation indicators (impact, result, product) and better use this information in the process of decision-making. It is also planned to introduce or develop strategic planning systems in all 60 municipalities. Moreover it is planned to improve processes of state investments planning and implementation monitoring in Lithuania, for more rational allocation and more effective use of state investments, and to ensure their continuity. Introduction of strategic planning and activities management systems will be respectively coordinated by the Office of the Government of the Republic of Lithuania, the Ministry of Internal Affairs, and the Ministry of Finance, in accordance to their reemits. To ensure proper application of both strategic planning and

activities management functions the capabilities of these institutions will be strengthened. During introduction and development of these systems training services will be provided dedicated to acquirement of special competences.

In the area of incomes very important is policy of taxes and other payments, which would create advantageous environment for rapid economy growth and stable budget incomes. Therefore assistance is planned for the further tax and social security reform and its implementation in Lithuania. Additionally good environment for better expenses management in public sector would be created by preparing territorial plans (all general plans and their detailed plans, contracted by municipality administration), preparation of regional and municipal development plans and programmes. All the municipalities should have prepared general territorial plans (at present 65 percent are being prepared), so 21 more such plan must be prepared. The objective of rational allocation of resources and effective use of money should be achieved without hurting economic stability and principles of stable development.

In this area the ESF assistance would help not only to public administration effectiveness, but would also increase transparency of public administration, thus state and municipal institutions and agencies would be able to better account to the legislative authorities, citizens, and various interested groups for the carried out activities and achieved results).

Better implementation of EU policies

In the new EU member countries a particular need to strengthen administrative capabilities for more effective implementation of EU public policies is recognized, so this Priority is aimed at improving capability for better representation of Lithuania in decision-making on EU level, and better implementation of EU initiatives and Statute provisions in Lithuania. that covers EU Statute provisions introduction to and application on the national level not only in the areas of justice and security, energy, transport, where is the bulk of not introduced Directives, but also in other areas where will be established gaps in EU Statute provisions introduction or implementation. This ESF assistance is associated with earlier *Phare* and Transitional Period measure assistance in Lithuania that were dedicated to strengthening Lithuanian capabilities of EU Statute implementation.

Under this Priority the assistance of such important EU initiatives as renewed Lisbon strategy and open coordination method implementation according to other EU strategy is also planned. The priority would be given to those areas where in 2006 and later European Commission progress reports did not receive positive evaluation. Strengthening of capabilities of various responsible institutions and other interested groups will be particularly emphasized. Other Priorities of the 2007–2013 EU Structural Assistance Operational Programme will be dedicated on implementing policies and programmes.

Readiness to apply new provisions of EU Statute that will be adopted during the period 2007–2013 (for example, new provisions of Services Directive) will be also funded. In this area capabilities of various services, inspections, other public administration institutions responsible for application of transferred EU Statute provisions will be strengthened, using set of interventions for capabilities strengthening, also will be supported preparation of research, analyses etc. associated with introduction of EU provisions, and acquisition of all the instruments, machinery, and other equipment necessary for implementing those provisions will be funded (using cross-funding). The acquisition of the equipment will be funded only if it will help to improve introduction of EU legal provisions in Lithuania, and during implementation it will be coordinated with other ESF assistance under this Priority (only acquisition of equipment alone will not be funded). The

equipment should be necessary for proper implementation of these objectives and directly linked to it, as stated in the Council Regulation from the 11 July 2006 (EC) 1083/2006 concerning establishment of general provisions on the European Regional Development Fund, European Social Fund, and Cohesion Fund, and repealing Regulation (EC) 1260/1999 Article 34 2. During the 2007–2013 programming period it is planned to implement about 30 projects dedicated to implementation of EU policies and initiatives.

Structure of Public Administration

As well structural changes at all levels (central, regional, and local municipality) are necessary in Lithuania, so assistance is planned for the improvement of entire public administration system composition, and development of individual state and municipal institutions and agencies internal structure. Also there is a need for support of decentralization and deconcentration processes, of achieving optimal distribution of functions among central, territorial, and local municipal levels. Finally with these changes is associated improvement of regional development structure and management on the national level and in particular territories (including different kinds of assistance to the functioning of regional development councils that will not be directly linked to the EU Structural Assistance administration during the years 2007–2013). ESF assistance will be used for the implementation of public administration monitoring system, carrying out of functional reviews, implementation of pilot-projects of internal administration models, preparation of various documents, carrying out of other necessary actions. The system of public administration monitoring should be introduced until the year 2009 as established in the Law of Public Administration and the Strategy of Public Administration Development until 2010 Plan of Measures. This system will be put together by its List, which in 2007 must confirmed the Government of the Republic of Lithuania. This List will elaborate monitoring principles, objectives, tasks, levels, objects and subjects, organization and implementation. ESF will fund introduction of this system. It is planned to monitor changes of public administration structure and the results of public administration institutions activities. The monitoring System will permit to notice in time changes in public administration, evaluate them, and establish measures of preventing negative effects. On the basis of the results of afore-mentioned system will be established areas and measures of public administration system improvement, what will ensure effective public administration. Implementation of these actions will be linked to the work of Commission for Improvement of the State Administration System ('Sunset' Commission), which was reestablished at the end of the year 2006.

Improvement of regulation of economic activity and providing services to people and business

Regulation of economic activity

Administrative business environment is one of the most important areas of priority actions, in which the European Commission asked the EU member states to take additional actions. Lithuania also took part in implementing EU better regulation initiative and aims at improving administrative environment for business, thus during the new programming period will seek to improve quality of economic activity regulation, decrease administrative burden to business. The quality of new and present regulation should be improved using various principles of better regulations (simplification, consultations with interested groups, impact evaluation etc.). ESF assistance will be provided for preparation of various documents, impact evaluation, projects of better regulation, and other initiatives. Decreasing of administrative burden will cover providing of various services to business 'one stop' principle (it is planned to establish 'one stop' system) using electronic means of communication. The assistance will be provided under the programme of better

regulation or plan of measures, which is planned to be prepared and implemented during the years 2007–2013 (in it problematic areas will be determined, in which better regulation projects would be implemented). The assistance must be provided by the institution responsible for introducing better regulation principles, which must be appointed in the year 2007.

Separately can be mentioned a need of improving environment of research and experimental development regulation (intellectual property, copyrights, patents, access to information or equipment etc.). Also under this Priority is aimed at improving other administrative environment of business, decreasing level of administrative corruption, developing public procurements, improving tax administration, ensuring competition etc. in total is planned to implement about 15 projects of better regulation implementation. It is aimed to shorten average time of the founding of new enterprises (to 7 work days; 26 work days according to the 2004 data). Finally protection of the Community financial interests and fighting fraud, which is linked to administrative business environment, also can be supported under this Priority. In this area ESF assistance also could help transparency of public administration.

Providing services to people and business

The need for reforming public policies and sectors is recognized in Lithuania, this could help economic and social development. The reforms of public policies and public services (restructuring, optimizing, reconstruction, development etc.) will be supported, prepared, and implemented in Lithuania during the new programming period. EU structural assistance can be used for the further liberalization of energy, transport, and post sectors.

Impact of public administrative systems' reforms is especially high in such areas as high education, R&D, and health care. For example in the area of high education support will be provided for the improvement of management of the high education system, in the area of R&D first of all for renovation of the Science Council of Lithuania and maintaining activity of the Science and Studies Monitoring and Analysis Centre. Assistance in the area of health care and pensions (for the reform and strengthening of social security systems) will help to maintain state financial stability in the long run. Assistance in the area of health care will be provided for the analysis of health care services providing institutions, introduction of monitoring system, projects of optimal structure, other actions.

There is a need in Lithuania for correlation between the public services provided to business and citizens and their needs, also quality and availability of the services. That would cover improvement of services to citizens in state and municipal institutions and agencies, including introduction of 'one stop' principle. Will also be prepared various initiative of improving public services (common evaluation model, other quality management models), through funding implementation and certification of various quality management models in various organizations of public sector, and promoting quality management in public sector (training leaders, carrying out polls public/business, creating and maintaining databases, instituting and bestowing awards, organizing conferences and other events). It is planned that about 130 (or 14 percent) of all state and municipal institutions and agencies would have operational quality management systems, is planned installation of such systems and certification of about 100 institutions of public sector (including state and municipal institutions and agencies) (at present in about 30 state and municipal institutions are being installed or already functioning General evaluation model or other quality management models). It is planned to support quality management systems introduction under the programmes of individual state and municipal institutions and agencies. Having carried out the analysis of state and municipal institutions and agencies needs of introducing quality

management methods, funding priorities on the institutional level will be established. In this area the Ministry of Interior will diffuse information on quality management methods, collect data about public sector institutions that have installed these methods and provide positive experience of the institutions in applying quality management methods. Implementing principle of innovation a lot of attention will be paid to introduction of innovations. For example examples of good practice will be selected and disseminated, awards bestowed.

International cooperation, innovations, and partnership

Partnership, international cooperation, innovations, as horizontal principles, will be important implementing activities of the Priority 4. Application of these principles is an important measure of achieving specific tasks and results of the Priority and concrete objectives of the programmes. Under the Priority 4 'Fostering administrative competences and increasing efficiency of public administration' will be supported Lithuanian participation in the intergovernmental cooperation among EU member states (better regulation, management of human resources, innovations in providing public services, electronic authorities, and other areas of public administration), as well as cooperation of individual Lithuanian governmental and municipal institutions in various areas of public administration. This would permit learning from the other EU member countries, would strengthen administrative capabilities and increase effectiveness of public administration in Lithuania. Thus in the Priority 4 can be applied study tours, peer reviews, and other actions of transnational and trans-regional cooperation. Achievements of these actions must be integrated into various stages of the process of public policy.

The importance of horizontal principles is different in every activity. Bellow presented table shows the relationships between priority activities and horizontal principles.

Specific objectives	Areas of intervention (activities)	International cooperation	Innovations	Partnership
Improving human resources management and strengthening administrative capabilities in public service	Education and in-service training of public servants		√	√
	Management of public service		√	√
	Cooperation and partnership among Institutions	√	√	√
Improving management of activities, better implementing EU policies, improving structure of public administration	Structure of public administration		√	√
	Management of activities		√	√
	Better implementation of EU policies		√	√

Improving regulation of economic activities, and providing services to people and business	Regulation of economic activities		√	
	Providing services to people and business		√	

Links of the Priority 4 ‘Fostering administrative competences and increasing efficiency of public administration’ with other Operational Programmes Priorities for the years 2007–2013

Objectives of the Priority 4	Links of the Priority 4 with other Operational Programmes Priorities for the years 2007–2013
1 objective	
Improving management of human resources and strengthening administrative capabilities in public service	<p>1. Will supplement implementation of this Operational Programme Priorities 1 and 2 through investments in training and in-service training of other public sector employees not working in state and municipal institutions and agencies, where the provisions of the Law of Public Service are applied.</p> <p>2. Under this Operational Programme the Priority 4 public servants competences will be strengthened (including statutory and other servants, working at the state and municipal institutions and agencies, where the provisions of the Law of Public Service are applied). Under this Operational Programme the Priority 2 ‘Life-long learning’ will be prepared vocational training of general and professional education schools and system of adult professional education teachers and administrative personnel. Assistance to education under this group of activities will be allocated to the strengthening of competence and capabilities of employees of state and municipal institutions and agencies, to which the provisions of the Law of Public Service are not applied. Those are mainly employees of institutions providing public services.</p> <p>3. Assistance to promoting cooperation of public and private sectors under this Programme the Priority 4 will help other actions of programmes priorities implementation. Under the Priority 1 ‘Quality employment and social inclusion’ social dialogue will be supported (system of inter-relationships of employees and employees’ representative and their organizations, as pursuant to the Labour Code), and providing services to business will be funded under the Operational programme for Economic Growth the Priority 2 ‘Favourable environment for business and innovations’. Exchange of experience with other EU member states in the area of EU structural assistance planning and management will be funded under this Operational Programme the Priority 5 ‘Management, monitoring, and control of the Structural Assistance received under the Convergence objective’.</p> <p>4. Capabilities to manage EU structural assistance will not be funded under the Priority ‘Fostering administrative competences and increasing efficiency of public administration’, because it will be funded under the this operational</p>

	<p>Programme the Priority 5 ‘Management, monitoring, and control of the Structural Assistance received under the Convergence objective’ and under the Operational Programme for Technical Assistance. So ex-ante evaluation comments about the need to fund the strengthening of EU structural assistance capabilities.</p>
<p>Improving management of activities, better implementing EU policies, improving structure of public administration</p>	<p>1. This Priority will also cover particular horizontal aspects of electronic services and content, which are associated with more effective work of public administration system, and state and municipal institutions and agencies. Through this ESF Priority will be organized activities, dedicated to improvement of activities and internal procedure of public administration institutions, including also development of their information systems and data bases together with other measures (f.e. training). This assistance that is linked to information society will be harmonized with the Operational Programme for Economic Growth the Priority 3 ‘Information society for everyone’. Under this ERDF Priority will be supported activities of developing interactive electronic public services dedicated to citizens and business enterprises (first of all, developing approved by European Commission main public electronic services, of which 12 dedicated to people, 8 – to business). Under the ERPF Priority large projects will be funded (as planned – starting from 2 million in value).</p> <p>2. Aiming at creation of advantageous environment for expenses management in public sector, under this Priority assistance is planned to preparation of territorial plans (to all general plans and those detailed plans that are contracted by the municipal administration), and to preparation of regional municipal development plans or programmes. Under the Operational Programme for Cohesion Promotion the Priority 1 ‘Local and urban development, preservation of cultural heritage and nature, and its adaptation to development of tourism’ should be supported plans of river basins management and preparation of documents (plans) of establishment and planning of protected territories, claimants of which would be Environmental Protection Agency and State Service for Protected Areas.</p>
<p>Improving regulation of economic activities and providing services to people and business</p>	<p>The use of this Operational Programme the Priority 3 assistance through the universal subsidies (grants for scientists and other researchers) is established in the national programmes, associated with R&D. Renovation and founding of new Expert Institutions associated with the grant schemes an maintaining of their activities is planned under the Operational Programme for the Development of Human Resources the Priority 4 ‘Fostering administrative competences and increasing efficiency of public administration’.</p>

Cross funding

Implementing this Priority cross-funding can be used, which would permit funding of ERDF funded areas. Afore-mentioned funding would be used for a limited scale infrastructure development or renovation, and acquisition of equipment according to particular groups of actions, aiming at increasing efficiency of these actions and better taking into account the needs of target groups.

Cross-funding must comply with these criteria:

1. ERPF funded activities must be implemented as part of actions, implemented under this Priority;

2. ERPF funded activities must be compulsory for a successful achievement of goals and results of actions funded under this Priority.

Compatibility with other EU supported measures

This Priority assistance will be harmonized with the 2004–2006 Transitional Period Measure, which in Lithuania replaced earlier *Phare* programme assistance. The Transitional Period Measure, dedicated to strengthening capabilities of EU Statute implementation, programming in Lithuania has already ended. In accordance with the final list of projects of this Measure will be ensured compatibility with ESF assistance.

Preparing description of this Priority, *Phare* and Transitional Period Measure achievements were taken into account, as well as the most important lessons and good practice (see the Implementation Status Reports and countries' summarized reports). Actions that were funded under these Programmes, further will be funded under the group of actions in the area of ensuring accordance with EU Statute and implementing EU initiatives.

This Priority assistance will be harmonized with measures that during the period 2007–2013 will be funded by the European Agricultural Fund for Rural Development and European Fishery Fund (that is especially associated with the *Leader* direction). Local groups of actions will be funded only under the Rural Development Programme in the years 2007–2013, funding under this ESF Operational Programme Priority will be not provided. Information about the assistance separation limits between EAFRD and EFF supported areas is presented in the Appendix 4 "Compatibility with European Agriculture Fund for Rural Development and the European Agriculture Fund".

Planned distribution of expenditures by categories

Distribution of expenditures by priority subjects		
Code	Name	Financial proportion (euros)
81	Mechanisms dedicated to improving preparation of good policy and programmes, monitoring and evaluation on the national, regional, and local level, creation of capabilities for implementation of political directions and programmes	169.387.321
IN TOTAL		169.387.321
Distribution of expenditures by the form of funding		
Code	Name	Financial proportion (euros)
01	Nonrefundable assistance	169.387.321
IN TOTAL		169.387.321
Distribution of expenditures by the territory type		
Code	Name	Financial proportion (euros)
01	City	128.734.364
05	Rural areas (<i>except mountains, islands, rarely and extremely rarely populated areas</i>)	40.652.957
IN TOTAL		169.387.321

2.6. PRIORITY 5. TECHNICAL ASSISTANCE FOR IMPLEMENTATION OF OPERATIONAL PROGRAMME FOR DEVELOPMENT OF HUMAN RESOURCES

Priority Description

A common national EU structural assistance management and control system based on common institutional structure and process and procedures ensuring compliance with underlying principles of good financial management will be created for administration of programmes of all the thematic actions implementing absorption strategy for EU structural assistance for Lithuania in 2007-2013. The system will be made as simple and plain as possible, understandable for both applicants and control institutions.

The Finance Ministry will have to ensure that institutions supervising, confirming and controlling the aforementioned thematic operational programmes perform their functions properly. Some of these functions will be performed by the same institution - the Finance Ministry, and the activities will be funded from a special Technical Assistance Operational programme 2007-2013, which will be developed for common aspects of the EU structural assistance management and control system and will include the preparation, management, monitoring, evaluation information and control activities of the operational programmes as well as activities for strengthening the administrative abilities of absorption of the assistance of the EU funds. The special Technical Assistance Operational programme will provide technical assistance for the activities of all the institutions involved in implementation of the EU structural assistance, which are related to more than one thematic operational programme, that is they are not limited to implementation of one thematic operational programme. These would include such activities as preparation, management, supervision, evaluation and information as well as activities intended for strengthening of administrative abilities related to absorption of the EU structural assistance.

Another part of the functions of the assistance management and control institutions (especially the one assigned to the supervising institution by the Council Regulation No. 1083/2006) will be delegated to other institutions: ministries and agencies. Besides, the experience has shown that the implementation of the operational programmes is not limited to implementation of functions set out in EU regulations therefore the implementation of this thematic operational programme inevitably includes more public administration institutions of Lithuania that are participating in planning, coordination and supervision of the programme, its priorities or projects.

In order to implement the requirements of the Council Regulation No. 1083/2006 to ensure the quality of the implementation of assistance programmes, to create proper management and control system for the assistance and to ensure effective functioning of the system, to ensure the suitability of the costs declared to the European Commission to be funded by means of structural assistance, to prevent fraud, to detect and to eliminate the violations and to strengthen the abilities of assistance management and control, the following *tasks* are raised in this priority:

- to ensure effective functioning of the management and control of the EU structural assistance received by the Convergence Goal system during the implementation of this Operational Programme for the Development of Human Resources;
- to improve the public awareness about the assistance provided by the Operational Programme for the Development of Human Resources and about the results of implementation, to conduct evaluation of the Operational Programme for the Development of Human Resources.

Effective functioning of the management and control system during implementation of the Operational Programme for the Development of Human Resources

As set out in the description of the implementation system of this operational programme provided further in this document, the institution supervising its implementation will not delegate its responsibility for the functions assigned to it as required by the 59 (2) provision of the General Regulation, but will entrust part of its functions to other institutions as well as refer to assistance of the state institutions responsible for particular political spheres. For example, it is set out that the Social Security and Labour Ministry, Education and Science Ministry, Interior Ministry, the European Social Fund Agency, and Central Project Management Agency will participate in the implementation of this operational programme.

Technical assistance for activities exclusively related to implementation of this operational programme of institutions (the aforementioned ones and others) involved into implementation of the Operational Programme for the Development of Human Resources will also be provided according to this priority. This assistance will help to conduct the project evaluation and selection, supervision of project implementation and the determination and checking of suitability of costs to be funded from structural assistance resources activities and other activities concurrent to this operational programme effectively and with quality.

In order to evaluate and to improve the abilities of officials administering the EU structural assistance, the analysis of human resources will be performed based on which the current administrative abilities will be evaluated and the strategy of improving these abilities prepared. Based on this strategy an implementation plan will be developed which besides other activities will include the activities for strengthening the abilities of responsible institutions in implementation of international cooperation and innovation activities. It will also include measures for improvement of abilities of social partners. The implementation of the implementation plan will be funded by means of technical assistance.

Improved public awareness about the assistance provided by the Operational Programme for the Development of Human Resources and about the result of implementation, active evaluation of the Operational Programme for the Development of Human Resources

It is important to underline that the technical assistance of this priority will be directed not only to the administrative system itself, but to the environment as well, first of all - into potential implementers of projects, partners, and the general public. In order projects conforming to goals and tasks of the absorption strategy for EU structural assistance for Lithuania in 2007-2013 and of the Operational programme for the Human Resource Development are prepared and implemented, the potential project implementers of this operational programme must be continually informed about these goals and tasks and to understand well what types of projects are suitable to be funded by means of the Operational programme for the Human Resource Development.

Besides, the purpose of the European Social Foundation as the main financial instrument for implementation of the European employment policy and the importance of the foundation in investing to development of human resources - improving the employment, improvement of abilities of adaptation to changes of the job market, promotion of equal opportunities and other aspects - must be introduced to potential implementers of projects.

The general public must also be continuously informed about the purpose, goals, progress of implementation and results of the Operational Programme for the Development of Human Resources in order to ensure the comprehensibility of these.

The strategies of public information and publicizing and the preparation of the action plan as well as supervision of implementation of both forms an integral part of the aforementioned integration system, but this priority will also actively support the implementation of this strategy and the action plan by specific activities related to publicizing the Operational Programme for the Development of Human Resources. For example, target events, such as seminars, conferences, informative days, will be organized, special press releases printed in the media, information and publicizing measures will be taken, informative publications and publications promoting the good practice will be published; and all the other activities, contributing to ensuring the publicity of the Operational Programme for the Development of Human Resources will be supported.

The same principle will be used when organizing the evaluation activities for the Operational Programme for the Development of Human Resources: preparation of the evaluation plan, planning and coordination of the evaluation activities form integral part of the aforementioned administrative system. The priority will also support the evaluation activities, such as current strategic evaluations and evaluations of activities exclusively related to the implementation efficiency of the Operational Programme for the Development of Human Resources, evaluation of the programme's impact, evaluation of the implementation context of this operational programme.

Compatibility with the Technical Assistance Operational programme

Activities related to management and control system

The activities of institutions that participate in implementation of the Operational programme for the Human Resource Development exclusively related to implementation of this operational programme will be funded according to this priority.

In case the same institution takes part in implementation of more than one operational programme, its activities can be funded from the Technical Assistance Operational programme.

Activities related to publicizing and evaluation

Publicizing and evaluation activities exclusively related to implementation of the Operational programme for the Human Resource Development will be funded by this priority.

Publicizing and evaluation activities related to more than one operational programme will be funded from the Technical Assistance Operational programme.

Cross-funding

Cross-funding, which would allow funding the ERDF funded spheres, can be used when implementing this priority. This kind of funding would be used for development or renovation of a small-scale infrastructure or for acquisition of equipment according to certain groups of activities in order to increase the effectiveness of these activities and to consider the need of target groups better.

Cross-funding must conform to the following criteria:

1. ERDF-funded activities must be implemented as constituent of activities performed according to this priority;
2. ERDF-funded activities must be mandatory in order to successfully achieve the goals and results of the activities funded according to this priority.

Expected distribution of costs by category

Distribution of costs by prioritized themes		
Code	Name	Financial rate (in euros)
85	Preparation, implementation, monitoring and checking	16.261.183
86	Evaluation and studies; information and communication	4.065.295
TOTAL		20.326.478
Distribution of costs by method of funding		
Code	Name	Financial rate (in euros)
01	Unreturnable aid	20.326.478
TOTAL		20.326.478
Distribution of costs by types of territories		
Code	Name	Financial rate (in euros)
00	Not applicable	20.326.478
TOTAL		20.326.478

2.7. HORIZONTAL PRIORITIES AND THEIR IMPLEMENTATION

Promotion of equal opportunities

All the priorities of the Operational Programme for the Development of Human Resources will ensure equality of men and women and integrate the principle of gender equality. All the recipients and representatives of different target groups will be provided with equal opportunities to participate in activities of projects and to use their results. Besides, any discrimination related to gender, race, ethnicity, religion or belief, disability, age or sexual orientation will be prevented by providing different social groups with the same access to the support by all the priorities.

Some of the action groups of the priority 1 „Quality employment and social coverage" will be specially designed for people experiencing difficulties in the job market. It is planned to support services of professional rehabilitation for disabled, initiatives for training and engagement of different target groups. All the action group of the "Social coverage" is intended for those residents, who experience threat of social disjuncture or social disjuncture.

Some of the priority 1 funds is planned to be directed to activities which could promote implementation of the gender equality principle. It is expected that investments according to the group „Adjustment to market needs" will help to solve issues of vertical and horizontal segregation in the job market, to increase women's enterprise. Assistance according to the group „Promotion of population employment" should increase women's employment, help them to apply their qualification and abilities better. Activities helping to combine business relations and family commitments that are most often taken by women (childcare, people nursed in the family) will be encouraged. According to the group „Social coverage" it will be invested in order to decrease risk of poverty, to decrease level of family violence, it is planned to support social services, which would help women of risk groups or women experiencing social disjuncture to return to the job market.

Implementation of the priority 2 „Lifelong learning" will contribute to ensuring the equal opportunities by the following ways: the same possibilities of the beginning of early learning are ensured, the integration of people with social disjuncture or special needs, and possibilities of gaining a good education are promoted, the more active participation in vocational training is promoted, for girls especially, the share of people early withdrawing from the general education is trying to be reduced, of boys especially, the more active participation of all the groups in the system of lifelong learning is promoted.

In consideration of specific needs, it is planned to take separate actions by vertical way and to use the assistance by several priorities. For example, as it was mentioned in the analysis part, women in Lithuania are not properly represented in Scientific Research and Technological Development (SRTD) human resources, especially in the spheres of exact sciences and groups of researches of older age. Even though the trends of the latter years were favourable, the participation of women in the SRTD activities (especially in the exact sciences' sphere) will be promoted according to the priority 3 „Strengthening of researchers' abilities". It is also planned to encourage youth to seek the career of a scientist or a researcher (especially in the sphere of physical and technological sciences).

Besides, both horizontal and vertical segregation is characteristic for Lithuanian state service: women constitute the majority of the career state officials, but they constitute a small share of all the executives of institutions, despite their similar education. Therefore different activities will be

used in order to ensure equal opportunities for women in the state service according to the priority 4 „Strengthening of administrative abilities and increasing effectiveness of public administration“.

Innovative activities and cooperation activities

During the implementation of this priority, the assistance will be (or can be) provided for promotion and integration of innovative activities in EU Member States and for integration of international and interregional cooperation activities first of all by exchanging information, experience, results and good practice and by preparing strategies complementing one another, coordinated or joint activities.

During the implementation of the priority 1 „Quality employment and social coverage", the *Equal* type measures promoting social innovations and international cooperation will be funded. It is necessary to continuously search for new solutions and to apply these in practice in order to promote the quality employment and social coverage. In 2004-2006, projects of this kind were funded according to the EU *Equal* initiative and the purpose of them was to solve issues of the most vulnerable groups. Initiatives involving participation of NGOs, enterprises, institutions and organizations of public and private sector will be supported according to this operational programme. Assistance is planned for projects that involve exchanging experience with other EU Member States and practical application of good practice of foreign states in Lithuania.

During the implementation of the priority 2 „Lifelong learning“ innovative activities of people with special needs, social disjuncture and no motivation will be promoted in order to encourage those people to learn, solutions for accessibility problems of the non-traditional lifelong learning services, especially in rural areas, will be searched, also the mobility of all the pedagogical staff, inter-cooperation of education institutions of all the levels will be encouraged seeking for optimal use of the current resources and cooperation with employers and other partners. All of it will help ensuring better results of the education system in the modern society and job market.

Different innovative and cooperation activities will also be supported according to the priority 3 „Strengthening of researchers' abilities“. For example, innovative activities needed in order to deepen and spread knowledge about researches, technologies, innovations in Lithuania. Assistance for cooperation of scientific and business sectors, for international mobility of different researches, for participation of foreign experts in implementation of projects funded according to the priority 3 should be mentioned.

Lithuania's participation in intergovernmental cooperation with the EU Member States (in spheres of regulation improvement, human resources management, innovations in providing public services, e-governing, and other spheres of public administration), as well as cooperation of separate Lithuanian institutions of authorities and municipalities in different spheres of public administration will be supported according to the priority 4 „Strengthening of administrative abilities and increasing effectiveness of public administration“. It would allow learning from other EU Member States to strengthen administrative abilities and to increase effectiveness of public administration in Lithuania, therefore study tours, peer reviews and other activities of international and interregional cooperation can be applied in the priority 4 and the achievements of those must be integrated into different stages of the public policy process.

According to the priority 5 „Technical assistance for implementation of operational programme for development of human resources“, analysis of human resources will be conducted based on which current administrative abilities will be evaluated and strategy for improvement of administrative abilities will be prepared in order to evaluate and to improve the abilities of officials

administering the EU structural assistance. An implementation plan will be developed based on this strategy and besides other activities it will include activities for strengthening abilities of responsible institutions in implementation of activities of international cooperation and innovation, as well as foresee measures for strengthening abilities of social partners.

As provided in the part 7 of the article 37 of the EC regulation No. 1083/2006, the operational programme will apply a horizontal approach to activities of cooperation between regions and between states that include at least one national, regional or local institution of another Member State.

Development of information society

During the implementation of all the priorities of the Operational Programme for the Development of Human Resources, the priority of the information society will be applied both vertically and horizontally. On one hand, a positive impact on the information society will be promoted by using the assistance according to all the priorities. On the other hand different activities related to development of the information society will be funded according to several priorities of this operational programme.

Several initiatives will contribute to implementation of the principle of the information society according to the priority 1 „Quality employment and social coverage“. Assistance for developing general abilities (including the computer literacy) of residents will be provided according to the group „Adjustment to market needs“. Considering the importance of the modern technologies for business and the public sector, some of the trainings supported according to this group will also directly contribute to promotion of workforce, knowledge and skills in sphere of information technologies. Besides, modern IT technologies (group „Promotion of population employment“), which are also important for improving the quality of general employment supporting services and of active services of job market policy measures (group „Promotion of population employment“) and for increasing the diversity of social services (group „Social coverage“) are often used when introducing contemporary, new and more flexible forms of work organisation. It can be reasonably expected that such activities will contribute to increase of number of companies, in which computer or Internet is used, of share of employees using a computer, of share of households using a computer at home.

According to the priority 2 „Lifelong learning“, promotion of usage of modern information technologies when renewing the contents of education and study programmes is planned, when introducing flexible learning forms, when improving competence of the education staff in sphere of using information technologies for education, and when increasing the accessibility of lifelong learning services to people with special needs, social disjuncture or no motivation.

According to the priority 3 „Strengthening of researchers‘ abilities“, the assistance will be provided for improving ITT-related competence of scientists, graduates and other researches, for involvement of ITT measures in the process of studying and learning, and for other activities. Besides, according to the prioritized course of information technologies of the Lithuanian SRTD 2007-2010, priority is planned to be given for preparation of specialists of information technologies and for improvement of their qualification and competence, as well as for assistance of development of career of researchers of this sphere.

Certain e-solutions related to system of public administration and more effective activities of state and municipal institutions and entities will be funded according to several groups of the priority 4 „Strengthening of administrative abilities and increasing effectiveness of public administration“.

Assistance will be provided for improvement of computer literacy, provision of services by information and communication technologies, other e-abilities of state officials, judges and other employees of the public sector in order to strengthen human resources management. Information system of the State Service Management will be improved in order to provide institutions with information needed for improvement and modernization of human resources management in the state service. Besides, according to the priority 4, application of information and telecommunication technologies, implementation and spread of good IT management practice will be encouraged.

Regional development

The implementation of the Operational Programme for the Development of Human Resources will seek to ensure even development of the country's regions. Investments to human resources will help Lithuania as a region of the EU level and the separate regions, municipalities inside of Lithuania to adapt to outside competition better and to gain new competitive advantages. Conformation to the constantly changing conditions of the General Market is especially important for the regions the main competitive advantage of which used to be cheap workforce.

Assistance will be provided for development of general abilities of residents of rural areas and for reorientation of them from the agriculture to other activities (action group „Adjustment to market needs"), for companies creating jobs in economically lagging regions (action group „Promotion of population employment“) according to the priority 1 „Quality employment and social coverage" in order to implement the policy for reducing the regional differences. Ambulatory social services (action groups „Promotion of population employment" and „Social coverage“) and services of vocational rehabilitation (action group „Promotion of population employment“) of disabled the lack of which is especially high in rural areas and smaller municipalities will also be funded.

Different activities of improving of quality and accessibility of lifelong learning that are needed in order to ensure even development of regions is planned to be implemented according to priority 2 „Lifelong learning“. A lot of attention will be paid to improving accessibility of lifelong learning services in rural areas. By investments to quality of learning it will be pursued that programmes of learning and studies conform better to needs of regional economies of preparation of qualified specialists and improvement of their qualification. When investing into accessibility of learning services, special attention will be paid to development of flexible and individualized learning forms that can be used by residents of regions distant from the main higher education centres without leaving their main occupation for along period.

The priority 3 „Strengthening of researchers' abilities" will consider needs of different regions in order to seek balanced regional development. The national programme for implementation of the Lisbon strategy foresees development of high-competence centres not only in Vilnius and Kaunas, but in other regions as well considering their specifics and ensuring their balanced development. As in 2004-2006, partnership of Lithuanian science and studies institutions will be tried to be ensured by strengthening local competence centres, networks of science and studies or their participation in rational competence centres and networks. The strategy of Lithuania's regional policy until 2013 foresees different SRTD-related measures (e.g. promotion of relations of industry, business and science, orientation of the higher education programmes to the needs of high-qualified specialists, etc.).

The priority 4 „Strengthening of administrative abilities and increasing effectiveness of public administration" foresees different activities order to gain balanced regional development. They

would include preparation of territorial plans, regional development and municipal plans, optimal distribution of functions between the central, territorial, and local levels, improvement of regional development management, as well as participation of local and regional partners in partnership process of the public and private sectors. Implementation of these activities would present favourable conditions for regional development in 2007-2013. Besides, positive impact on regional development by implementation of projects will be encouraged by the priority 4.

Sustainable development

Implementation of the Operational Programme for the Development of Human Resources will follow all the national and EU legislations related to horizontal priority of the sustainable development. The whole operational programme funded by EU Funds does not foresee investments to infrastructure (except for cross-funding) and strategic evaluation of environmental impact will not be applied to it.

The principle of sustainable development includes not only the state of environment and the economical development, but the situation of the job market and different social indicators as well. The priority 1 „Quality employment and social coverage" will help to increase the economical activity and employment of residents, to decrease the unemployment rate (especially the long-term unemployment). The assistance provided by the action groups „Promotion of population employment" and „Social coverage" will contribute to improvement of social coverage and decrease of poverty. It is a significant contribution in the pursuit of sustainable development, which also includes participation of residents in learning activities. Whereas all the three action groups of this priority will contribute to promotion of lifelong learning of residents and increasing of the demand for learning (whereas the supply of learning services will be improved according to the priority 2).

Implementation of the priority 2 „Lifelong learning" and the priority 3 „Strengthening of researchers' abilities" will contribute to implementation of long-term, medium-term and short-term tasks of the National Strategy for Sustainable Development. The development of the lifelong learning will have high impact for reducing poverty and social disjuncture as well as for solution of problems of ageing of part of the society (including ageing of researchers). Improvement of accessibility of education services will allow a larger part of the society to satisfy different needs of learning and increase their possibilities of getting a quality job that guarantees sufficient income this way. Provided new learning opportunities, people of older age will be able to continue their working activities for a longer time and this way the problems raised by the ageing of the society will be mitigated. Principles of the sustainable development will be introduced to the system of formal and informal education by developing the network of competence of such development.

Even though the national strategy of sustainable development does not include description of the public administration sector, the assistance according to the priority 4 „Strengthening of administrative abilities and increasing effectiveness of public administration" will contribute to improved integration of this horizontal sphere into content and process of the public policy. Assistance for management of regional development, for preparation of regional development and municipal plans would directly contribute to implementation priorities and principles of sustainable development.

3. FINANCING FRAMEWORK

Table 16. Allocation of assistance by years (in Euros)

Year	EUF	Total
2007	117.398.982	117.398.982
2008	118.920.478	118.920.478
2009	121.407.777	121.407.777
2010	129.335.299	129.335.299
2011	139.720.757	139.720.757
2012	148.532.819	148.532.819
2013	159.701.897	159.701.897
Total	935.018.009	935.018.009

Table 17. Allocation of assistance by priorities (in Euros)

Priority	Community Financing	National public financing	National private financing	Total financing	Level of total financing (percent)	For information	
						EIB contribution	Other financing
1. High quality employment and social coverage	372.652.105	3.765.060	62.210.380	438.627.545	84,96		
2. Life-long learning	254.645.605	44.937.460	0	299.583.065	85,00		
3. Enhancement of researchers' capacities	118.006.500	7.240.500	13.612.141	138.859.141	84,98		
4. Development of administrative competence and improvement of efficiency of public administration	169.387.321	29.891.880	0	199.279.201	85,00		
5. Technical assistance for implementation Operational Programme for the Development of Human Resources	20.326.478	3.587.026	0	23.913.504	85,00		
TOTAL	935.018.009	89.421.926	75.822.521	1.100.262.456	84,98		

4. EVALUATION OF GOALS

Implementing this operational programme big attention will be given to constant supervision which might let evaluate success of programme implementation and take actions of correction on time if such actions were necessary. Therefore main indicators expressed in numbers are formulated hereafter for every goal of this operational programme. Supervision of operational programme implementation refers to detailed and concerted monitoring system of indicators which is going to be basis of monitoring system.

Strategic indicators of context

Indicators of context are provided hereafter. The latter ones are related to common goals set in the National Lisbon Strategy Implementation Programme and in other strategic documents and therefore define general strategic context of operational programme implementation. It is intended that implementation of this operational programme will conduce to quantitative tasks set in the level of programme impact, i.e. it will influence strategic indicators of context positively. However, only evaluation of *ex-post* (but not monitoring performed during programme implementation) can evaluate this impact more thoroughly because operational programme implementation will not be the only factor that influences attainment of strategic indicators of the context.

The source of information of these strategic indicators of the context is official statistics, unless provided otherwise. Data are going to be updated every year and, under the necessity, provided in annual reports of operational programme implementation.

Indicators of programme implementation

Indicators of programme implementation (i.e. they measure only impact of programme implementation) are provided hereafter. Main attention is given to indicators of *product and result level*. Concentration of monitoring system on the indicators of product and result level can be explained by the fact that it is intended to confine to those indexes which achievement is going to be determined by projects that are implemented only according to particular priority of operational programme.

Basically, the main source of information of attainment of these indicators will be system of project monitoring, i.e. reports of projects which are funded according to this operational programme. Collection and processing of monitoring data is described in detail in sections “Monitoring of implementation” and “Monitoring of indicators” of Part 6 (Provisions of implementation).

Pursuant to Appendix XXIII of the Commission Regulation No. 1828/2006, specifically in the case of projects supported by EUF, observing and collecting information about number of persons who participate in them (product indicator) detailed information will be collected specifying number of participants by:

- Gender;
- Age;
- Status in labour market;
- Groups of social exclusion and social risk;

- Education.

THE 1ST PURPOSE OF OPERATIONAL PROGRAMME : enhance economical activeness and employment of residents, encourage establishment of workplaces of high quality and ensure equal possibilities to participate both in labour market and public life for everyone.

Strategic context

Indicator (unit of evaluation)	Original situation (year)	Goals expressed in numbers
Level of activeness of labour force (15–64 year) (percent)	68,3 percent, 2005	73,5 percent
Total level of employment of residents (15–64 year) *	62,6 percent, 2005	70 percent
Level of women employment*	59,4 percent, 2005	61,5 percent
Level of employment of elder persons (55–64 years) *	49,2 percent, 2005	52 percent
New possibilities granted to unemployed (training, work practice, engagement) – in 6 months of unemployment to young unemployed persons (to 25 years)	85 percent, 2005	100 percent
New possibilities granted to unemployed (training, work practice, engagement) – in 12 months of unemployment to adults (25–64 years)	83 percent, 2005	100 percent
Part of long-term unemployed who participated in active means (training, work practice, engagement)	16 percent., 2005	50 percent
Average age of persons who left labour market (years)*	63,5 years, 2005	64,5 years.**
Part of residents of 25–64 years who participated in the activity of education and professional training in last 4 weeks (level of lifelong learning)*	6,3 percent, 2005	11 percent
Childcare: (a) (to 3 years)* (b) (from 3 years to school age)*	(a) 21,3 percent, 2005 (b) 69,6 percent, 2005	(a) 30 percent ** (b) 90 percent **
Part of working disable persons	20 percent, 2003	30 percent
Level of poverty risk	20,5 percent, 2004	10 percent
Difference of men and women salaries	16 percent, 2004	< 10 percent

* Indicators of employment policy of Lithuania provided in the National Lisbon Strategy Implementation Programme.

** Indicator provided in the National Lisbon Strategy Implementation Programme which is planned to be reached by 2010.

PRIORITY 1. “HIGH QUALITY EMPLOYMENT AND SOCIAL COVERAGE”

Goal 1: Enhance adaptability of employees and companies to the needs of market:

Indicators of programme implementation

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Application of acquired knowledge, skills in workplace 6 months after training (percent) *		75 percent	Surveys, evaluation
	Number of participants who completed training successfully (certificates of acquired qualification or courses of informal training)		180 000	Reports of projects
	Part of companies which organize in-service training (percent) From which – SAB companies (percent)	43 percent (2005)	60 percent 80 percent	Researches, evaluation
Product	Number of persons who participated in training.	33 000**	200 000	Reports of projects
	Part of them who participated in training which grant and raise professional qualification, specific professional knowledge and skills.		120 000	

* Application of knowledge, skills acquired during training at work of employees.

** Data of implementation of projects funded by mean 2.2 of General Programming Document (GDD) of Lithuania 2004 - 2006: number of persons who participated in training in 2006. It composes about 2 percent of total labour force.

Goal 2: Enhance residents' employment and participation in labour market:

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Level of unemployed residents' employment during 6 months after participation in professional and/or supported engagement programmes (percent).	73 percent*	85 percent	Reports of projects, researches
	Number of unemployed who acquired professional qualification and their part (percent) of all involved in training programmes.	4521**	22 400 80 percent	Reports of projects
Product	Number of unemployed and persons whom unemployment threatens and who are involved in professional training and informal education programmes.	5032*	28 000	Reports of projects
	Number of unemployed and persons whom unemployment threatens and who are involved in supported engagement programmes.	5652*	14 000	Reports of projects
Result	Part of employed disabled persons of all who completed professional rehabilitation programme after 6 months after the end of programme (percent).	33 percent***	40 percent	Reports of projects
Product	Number of disable persons who participated in professional rehabilitation programmes.	206***	2000	Reports of projects
	Number of created, used and evaluated professional rehabilitation programmes for disabled persons.	150	300	Reports of projects

* Data of implementation of projects funded by mean 2.1 of GPD: number of participants who were involved into vocational training and supported engagement programmes in 2005 - 2006.

** Data of implementation of projects funded by mean 2.1 of GPD: number of unemployed persons who acquired professional qualification in 2006 after completion of vocational training.

*** Data of activity report of Lithuanian labour exchange in 2006.

Goal 3: Enhance social coverage

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Part of persons who experience social exclusion and belong to social risk group and who participated in activities financed by EUF and who employed or continue training (6 months after the end of project) of all following groups of persons who participated in activities financed by EUF (percent), from which: <ul style="list-style-type: none"> - disabled; - convicted and discharged from custodial institutions; - persons who suffer from addiction to psychoactive substances. 	20 percent* 17 percent* 25 percent* 15 percent*	30 percent 27 percent 36 percent 28 percent	Reports of projects, researches
Product	Number of persons who experience social exclusion and belong to social risk group and who participated in activities supported by EUF from which: <ul style="list-style-type: none"> - disabled; - convicted and discharged from custodial institutions; - persons who suffer from addiction to psychoactive substances. 	3500* 600* 1200* 500*	30 000 5000 10 000 4000	Reports of projects

* Data is provided about objective group persons who participated in activities financed by EUF in 2006.

THE 2ND PURPOSE OF OPERATIONAL PROGRAMME : enhance possibilities for residents of Lithuania to learn lifelong by creating conditions to develop dynamic knowledge society.

Strategic context

Indicator (unit of evaluation)	Original situation (year)	Goals expressed in numbers
Part of 25-64 years old residents who participated in educational and vocational training activity in last 4 weeks (level of lifelong learning)	6.3 percent, 2005	11 percent
Level of youth education achievements: part of 20-24 years old persons who acquired at least secondary education (or secondary education and marketable professional qualification)	85.2 percent, 2005	90 percent
Level of early withdrawal from education system: part of 18-24 years old persons who acquired secondary education and do not study any more	9.2 percent, 2005	9 percent

PRIORITY 2. “LIFELONG LEARNING”

Indicators of programme implementation

Goal 1: Improve and enhance institutional system of lifelong learning.

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Part of administration employees** of lifelong learning system who acquired state certified qualification (percent).	-*	80 percent	Reports of projects
	Part of administration employees of lifelong learning system who acquired certificates of completion of informal education programme (percent).	-*	90 percent	Reports of projects
	Part of pupils who study according to vocational training programmes (ISCED level 2-4) which were evaluated by external evaluation (percent)	-*	30 percent	Reports of projects
Product	Number of administration employees of lifelong learning system who studied according formal education programmes	-*	1000	Reports of projects
	Number of administration employees of lifelong learning system who studied according to informal education programmes	60***	6900	Reports of projects
	Number of produced training programmes (ISCED level 2-4) which were evaluated by external evaluation	-*	90	Reports of projects
	Number of educational institutions which introduce quality management systems and part of all educational institutions from which: - vocational training institutions (ISCED level 2-4); - high schools (ISCED level 5-6)	-*	100 (70 percent) 60 (65 percent) 40 (75 percent)	Reports of projects

* Research is going to be performed seeking to evaluate initial situation in 1 year from the beginning of programme implementation.

** Administration employees comprise all non-pedagogic personnel of educational institutions which performs all education management functions.

*** Data of implementation of projects funded by mean 2.4 “Development of conditions of lifelong learning” of GPD 2004 - 2006 (source: European Social Fund Agency, 2007).

Goal 2: Improve quality of lifelong learning services.

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Part of pupils, students, teachers and lecturers whom state certified qualification was granted (percent)	-*	80 percent	Reports of projects

	Part of pupils, students, teachers and lecturers who acquired certificates of completion of informal education programme (percent)	-*	90 percent	Reports of projects
Product	Number of pupils, students, teachers and lecturers who studied according to formal education programmes from which:	-*	15000****	Reports of projects
	- pupils (general education and vocational training)	912**	7000*****	
	- students (high education studies)	1089**	3000*****	
	- teachers (general education and vocational training)	1367**	4000*****	
	- lecturers (high education studies)	-*	1000*****	
	Number teachers and lecturers who studied according to informal education programmes from which:	13378**	30000*****	Reports of projects
	- teachers (general education and vocational training)	12661**	25000*****	
	- lecturers (high education studies)	717**	5000*****	

* Research is going to be performed seeking to evaluate initial situation in 1 year from the beginning of programme implementation.

** Data of implementation of projects funded by mean 2.4 “Development of conditions of lifelong learning” of GPD 2004 - 2006 (source: European Social Fund Agency, 2007).

*** On the average 4 semesters or 6400 academic hours for each.

**** On the average 80 academic hours for each.

***** Number of objective groups according to data of year 2004-2005: pupils (general education – 536 048 and vocational training – 46 344), students (high education studies) – 190 701, teachers (general education – 40 359 and vocational training - 4 907), lecturers (high education studies) – 8 523 (source: Education in Lithuania in numbers, 2006).

Goal 3: Enhance accessibility to lifelong learning

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Part of persons who belong to social risk group, have special needs and/or experience social exclusion and educational assistance employees who acquired state certified qualification (percent)	-*	80 percent	Reports of projects

	Part of persons who belong to social risk group, have special needs and/or experience social exclusion and educational assistance employees whom certificates of completion of informal education programme were granted (percent)	-*	90 percent	Reports of projects
Product	Number of persons who belong to social risk group, have special needs and/or experience social exclusion and educational assistance employees who studied according to formal education programmes from which:	-*	4000**	Reports of projects
	- persons who belong to social risk group, have special needs and/or experience social exclusion;	-*	2000	
	- educational assistance specialists.	-*	2000	
	Number of persons who belong to social risk group, have special needs and/or experience social exclusion and educational assistance employees who studied according to informal education programmes from which:	928****	13800***	Reports of projects
	- persons who belong to social risk group, have special needs and/or experience social exclusion;	528****	8800	
	- educational assistance specialists.	400****	5000	

* Research is going to be performed seeking to evaluate initial situation in 1 year from the beginning of programme implementation.

** On the average 4 semesters or 6400 academic hours for each.

*** On the average 80 academic hours for each.

**** Data of implementation of projects funded by mean 2.4 "Development of conditions of lifelong learning" of GPD 2004-2006 (source: European Social Fund Agency, 2007).

THE 3RD PURPOSE OF OPERATIONAL PROGRAMME : improve quality and quantity of human resources in scientific research and technological development field by the increase of scientific research and technological development capacity and potential.

Strategic context

Indicator (unit of evaluation)	Original situation (year)	Goals expressed in numbers
Number of researchers (total number which falls to one thousand employed persons/part in business, percent)	5.12/6,6 percent, 2004	6.1/15 percent
Scientific publications for 1 million residents	242 units, 2004	400 units
Younger researchers' age (researchers who have doctor's degree in age groups to 45 years, excluding business sector)	38.2 percent	50 percent

PRIORITY 3. "ENHANCEMENT OF RESEARCHERS' CAPACITIES"

Goal 1: Enhance researchers' qualification and competence and encourage their mobility

Indicators of programme implementation

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Part of scientists and other researchers and students who completed formal and informal education programmes successfully and acquired certificates of completion of informal education and/or acquired state certified qualification (percent)	-*	85 percent	Reports of projects
Product	Number of students who studied according to formal education programmes	907**	1000 ****	Reports of projects
	Number of scientists and other researchers and students who studied according to informal education programmes from which: - scientists and other researchers (excluding students); - students.		5000***** 1000****	Reports of projects
	Number of financed subsidy students, scientists and other researchers for scientific-exploratory activity from which: - scientists and other researchers (excluding students); - students.	-* -* 475***	1200 300***** 900****	Reports of projects

* Research is going to be performed seeking to evaluate initial situation in 1 year from the beginning of programme implementation.

** Annual report of implementation of mean 2.5 “Enhancement of human resources quality in the field of scientific researches and innovations” of General Programming Document of Lithuania, 2004-2006 (source: Ministry of Education and Science of the Republic of Lithuania, 2007).

*** According to data of Lithuanian Science Council about 475 scientific practices were financed for students in 2006 and 2007.

**** According to data of year 2004/2005 number of students in Lithuania was 190 701 (source: Education of Lithuania in numbers, 2006).

***** Number of scientists and other researchers in Lithuania in 2005 was 16 323 (source: Statistics Department at the Government of the Republic of Lithuania, 2006).

Goal 2: Help to increase number of researchers and decrease average of their age in Lithuania.

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Part of scientists and other researchers (excluding students) who are employed under working agreements and who continue working there after 6 months after the end of project (percent)	-*	80 percent	Reports of projects
Product	Number of scientists and other researchers (excluding students) who are employed under working agreements a) in public sector	-* a) 58**	a) 300	Reports of projects

	b) SMEs	b) -*	b) 260	
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* Research is going to be performed seeking to evaluate initial situation in 1 year from the beginning of programme implementation.

** According to data of Lithuanian Science Council of the year 2007 58 doctors of science - probationers were engaged in public sector.

THE 4TH PURPOSE OF OPERATIONAL PROGRAMME : enhance administration capacities and increase efficiency of public administration

Strategic context

Indicator (unit of evaluation)	Original situation (year)	Goals expressed in numbers	Indicator (unit of evaluation)
Residents' confidence in state and municipality institutions and offices (percent)	35 percent, 2005	Not less than 40 percent	Ministry of the Interior
Indicator of governance efficiency (according to World Bank indicator)	0.85, 2005	1.25	World Bank
Indicator of governing quality (according to World Bank indicator)	1.13, 2005	1.3	World Bank

PRIORITY 4. "DEVELOPMENT OF ADMINISTRATIVE COMPETENCE AND IMPROVEMENT OF EFFICIENCY OF PUBLIC ADMINISTRATION"

Indicators of programme implementation

Goal 1: Improve human resources management and enhance administration competence in public service

Type of indicator	Indicator (unit of evaluation)	Original situation	Goal expressed in numbers in 2015	Source of information
Result	* Part of persons who completed training successfully (public officials, statutory officials, other employees) and who use acquired knowledge at work (percent, after 6 months after the completion of training)	***	75 percent	Surveys

	* Part of persons who participated in training (public officials, statutory officials, other employees) and who completed training successfully and whom training certificates were granted (percent)	-***	90 percent	Reports of projects
Product	Number of persons who participated in training (public officials (percent), statutory officials (percent), other employees of state and municipality institutions and offices (percent))	7960***** (2006)	37 000 45 percent 30 percent 25 percent	Reports of projects ***** (one person is counted one time)
	** Number of cooperation and partnership projects	9	20	Reports of projects

* Comprehensive evaluation methodology of public officials' training quality and application of acquired skills at work and calculation of participants is going to be created in the first year of implementation. However, this indicator will be applied from the year 2008. Data will be collected by performance of regular researches referring to created evaluation methodology.

** According to the mean of transitional period of the year 2005 and 2006 6 and 3 twin projects will be financed respectively (aside from projects of unclassified reserves).

*** It will be determined by surveys during the first year of implementation.

**** One person is counted one time.

***** According to data of the year 2006 75 000 employees compose objective group whom provisions of Public Service Law are applied (31 percent public officials, 33 percent statutory officials, 26 percent employees of other state and municipality institutions and offices).

Goal 2: Improve activity management, implement EU policies better and improve structure of public administration

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Part of state expenditure which comprises activity management systems in all 13 ministries (percent)	-*	48 percent (excluding subsidies to municipalities from state budget according to data of year 2006)	Research
	Municipalities which have prepared aggregated territory plans (percent of all municipalities)	65** percent (2006)	100 percent	Reports of projects, Ministry of the Environment
Product	Number of introduced activity management systems in the Ministries of Lithuania and part of all ministries (number/percent) ***	0 / 0 percent*****	1 / 100 percent	Reports of projects
	Number of prepared aggregate plans of territories of municipalities	39** (2006)	21	Reports of projects

* It will be determined by researches. Methodology of calculation of state expenditures which involve activity management systems in all 13 ministries will be prepared in the first year of implementation. However, this result indicator will be applied from the year 2008. Data will be collected by performance of regular researches referring to created calculation methodology.

** Aggregate territorial plans for 39 municipalities are being prepared from 2006 which are intended to be finished in 2007-2008.

*** It is planned that introduction of activity management system will be supervised by the Office of the Government of the Republic of Lithuania. It is intended to introduce activity management system which will involve 13 ministries of Lithuania.

**** Currently some ministries have already introduced activity management systems, however, they are not identical to activity management system which is intended to be created and will involve 13 ministries of Lithuania. Therefore indicator of original situation is calculated as 0 unit/0 percent.

Goal 3: Improve regulation of economic activity and service provision to residents and business

Type of indicator	Indicator (unit of evaluation)	Original situation	Goals expressed in numbers in 2015	Source of information
Result	Average period of company establishment	26 days (2004)	7 working days	Ministry of the Economy
	Part of state and municipality expenditures which are comprised of quality management systems (percent)	-*	25 percent	Research
Product	Number of introduction projects of better regulation financed by the EU structural assistance funds	0	15	Reports of projects
	** Number of introduced quality management systems in municipality administration subjects/state administration and other public administration subjects.	4**	100 (60/40)	Reports of projects

* It will be determined by researches. Methodology of calculation of state expenditures which involve quality management systems will be prepared in the first year of implementation. However, this result indicator will be applied from the year 2008. Data will be collected by performance of regular researches referring to created calculation methodology.

**4 institutions of Lithuania introduced general evaluation model fully which is one of quality management models (source: Public Administration Institute, 2006), about 22 institutions of public sector have already introduced other quality management systems (e.g. ISO). Pursuant to this indicator evaluation of control group will be performed seeking to compare activity of institutions which have already introduced quality management systems with institutions of the same type which do not have introduced quality management systems. It is intended that quality management systems will be introduced in 60 administration subjects of municipalities and in 40 subjects of public administration and others.

PRIORITY 5. "TECHNICAL ASSISTANCE"

Indicators of programme implementation

Goal 1: ensure effective working of management and control system of the EU structural assistance received according to Convergence purpose during implementation of this Human Resources Development Action Programme.

Type of indicator	Indicator (unit of evaluation)	Original situation	Tasks expressed in numbers in 2015	Source of information
Result	Part of public officials and other officials who raised their qualification* and further work for one year after completion of training program with implementation of Human Resources Development Operational programme .	-**	90 percent	Surveys
Product	Number and part of public officials and other officials who work with implementation of Human Resources Development Operational programme and who raised their qualification*.	-**	96 (50 percent)	Surveys

* Participated in training at least once a year.

** Research is going to be performed seeking to evaluate initial situation in 1 year from the beginning of programme implementation.

Goal 2: improve privity of society regarding support provided by Human Resources Development Operational programme and implementation results and perform evaluation of Human Resources Development Operational programme .

Type of indicator	Indicator (unit of evaluation)	Original situation	Tasks expressed in numbers in 2015	Source of information
Result	Possible applicants who know about the EU structural programme for human resources development, percent	-*	75	Surveys
Product	Number of implemented information initiatives (information campaigns, conferences, seminar cycles, internet web pages, etc.)	3	7	Reports of projects

* Survey is going to be performed until the end of year 2008 seeking to determine initial situation at the beginning of programme. Pursuant to survey results which has been performed on April, 2007 44 percent of GPD applicants know about activities supported by EUF.

According to these indicators information about participants will be collected by following features:

- 1) gender;
- 2) age: 15-24, 45-54, 55-64, 65+;
- 3) status in labour market:
 - employees (total number of employees including self-employed persons);
 - self-employed persons;
 - unemployed persons (total number of unemployed including long-term unemployed);
 - long-term unemployed persons;
 - economically inactive persons (total number of economically inactive persons including students or retired persons, the ones who stopped their business, completely disabled persons, working in household, etc.);

- economically inactive persons who study;
- 4) by groups of social exclusion or social risk:
 - disabled;
 - convict and discharged from custodial institutions persons;
 - persons who suffer from addiction to psychoactive substances;
 - other persons of social exclusion or social risk;
- 5) by education:
 - primary or lower secondary education (ISCED 1 and 2);
 - higher secondary education (ISCED 3);
 - education that does not grant degree of higher education after completion of secondary school (ISCED 4);
 - university education (ISCED 5 and 6).

5. PREPARATION FOR OPERATIONAL PROGRAMME

5.1. PARTNERSHIP

Pursuant to the decision No. 1351 “Regarding determination of operational programme for implementation of the use of European Union structural assistance in 2007-2013” of the Government of the Republic of Lithuania made on the 14th of December, 2005 following working groups were formed: “Attraction and retainment of people in labour market” (managed by the Ministry of Social Protection and Labour), “Learning and raising of qualification, development of system of lifelong learning” and “Enhancement of capacities of researches and scientists” (managed by the Ministry of Education and Science) and “Enhancement of capacities of public administration” (managed by the Ministry of the Interior).

Ministries applied to organizations of social economic partners (organizations of employers, trade-unions, non-governmental organizations, etc.) inviting to participate in working groups regarding preparation of operational programme of human resources development. Some organizations applied to ministries regarding possibility to participate in the preparation of operational programme themselves.

Representatives of all organizations that declared wish to participate in working groups were included into them and personal composition of these groups were confirmed by order No. 1K-070 “Regarding confirmation of personal composition of working groups for preparation of operational programme s” of Minister of Finance of the Republic of Lithuania made on the 27th of February, 2006 (Order No. 1K-151 of Minister of Finance of the Republic of Lithuania, 27th of February, 2006).

Inputs prepared by working groups were incorporated into text of operational programme s by the Ministry of Finance; projects of operational programme and its parts were discussed by the Commission responsible for preparation of strategy of the use of General National EU Structural assistance Fund for Lithuania for year 2007-2013 and projects of operational programme s which implement it.

All priorities were presented in public discussion on the 29th of June, 2006 where more than 200 various social and economic partners participated. Most of these partners worked in separate working groups during preparation of operational programme, thus purpose of final public discussion was once more to review and summarize work results together and check both compatibility of separate operational programme s and their priorities.

Remarks of the most important social and economic partners were considered after public discussion. Moreover, results of informal consultations with representatives of European Commission (they took place on the 9th of June and on the 13th of July, 2006) were considered too when remarks and offers for general strategy had influenced more detailed content of operational programme .

Partnership in the preparation of description of the 1st priority “High quality employment and social coverage”

47 members composed working group “Attraction and retainment of people in labour market”, about 60 percent of members represented state institutions (Ministries of Social Security and Labour, Education and Science, Finance, Economy, Agriculture, Office of the Government of

the Republic of Lithuania, Office of the President of the Republic of Lithuania, Tourism and Prison Departments, Lithuanian Labour Exchange, etc.) and about 40 percent represented the sector and national employers' and employees' organizations, non-governmental organizations working in the fields of disabled, youth, equal opportunities of men and women, etc.

Functions of working group and principles of work organization are set in Work Regulation which was certified in the first session on the 3rd of March, 2006. The main function of working group provided in Work Regulation is discussion of projects of description of the 1st priority and separate structural parts of Operational Programme for the Development of Human Resources, tendering of remarks, offers and recommendations regarding them. Moreover, rights and obligations (participation in sessions, initiation of them, discussion of provided material, tendering of offers, etc.), voting and decision making (by common agreement), solution of urgent matters and organization of unplanned sessions are also specified in work regulation.

It is provided in regulation that the main forms of activity of working group are sessions and exchange of information in e-mail group SADM-2007-2013@socmin.lt. The most important information, intermediate documents were given to the members of working group, also remarks and offers are invited, surveys and discussions of documents are being initiated.

Sessions of working group were drawn in protocols which were certified by chairman and secretary of working group under coordination with members of the group by e-mail and placed in internet web site of the Ministry.

Functions of secretariat of working group were filled by the Department of European Social Fund of the Ministry of Social Security and Labour. Main functions: preparation of projects of appropriate parts of operational programme, generalization of offers and remarks received from the members of working group, organization of activity of working group (organization of sessions, preparation and presentation of material to the members of group, preparation of protocols, organization of issue discussions in e-mail group, etc.). All relevant information, material related to the preparation of operational programme and other documents, intermediate documents, material and protocols of session of working group are provided and constantly updated on web site of the Ministry: [www.socmin.lt/ES parama/ ESF/Pasirengimas 2007-2013 laikotarpiui](http://www.socmin.lt/ES_parama/ESF/Pasirengimas_2007-2013_laikotarpiui).

Total 4 sessions of working groups took place. The first session of working group took place on the 3rd of March, 2006. Information letter was sent to all members of working group by e-mail before the session where members were informed about starting activity of working group, project of Lithuanian strategy for the use of European Union structural assistance 2007-2013 was provided, project of work regulation for introduction and remarks, reference for preparation for the period 2007-2013 was introduced in the web site of the Ministry, offers regarding forms of prospective work were tendered, e-mail group address and how such e-mail group can help for communication and exchange information was introduced. Structure of prepared operational programme, process of its preparation, experience of programming and implementation of programmes financed by structural funds and lessons for new period of programming were discussed at the first session.

On purpose to use experience and competence of members of working group at the maximum and involve them into preparation of operational programme (not restricting to discussions in sessions) later questionnaire was distributed to the members of working group for evaluation of means 1.5, 2.1, 2.2, 2.3 of General Programming Document 2004-2006 and provision of offers

regarding Operational Programme for the Development of Human Resources 2007-2013. Results of questionnaire were used in preparation of strategy, priorities and goals of operational programmes financed by EU structural assistance. Moreover, members of working group were asked to provide review of situation of their field/sector according to competence indicating:

- Main facts describing situation;
- Main advantages and disadvantages, problems and especially their causes;
- The most relevant future trends which should be considered in the creation of strategy which will be implemented quite a long time – from 2007 to 2013.

It has been noticed that activeness of working group members was not big – about 25-30 percent of all members provided information and responded to questions of questionnaire.

At the second session which took place on the 7th of April, 2006 the first intermediate document was introduced – projects of analysis of sector of the 1st priority “High quality employment and social coverage” of Operational Programme for the Development of Human Resources and analysis of strengths and weaknesses, possibilities and threats (SWOT), results of questionnaire and information provided by the members of working group about situation in their fields were discussed too.

At the third session (the 20th of April, 2006) description of tasks and main directions of investment of the 1st priority of Operational Programme for the Development of Human Resources were introduced and discussed.

At the fourth session (the 29th of May, 2006) updated and corrected description (goals, main directions of investment, quantitative indicators) of the 1st priority of Operational Programme for the Development of Human Resources evaluating remarks and offers of working group was introduced and discussed.

Corrected intermediate documents were constantly sent to working group by e-mail in order it made remarks and suggestions.

Project of the 1st priority “Employment of high quality and social coverage” of Operational Programme for the Development of Human Resources was introduced in March, 2006 and discussed in the group of national action plan of fight against poverty and social exclusion in Lithuania for the period 2004-2006 and monitoring of means of its implementation for the period 2005-2006 which was composed of state representatives and representatives from non-governmental institutions; at the session of Rural Development Council in June, 2006, in seminar-meeting with media organized by State Labour Inspection in September, 2006.

Preparation of other priorities of Operational Programme for the Development of Human Resources was organized pursuant to the same legal ground, similar principles and following the same schedule therefore application of principle of partnership during their preparation is presented very briefly.

Partnership preparing description of the 2nd priority “Lifelong learning”

The Ministry of Education and Science of the Republic of Lithuania (hereafter ESM) being responsible for the 2nd priority “Lifelong learning” of Operational Programme for the Development of Human Resources arranged 4 sessions of this working group in the first half-year of this year – on the 2nd of March (the first and general session of all 3 working groups managed by ESM), on the 24th of March (analysis of “Lifelong learning” and its use in

preparation of operational programmes financed by EUF and ERDF was introduced), on the 19th of April (discussions about description of priority) and on the 2nd of May (discussions about revision of intervention fields). 30 members composed working group. Representatives of social economic partners among which more than 10 various associations, councils, trade unions and other organizations which expressed wish to cooperate in preparation of project of description of the 2nd priority “Lifelong learning” of Operational Programme for the Development of Human Resources actively participated in activity of this group.

Partnership preparing description of the 3rd priority “Enhancement of researchers’ capacities”

ESM being responsible for the 3rd priority “Enhancement of researchers’ capacities” of Operational Programme for the Development of Human Resources arranged 4 sessions of this working group in the first half-year of this year – on the 2nd of March (the first and general session of all 3 working groups managed by ESM), on the 22nd of March (input of analysis of higher education, scientific researches and technological development and its use preparing operational programme financed by EUF), on the 13th of April (lessons of the period 2004-2006 were evaluated, discussions about description of priority) and on the 10th of May (financial plan issues). 23 members composed working group. Representatives of social economic partners among which more than 10 various associations, councils and other organizations which expressed wish to cooperate in preparation of project of description of the 3rd priority of Operational Programme for the Development of Human Resources actively participated in activity of this group.

ESM organized seminar on the 23rd of May, 2006 for discussion of the use of assistance of European Union Structural Funds from EUF and ERDF in the field of high education, scientific researches and experimental development. Representatives of expert and advisory institutions, social and economic partners, other interested groups participated in seminar. Representatives of Council of Science of Lithuania, Agency of International Programmes of Development of Science and Technologies, Academy of Science of Lithuania, Conference of Rectors of Universities of Lithuania, “Forum of knowledge economy”, Conference of Directors of Science Institutes of Lithuania, Conference of Directors of Colleges of Lithuania, Union of Young Scientists of Lithuania, Centre of Quality Assessment of Studies and Student Union of Lithuania introduced their attitude.

Ministry of Education and Science seeking to cooperate with all groups of society and seeking for publicity and transparency in the planning of the use of assistance for the period 2007-2013 already organized two public discussions with institutions of education and science, non-governmental organizations and other social economic partners.

Conference “Prospects of future of European Union structural assistance to education and science (2007-2013)” was organized on the 28th of September, 2005 where main provisions of created at that time national strategy for the use of European Union structural assistance, priorities of strategy and offers regarding operational programmes and prospective directions of EU to education and science were discussed. Discussions took place and were considered improving strategy and preparing suggestions for operational programmes. Public consideration-discussion “Structural Fund Assistance to education and science for the period 2007-2013: projects of operational programmes” was organized on the 9th of May, 2006 where EU structural assistance to education and science: operational programmes, priorities, financial reasons, problematical issues and prospects were surveyed. Descriptions of priorities (analysis of situation

and problems, offered directions of investment, etc.) according to which support to education and science is going to be received were analyzed separately. Active discussion proceeded during consideration. Suggestions and remarks of participants were generalized in the report of event, they were considered in working groups and in the improvement of projects of operational programmes.

Partnership preparing description of the 4th priority “Development of administrative competence and improvement of efficiency of public administration”

About 30 members from different state institutions and offices, social and economic partners, NGO participated in working group of “Development of capacities of public administration” which was responsible for preparation of priority “Development of administrative competence and improvement of efficiency of public administration”. Moreover, experts and scientists were invited to participate in sessions of working group too. 7 sessions of working group took place in the period from March to July, 2006 where various issues of the priority “Development of administrative competence and improvement of efficiency of public administration” were discussed (analysis of present situation and future trends, purposes, goals, actions, plan of financing, possible provisions of implementation of priority, etc.), project of description of priority mentioned above was prepared.

Preparing description of this priority consultations with some state institutions and offices (Office of the Government of the Republic of Lithuania, Ministry of Economy, Ministry of Finance, etc.) were arranged.

5.2. EX ANTE EVALUATION

Ex ante evaluation of programmes of the use of EU structural assistance for Lithuania for the period 2007-2013 has been accomplished from May, 2006 to May, 2007. Consortium of independent estimators composed of “Centre for Strategy & Evaluation Services LLP” (CSES) and JSC “Ekonomines konsultacijos ir tyrimai” (EKT) performed preconceived evaluation.

Preconceived evaluation was accomplished pursuant to Council Regulation No. 1083/2006 of year 2006.

Purpose of preconceived evaluation

Main purposes of preconceived evaluation set in the point of references of European Commission are two:

- Optimize resources of structural assistance;
- Improve quality of programming.

Preconceived evaluation should help to improve efficiency of structural assistance and ensure surplus value and accountability of the use of both EU and national public resources.

Methodological side

Chosen methods for performance of tasks comprised combination of analysis of primary and secondary sources.

Ex ante estimators in the case of analysis of secondary sources performed following tasks:

- Reviewed experience of implementation of EU structural assistance (especially programmes for the period 2004-2006);
- Analyzed and commented programming documents (projects of operational programmes were evaluated);
- Revised and commented system of suggested indicators;
- Prepared work documents according to the main issues of evaluation together with introductory report;
- Prepared intermediate and final reports of evaluation for every operational programme ;
- Prepared all-embracing final report of evaluation with general part and summary of main issues of all operational programmes.

Analysis of primary sources was performed too. Discussions with main organizers of programmes, mostly ministries, were organized and regular presentations at the committees of management of preconceived evaluation and at the commission responsible for preparation of strategy of the use of EU structural assistance for the period 2007-2013 and determination of operational programmes were held.

Regular seminars gave an opportunity for interactive discussion about results of preconceived evaluation.

Main tasks of evaluation

Ex ante estimators performed following special tasks:

- Analyzed evaluation of initial situation of operational programmes and SWOT analysis and checked if it corresponds with real situation (the 1st work document);
- Analyzed and commented suitability of intervention logic. Moreover, they analyzed if suggested priorities and subpriorities are suitable means for solution of social economic problems identified in the evaluation of initial situation (the 2nd work document);
- Reviewed internal compatibility of strategy and connections between strategy and priorities (the 1st work document);
- Reviewed external compatibility of strategy and individual priorities with EU, national and regional policies (the 3rd work document);
- Advised about system of indicators and expression of tasks in numbers, i.e. determination of qualitative purposes (the 4th work document);
- Reviewed and advised about suggested mechanisms of assistance management and implementation (the 5th work document);
- Analyzed if horizontal problems were evaluated adequately in programmes (the 4th and the 5th work documents).

Preconceived evaluation and partnership

Many participants comprised process of evaluation and it was interactive. Principle of partnership was followed in following ways:

- Bilateral meetings with ministries were organized seeking to discuss operational programmes properly;
- Seminars for discussion of the main elements of preconceived evaluation such as analysis, monitoring and indicators of SWOT and initial situation were organized. Moreover, seminar for interested regional institutions and partners was organized seeking to consider territorial/regional dimension;
- Reports to the committee of management of preconceived evaluation and commission responsible for preparation of strategy of the use of EU structural assistance for the period 2007-2013 and determination of operational programmes were prepared;
- Social economic partners also had possibility to conduct preconceived evaluation by participating in thematic meetings of working groups where work documents of preconceived evaluation were considered and commented;
- Interested regional institutions and partners were involved (role of these institutions and partners during the period 2007-2013 was discussed in seminar);
- Many recommendations were introduced during preconceived evaluation. They were discussed at bilateral meetings with ministries;
- *Ex ante* estimators participated at some meetings of working groups of preparation of operational programmes.

Recommendations of preconceived evaluation

European Commission suggests clearly indicate in programming documents how preconceived evaluation conducted to preparation and improvement of operational programmes. Many recommendations were provided during preconceived evaluation. Main recommendations are generalized in every work document and included into intermediate and final reports (if they are still relevant as documents have been prepared).

Generalized tables of main recommendations are given in the report of preconceived evaluation of all operational programmes. Ministries were asked to indicate which recommendations were considered and which were not considered (if ministries did not agree with recommendation) and which will be considered later in the implementation of programmes.

Recommendations of preconceived evaluation and information about consideration of them are provided in Appendix II.

5.3. STRATEGIC ENVIRONMENTAL IMPACT ASSESSMENT

In consideration of nature of EUF which mostly finances intangible actions related to the development of human resources, Operational Programme for the Development of Human Resources does not provide for financing of actions which could have impact on environment such as infrastructure projects especially those provided in Appendixes I and II of Regulation No. 85/337/EEC.

Moreover, it is not provided that such infrastructure projects could be financed pursuant to provisions of part 2 of article 34 of Council Regulation No. 1083/2006 when costs that are assigned to intervention fields of European Regional Development Fund are financed by EUF.

Therefore Supervisory institution evaluated and national institutions agreed that basically strategic evaluation of impact on environment provided in Regulation No. 2001/42 for this operational programme is not necessary.

It does not have influence on actions that are necessary following national law or other means of implementation the Directive No. 2001/42.

6. PROVISIONS FOR IMPLEMENTATION

Coordination of planning, implementation and compatibility with other financial instruments actions that should be financed under the strategy of the use of EU structural assistance for Lithuania for the period 2007 - 2013 and operational programme s implementing it.

Action coordination and separate operational programme s and compatibility of operational programme s with the strategy of the use of EU structural assistance for Lithuania for the period 2007 - 2013 has to be ensured. Ministry of Finance (Department of coordination of EU cohesion political and structural assistance) which was responsible for preparation of programmes of the use of EU structural assistance for Lithuania for the period 2007 - 2013 and supervision of management and control system for the period 2004 - 2006 and which retains this function for the period 2007 - 2013 will implement following functions of coordinator:

- ensure action coordination and compatibility of separate operational programme s and operational programme s and strategy of the use of EU structural assistance for Lithuania for the period 2007 - 2013. Also ensure compatibility with operational programme s which implement purpose of European territorial cooperation and with other EU financial means;
- supervise implementation of strategy and ensure compatibility with National Lisbon Strategy Implementation Programme; ensure compatibility of purposes provided in strategy of the use of EU structural assistance for Lithuania for the period the period 2007 - 2013 and operational programme s with purposes of other national strategic documents and EU politicians;
- organize sessions of Monitoring Committees and moderate them;
- create system of management and control of EU structural assistance and observe its operation, determine main principles of program and project administration, coordinate development of computer information system (SFMIS) of EU structural assistance and supervise its operation, develop main principles of program and project administration, provide information to European Commission through the system of fund management of European Union for the period 2007 - 2013 (hereafter referred as SFC 2007);
- organize preparation of preconceived evaluation about correspondence of management and control with provisions of art. 58-62 of General Regulation (under parts 2 and 3 of art. 71 of General Regulation). Services of independent auditors are intended to be bought on this purpose.
- prepare description of EU structural assistance management and control system and present it to European Union together with report of evaluation of created EU structural assistance management and control system as provided in the article 71 of Regulation No. 1083/2006;
- prepare and certify strategy of information and action plan for implementation of strategy of information, coordinate implementation of strategy and action plan, establish group of evaluation coordination for activity coordination;
- coordinate and organize evaluation actions, prepare evaluation plan and coordinate implementation of this plan, establish group of evaluation coordination for activity coordination.

Institutions which participate in implementation of operational programme

Following two types of institutions will participate in programme implementation:

1) Institutions of public administration (ministries) will be responsible for the development strategy of appropriate economy sectors, will participate actively in planning, coordination and selection of projects which might be financed under this programme and will perform some functions as intermediate institution provided in article 59 (2) of Council Regulation No. 1083/2006;

2) Institutions appointed following art. 59 (1) of Council Regulation 1083/2006 59:

Supervisory institution and agencies implementing delegated functions (intermediate institutions), Ratifying institution and Audit institution.

Institutions of the first type will organize strategic planning of investments and financial planning of activities which might be financed under priority of operational programme of its part. These institutions will implement following functions:

- Will establish procedures of project selection (procedure of planning or invitation to submit tenders);
- Will plan and initiate projects, prepare investment plans (function of intermediate institution);
- Will plan invitations to submit tenders and establish terms of lending assistance and evaluation criteria;
- Will prepared state assistance schemes under necessity;
- Will plan general financing;
- Will make decisions regarding grant of assistance (function of intermediate institution);
- Will participate in the activity of general Monitoring Committee and programme Management Committee;
- Will participated in evaluation of operational programme s as set in evaluation plan;
- Will participate in publicizing activity as set in Information strategy.

Following institutions of public administration (ministries) will participate in implementation of this operational programme:

Ministry of Social Security and Labour in the priority “High quality employment and social coverage”;

Ministry of Education and Science in the priorities “Lifelong learning” and “Enhancement of researchers’ capacities”;

Ministry of the Interior in the priority “Enhancement of public administration capacities”.

Agencies will ensure that projects were selected following criteria applied to operational programme and that during all period of their implementation they would correspond with valid European Community and national regulations.

Separate financial sums will be allocated for districts (10 NUTS III regions in Lithuania) under necessity and where part of activities financed under particular priority pursuant to national law fall into competence of municipalities.

Regional Development Councils will perform functions of intermediate institutions only in respect of project planning and preconceived selection. They will perform preconceived project selection considering criteria of project selection approved by Monitoring Committee. Agencies will ensure that projects were selected under criteria applied to operational programme and that during their implementation they would correspond with valid European Community and national regulations. Final decision regarding financing of project will be made by responsible ministry or other state institution.

Seeking for better coordination and planning in the implementation of purposes of operational programme Management Committee is intended to be established where representatives of all institutions (coordinator, responsible ministries, managing institution and implementing institutions, ratifying institution and audit institution) responsible for programme implementation would participate.

Main tasks of Programme Management Committee:

- coordinate planning of financed operational programme under separate priorities seeking their compatibility and more effective implementation of general purposes of operational programme ;
- observe course of priorities of operational programme and implementation of means, consider raised problems of planning and implementation, provide to coordinating institution and Monitoring Committee concerted offers regarding changes of operational programme , distribution or redistribution of financial resources, improvement of system of management and control of EU structural assistance, etc.;
- provide offers to coordinator regarding organization of evaluation stated in part 3 of article 48 of Regulation No. 1083/2006
- provide offers to coordinator regarding action plan of information strategy.

Implementation of functions of Managing and Ratifying institutions will be ensured by the Ministry of Finance. Ministry of Finance also will be that institution which accepts payments from European Commission and pays project executors the funds. The principle of function differentiation will be ensured by assigning functions of these institutions to separate department of the Ministry of Finance as described in this part.

Managing institution

Institution managing Operational Programme for the Development of Human Resources is responsible for management and implementation of this programme complying principle of reliable finance management and implements functions provided in article 60 regarding revocation of provisions of Council Regulation No. 1083/2006 regarding common European Regional Development Fund, European Social Fund and Cohesion Fund and regarding Council Regulation (EC) No. 1260/1999 (hereafter – Common Regulation).

Department of Operational Programme Management will implement functions of managing institution in the Ministry of Finance.

Implementing Operational Programme for the Development of Human Resources part of functions of managing institution will be delegated to following institutions (intermediate institutions) pursuant to art. 59 (2) of Common Regulation:

- priorities “High quality employment and social coverage”, “Lifelong learning”, “Enhancement of researchers’ capacities”, “Enhancement of capacities of public administration” will be delegated to European Social Fund Agency;
- priority “Technical assistance” will be delegated to Central Agency of Project Management.

These institutions:

- ensure that projects were selected under criteria applied to operational programme and that during all period of their implementation they would correspond with valid European Community and national regulations;
- confirm that finance works are performed, services are provided and that if the costs declared by support receivers and related to implementation of project were actually incurred and correspond with legal acts of European Community and Republic of Lithuania; perform project verification then and there;
- save information about implemented projects, register it in Management and Monitoring Systems of Information of Structural Funds, collect data about implementation that is necessary for finance management, supervision, verification, audit and evaluation;
- ensure that assistance receivers have separate system for projects accounting or special code of transactions of operational programme s implementation;
- ensure that received and prepared documents which are necessary for ensuring of audit process are properly stored as established in art. 90 of Common Regulation;
- provide ratifying institution all necessary information about procedures and verifications done during confirmation of costs;
- provide managing institution information necessary for preparation of annual and final operational programme report;
- participate in the spread of information about EU structural assistance according to assigned field of liability in information strategy and performing monitoring of operational programme , ensure that assistance receivers comply with requirements of information and publicity established in art. 8 of Regulation No. 1828/2006.

Ratifying institution

Ratifying institution of operational programme is responsible for implementation of functions established in art. 61 of Common Regulation.

National Fund Department will implement functions of ratifying institution at the Ministry of Finance.

Audit institutions

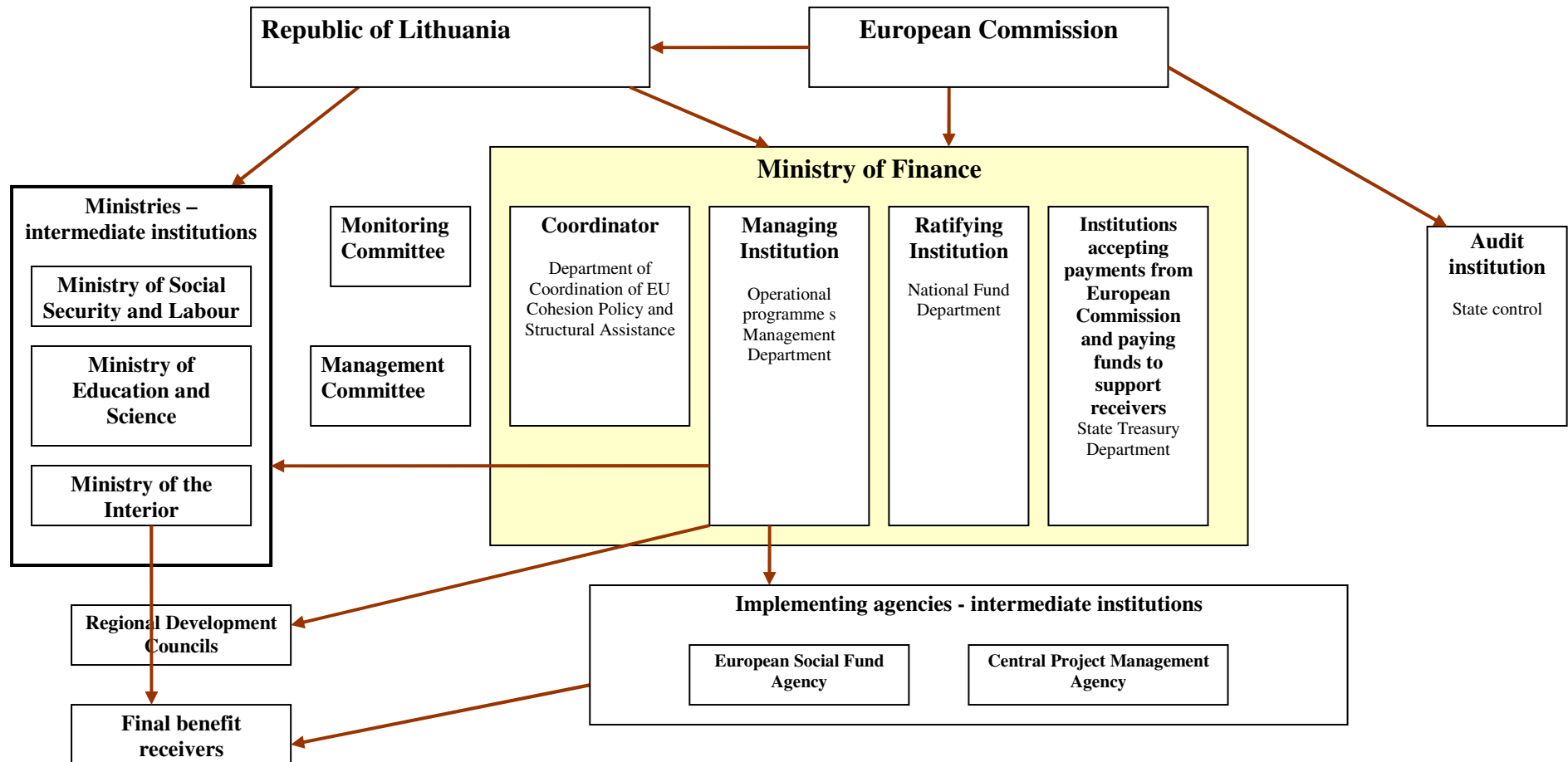
Audit institution is responsible for implementation of functions established in art. 62 of Common Regulation.

It is provided that State Control will implement functions of audit institution.

Institution accepting payments from European Commission and paying funds to support receivers

State Treasury Department will implement functions of institution which accepts payments from European Commission and pays the funds to support receivers at the Ministry of Finance.

Administration Framework of Operational Programme for the Development of Human Resources



Monitoring of implementation

As article 66 of Common Regulation determines managing institutions and Monitoring Committee must ensure that operational programme is implemented qualitatively.

Managing institution will accomplish general programme monitoring by collection of information from responsible institutions and Management and Monitoring Systems of Information of Structural Funds. Other relevant institutions, offices and representatives of social economic and regional partners also will be involved into programme monitoring implementation through activity of Monitoring Committee.

Moreover, pursuant to thematic principle under which operational programmes were prepared common Monitoring Committee for all operational programmes is planned to be established. It is projected that representatives of social economic, regional partners will compose about half of committee members.

Coordinator will chair Monitoring Committee. Government of the Republic of Lithuania will approve Committee composition. Representatives of European Commission by their choice or under invitation of Monitoring Committee can participate in committee work as advisers.

Although Common Monitoring Committee is being established, however, separate committee sessions will be organized too for discussion of implementation of Operational Programme for the Development of Human Resources where representatives of additional partners will be invited for participation.

Monitoring Committee will determine its working rules under institutional, legal and financial system of Lithuania and certify them in order to implement tasks set in art. 65 of Common Regulation.

It is intended that Common Monitoring Committee establishes subcommittees for consideration of specific issues related to implementation of appropriate operational programme. Representatives of social economic, regional partners can be involved into composition of such subcommittees.

Monitoring indicators

Assumptions to observe and evaluate implementation quality and success of programme will be composed of:

- financial indicators of programme by which rapidity of use of funds, implementation of rule N+2/N+3, the need to perform changes and specifications of operational programme will be evaluated;
- physical indicators of programme by which it will be provided how successfully quantitative purposes of programme are being implemented;

- system of indicators in the stage of planning was set as “Over and under” using macroeconomic forecasts, conclusions of preconceived evaluation of operational programmes, National Lisbon Strategy Implementation Programme, other national strategic documents and long-term programmes. Indicators were chosen pursuant to work document of European Commission “Indicators of Monitoring and Evaluation” in consideration of specification and nature of planned actions, original available data and existing mechanisms of data collection and data sources.

Indicators used in the strategy of the use of EU structural assistance for Lithuania for the period 2007 - 2013 will refer to indicators used in operational programmes therefore at the same time progress of Strategy will be observed and measured.

Financial and physical data (indicators of product and result) will be collected “Over and under” during implementation using information of project level. Pursuant to appendix XXIII of Commission Regulation No. 1828/2006, specifically, the case of projects supported by EUF, detailed information will be collected by observing and collecting information about number of their participants (product indicator) and concretizing number of participants by:

- gender;
- age;
- status in labour market;
- groups of social exclusion and social risk;
- education.

Pursuant to article 37 of Common Regulation indicators will be measured in consideration of initial situation, therefore appropriate context indicator is used in those fields which lack necessary data as provided in part 4. Strategic context indicators provide initial situation related to specific indicator and predictable general situation evaluating this indicator at the end of period. Programme implementation indicators (including main indicators) are determined as change which is going to be achieved until the end of period implementing operational programme. In some cases, analyses and evaluations will be performed seeking to evaluate initial situation. Data will be appended under necessity by performing regular surveys or by other direct methods of data collection (provided as “surveys” in part 4 of the tables of indicators) which will be initiated regularly (at least once a year) by institutions responsible for appropriate priority seeking to have necessary information for annual report of operational programme .

Financial indicators (use of annual and general programme commitments, distribution of costs according to intervention codes determined in Appendix II of Implementation Regulation) will be forecasted according to data of project applications. Implementation of prognoses will be observed according to data provided in project payment applications and reports.

The basis of monitoring will be composed of data of project application, therefore it will be provided under which product and result indicators success of project implementation will be decided. Part of these indicators has to correspond with main product and result indicators of appropriate priority of operational programme. Institutions responsible for implementation of

particular priorities (agencies) will constantly collect data of project level about provided indicators.

Data sources can be appended under necessity by analyses and external statistic data. Advancement and achievements of priority and all operational programmes will be evaluated every year by preparing annual implementation report which will be discussed in sessions of Monitoring Committee. It will allow Monitoring Committee to revise advancement of programme implementation and priority tasks regularly and provide recommendations for further programme implementation.

Context indicators will be revised and update every year; this information will be presented in annual implementation report.

Mechanisms of implementation of horizontal priorities (equal opportunities, information society, regional development and stable development) will refer to four working groups (one group for every horizontal topic) which will be led by coordinator as determined in part 6 (Implementation provisions). Representatives of appropriate institutions participating in the implementation of operational programmes and social economic and regional partners will compose working groups. Working groups will analyze implementation of horizontal topics in the context of operational programmes and will provide recommendations under necessity to coordinator regarding enhancement of horizontal aspects in the implementation of operational programmes. Working groups will provide information about implementation of horizontal priorities to annual reports of implementation of operational programmes and strategic report provided in part 2 of art. 29 of Common Regulation.

Implementation of horizontal priorities will be observed in part 4 (Evaluation of goals) on the basis of provided indicators.

Data of indicators will be entered, stored and processed in Management and Supervision Systems of Information of Structural Funds which will help to generate prognoses and reports. Data also will be provided to European Commission Computer System of Structural Fund Management (SFC 2007).

Cross financing can be used in the implementation of this operational programme as provided in article 34 (2) of Common Regulation.

Cross financing has to correspond with following criteria:

1. Activities which are financed by European Regional Development Fund have to be implemented as constituent part of actions implemented according to appropriate priority;
2. Activities which are financed by European Regional Development Fund are necessary for achievement of purposes and results of financed actions.

Application of cross financing will be observed during programme implementation seeking to ensure that limit of such activities is not exceeded in order to avoid double financing. This information will be provided in annual reports of implementation.

It is planned that cross financing will be used in all priorities of this operational programmes.

Evaluation

Common purpose of evaluation in the policy of EU cohesion is to improve quality, efficiency, consistency and strategy of operational programmes of EU structural fund assistance and their implementation so that surplus value of interventions financed by EU funds would be increased. Evaluation of EU structural assistance is important element of process of decision making used for improvement of management of programmes financed by EU.

According to Common Regulation (EC) No.1083/2006 which establishes general provisions regarding EU structural assistance evaluation is accomplished before programming period (*ex ante*), during it (current) and after the end of it (*ex post*).

Ex ante evaluation of operational programmes is compulsory for Member States which receive EU structural assistance under purpose of convergence. Preconceived evaluation of operational programmes in Lithuania has been organized employing independent experts who performed preconceived evaluation of all operational programmes at the same time.

According to requirements of Regulation during programming evaluation related to monitoring of operational programmes will be performed, firstly, in the cases when:

1. monitoring shows that it was digressed noticeably from initial purposes;
2. application regarding change of operational programme was presented to European Commission.

Current evaluation will be performed during all period of implementation of operational programme analyzing and evaluating progress of product and result indicators, determining efficiency of the use of investments. It is planned to perform surveys seeking to evaluate investments of the companies into human resources, efficiency of means intended for social risk groups and persons who experiencing social exclusions and analyze other relevant issues.

Evaluations will be initiated after determination of problems of programme implementation or its part (priority/mean). Moreover, institutions which are responsible for specific priorities will perform regular surveys or will use other direct methods of data collection (at least once a year) seeking to append data which are necessary for evaluation of quantitative indicators (indicated as “surveys, evaluations” in part 4 “Evaluation of goals”) in order they were available for annual reports of implementation of operational programmes. For example, it is intended to perform following surveys: “The use of skills at work after 6 months after the end of training”, “Part of companies which organize specific training”, “Part of disabled persons who were engaged after 6 months after the end of training”, etc.

According to provisions of Regulation evaluation will be performed after determination of substantial divergences from initial purposes.

Determination of such divergences is basically qualitative decision which will refer to available qualitative data of monitoring. Main criteria which will be considered are: a) implementation of physical product and/or result indicators (for example, which part of goals set in operational programmes for the year 2015 is already achieved); b) part of programme funds regarding which agreements were signed (of total programme funds); c) part of paid funds (of all funds of programme). Other criteria will be considered too in decision making such as stage of implementation (for example, it is intended that implementation of physical product and/or result indicators will be slower during the first stages of programme implementation), field of investment, type of rendered assistance, etc.

Computer information system will provide data for three main criteria. Pursuant to these and other criteria Management Committee of programme will perform evaluations regularly and will make decisions regarding every purpose of priority, if significant divergences from purposes set at the beginning exist. If significant divergences are determined, then managing institutions will initiate evaluation of activity.

Constant evaluation of activity will allow preparing and providing results of evaluation to European Commission on time together with offers to change operational programmes substantially.

Moreover, evaluations of strategic nature comprising strategically important fields of programmes or few programmes will be performed under necessity during which impact of EU structural assistance will be evaluated seeking national and common purposes. Satisfying strategic needs evaluations comprising strategically relevant issues of this operational programme: employment, covering of social services, development of human resources in public and private sectors, education, lifelong learning, equal opportunities will be relevant. Moreover, it will be purposeful to evaluate new issue of administration capacities and efficiency of public administration which will be financed during the period of programming from 2007 to 2013 and issue of innovatory actions and cooperation (integration of EQUAL Community initiative).

Usually evaluations will be performed in external way buying evaluation services of independent experts; however, it is planned that responsible institutions will perform appropriate current evaluations.

Coordinator during the period of programming from 2007 to 2013 will be responsible for coordination and organization of evaluation of operational programmes. Coordinator has prepared plan of assistance evaluation (hereafter Evaluation Plan) where national evaluation needs for the period 2007 - 2013 are analyzed, purposes and goals of evaluation of EU structural assistance, organization and management of evaluation of EU structural assistance for the period 2007 – 2013 are determined. Annual plans will be prepared for Evaluation Plan which will be concluded according to offers of managing, responsible ministries, programme Management Committee and Monitoring Committee.

Specific strategic and current issues of EU structural assistance, evaluation and evaluation skill improvement projects, their covering and dates of accomplishment and institutions responsible for project implementation will be provided in annual plans.

Seeking for effective coordination of evaluation it is planned to form a group of evaluation coordination of EU structural assistance composed of coordinator, managing institution and representatives of other responsible institutions. Representatives of European Commission, social and economic partners, evaluation experts will be invited under necessity to the sessions of evaluation coordination group. Evaluation coordination group will discuss annual evaluation plans and information about their implementation, evaluation reports and implementation of evaluation recommendations.

Information about evaluation results will be provided to Monitoring Committee, European Commission and other responsible institutions. Moreover, evaluation reports will be available for all interested institutions, partners and society.

Informing and publicizing

The use of EU structural assistance is process of national significance where active participation of society and implementation of principle of partnership are necessary conditions in order it attained acceptance and was successful.

Moreover, transparency of the use of funds of EU structural assistance, simplicity and clarity of operation of EU structural assistance management system including transparency of project selection and evaluation are the main principles of successful use of EU structural assistance.

It necessary to expand extent of informing and publicizing activity during the period of EU structural assistance programming for the period 2007-2013 because subject of this activity and discussion issues became much more complicated.

Strategy of informing and publicizing

Coordinator will be responsible for Information Strategy about EU structural assistance for Lithuania for the period 2007 - 2013 according to the strategy of use of EU structural assistance for Lithuania for the period 2007 - 2013 and operational programme s (hereafter Informing Strategy) and for preparation of action plan for Informing Strategy implementation during programming period 2007 - 2013.

Informing Strategy will be prepared pursuant to European Commission Regulation No. 1828/2006 where detailed directions are provided for spread of information about EU structural funds, their assistance and impact, how and what information must be provided to prospective applicants, project executives and society.

Process of project preparation of Informing Strategy will be organized by the Department of EU cohesion policy and structural assistance coordination of the Ministry of Finance, moreover, external experts (public relations and marketing agencies) and managing institution which will ensure transfer of information to potential applicants will be involved too. Informing Strategy will comprise all three operational programme s, define purposes and tasks, and determine informing and publicizing levels, stages, objective groups, means of informing and publicizing. Administrative structure and functions of informing and publicizing, supervision of informing activity and financing will be described there too.

Informing Strategy and action plan will ensure spread of information to potential assistance receivers and society.

It is planed that more than 15 persons will be responsible for implementation of Informing Strategy and action plan. Public relations and marketing agencies will be involved into these actions too.

General purposes of informing and publicizing

- spread information about EU structural assistance for Lithuania for the period 2007 - 2013;
- help to create conditions to use funds of EU structural assistance effectively;
- ensure transparency of the use of funds of EU structural assistance.

Seeking to implement purposes determined in the use of EU structural assistance for Lithuania for the period 2007 - 2013 complex information about EU structural policy and its implementation in Europe and in Lithuania, idea, administration mechanism, course and results of implementation of EU structural assistance for Lithuania for the period 2007 - 2013 will be provided to prospective applicants, project executives and society. Informing and publicizing activity will form prospective applicants, project executives and society's opinion about positive influence of EU structural assistance on the economy of Lithuania.

Seeking to spread integrated information about advancement and results of strategic purposes established in the strategy of use of EU structural assistance for Lithuania for the period 2007 - 2013 and operational programme s big events intended for beginning of implementation of operational programme s and introduction of results of their implementation to the society will be organized.

Conferences, seminars, marts will be organized seeking to provide general information about content and purposes of EU structural policy, possibilities for objective groups or partners (trade associations, social, economic partners, media representatives) provide projects for EU structural assistance. Seminars of capacity enhancement for persons who work in the fields of publicizing and informing will be organized too.

Web site www.esparama.lt will be used widely as a mean of information for local and foreign information searchers where a lot of information is provided and possibilities for the sharing of information are created.

Various printed material (publications, programs, reports, guides, case studies, examples of finished projects) will be provided to potential assistance receivers, assistance receivers, other objective groups and society. This mean of publicizing will create conditions for maximum transparency of results of programme implementation.

Seeking to implement purposes established in operational programme information about operational programme, its purposes, priorities and means, implementation and results of set purposes will be provided to prospective applicants, project executives and society. Informing and publicizing activity will form high opinion of prospective applicants, project executives and society about impact of implementation of purposes and goals set in operational programme on the economy of Lithuania.

Informing and publicizing activity of project executives

Agencies and project executives will be responsible for informing and publicizing activity performed by project executives. Agencies will collect information about projects, how purposes set in project are implemented, will generalize achieved project results and ensure their spread. Moreover, agencies will consult project executives about the use of informing and publicizing means and will supervise how those means are implemented.

Project executive will perform publicizing means provided in the project complying with requirements established in national informing and publicizing regulations which will be prepared pursuant to provisions of European Commission Regulation No. 1828/2006 regarding

means of informing and publicizing. Managing institution will ensure that assistance receivers are informed about these regulations and comply with them during implementation of projects.

Evaluation of informing and publicizing actions

Quality of implemented informing and publicizing actions directly determines number of applicants, quality of organized projects, society's opinion, therefore constant monitoring and evaluation of these actions has extensive significance.

Means of evaluation of informing and publicizing activity results:

1. Opinion analysis of prospective applicants, project executives and society determining change of level of knowledge about EU structural assistance;
2. Monitoring and analysis of information about EU structural assistance and its use provided in means of public information;
3. Statistics of attendance of web pages up for EU structural assistance, number of opened documents and inquiries in web pages and analysis of their content, number of subscription.
4. Surveys of participants of organized events.

Financial flows

Hereafter main procedures which will help to ensure that financial flows during implementation of this operational programme were transparent are presented. It is important to emphasize that system described here is common to all EU structural assistance administrated in Lithuania according to Convergence Purpose; therefore it will be applied to all operational programmes of purpose mentioned above. Two substantial aspects of financial flow system can be pointed out: a) common action financing using finance of EU structural assistance and national finances; b) cycle of movement of EU finances to final benefit receivers.

Common financing of EU structural assistance by national funds will be ensured by state budget, non-budgetary funds (e.g. Employment Fund), budgets of municipalities, own funds of final benefit receivers. Pursuant to possibility provided in regulation private funds will compose part of national common financing.

Potential of common financing by national funds of EU structural assistance will be ensured by integrated EU structural assistance planning in state budget. Normally EU structural assistance funds intended to be used for specific economy sector will be included into annual budget of appropriate manager of subsidies (usually it is appropriate ministries) which supervises state policy in this field integrating them into strategic budget programmes of subsidy manager as separate subprogram. Moreover, planning of state equity investments commonly financed by EU structural assistance funds will be closely related to common planning of state equity investments on the basis of State Investment Program.

European Commission will transfer EU structural assistance funds to separate state treasury account opened in the Bank of Lithuania and administrated by State Treasury Department of the

Ministry of Finance. They will be transferred to final benefit receivers using state treasury system. Final benefit receivers will present payment applications to agencies which will check suitability of costs declared by final benefit receivers according to order established by Managing Institutions. When agencies determine sum suitable for financing by EU structural assistance funds provided in payment application of benefit receiver then they will form payment application to State Budget Accounting and Payment System (SBAPS) and will transfer appropriate state budget subprogram under established order where EU structural assistance funds are planned for controlling manager of subsidy. When payment application for SBAPS is formed then process of check and ratification of payment application will proceed according to common order of payment of state budget funds.

When appropriate payment application approved by subsidy manager for specific state budget subprogram wherein EU structural assistance costs are planned is received then the Ministry of Finance will transfer the sum of EU structural assistance funds indicated in payment application from separate state treasury account opened for every fund in the Bank of Lithuania and administered by State Treasury Department of the Ministry of Finance directly to final benefit receiver.

Thus transparency of cycle of EU funds movement to final benefit receivers will be ensured by following means:

- Common control means applied to payment of state budget funds will take effect during payment of EU structural assistance funds including them into state budget;
- With the help of state treasury system EU funds will be transferred directly to benefit receivers and it will enhance action of audit traceability principle and will allow to implement principle that EU funds have to reach final benefit receiver as soon as possible set in regulation more effectively;
- System will ensure that EU funds for final benefit receivers in all cases were transferred only to agencies according to order established by Managing Institution after the check and ratification of sums suitable for financing by EU structural assistance funds.

State treasury system will ensure that all accumulated interests of EU structural assistance funds transferred to Lithuania in advance will be allocated for implementation of this operational programme as public, national and common financing.

Scheme of financial flows is provided in Appendix II.

Data collection and transfer by means of electronic connection

Pursuant to order established in part 3 of art. 66 of Common Regulation and complying with regulations of implementation enacted by Commission it and states members exchange data in electronic way.

Lithuania will use one national SFMIS for collection, generalizing and provision of all data of European Regional Fund, EUF and Cohesion funds which will ensure that all data which is necessary for financial management, monitoring, supervision, audit and evaluation is collected and stored as Common and Implementation Regulations require. Data will be collected and stored in paper format too.

Every project will have its unique code whereby all information related to project implementation and performed actions will be denoted. Code will be given by registering project in SFMIS. System will be linked to State Budget Accounting and Payment System (SBAPS) which will be used for performance of payments to project executives.

SFMIS will be adjusted to all needs of administration of finances of European Regional Fund, EUF and Cohesion funds as much as possible considering specification of various Structural Funds too. SFMIS will create possibility to observe data of activity and financial information about:

- Implementation of separate projects financed from Structural Funds and Cohesion Fund;
- Advancement of implementation of separate operational programme s;
- General advancement of support implementation of convergence purpose;
- Found breaches, performed verifications and audit.

SFMIS will help to implement main following functions:

1. Management function: entering of financial plans and indicators of operational programme s, prognoses and observation of their implementation, supervision of fulfilment of liabilities and payment plans, control of the rule N+2.
2. Administration function: project registration, agreement administration, prognoses of project implementation and supervision of their implementation, registration of verification results, control of cost suitability and defrayment. This function includes presentation of summarized data which allows easily determine problems of project implementation related to terms, payments, etc.
3. Accountability function: presentation of information about project advancement, summary preparation for reports, presentation of information about costs, collection of information which is necessary for performance of control, audit, preconceived evaluations (*ex ante*), middle term evaluations (*mid-term*) and evaluations after implementation (*ex post*), report presentation to Commission by e-mail (for audit purposes complying with requirements of Regulation (EC) No. 1083/2006).

SFMIS will allow all related institutions which participate in the system of assistance management and control to get sufficient information which they can use for substantiation of their accounting records and sums about which higher level will be informed in order to ensure sufficient audit sequence.

SFMIS will be developed by coordinator cooperating with other institutions (responsible ministries, managing institutions, implementing institutions, ratifying and audit institution). It is intended that data will be started to enter in 2007 and will be started to present to Commission by electronic means of determined report form from the 1st of July, 2007.

This system will ensure data transfer between managing institution and European Commission (as provided in article 60c of Regulation (EC) 1083/2006).

It is planned that data will be transferred by automated means from SFMIS to common Community Fund Management System (SFC2007). Applications of access rights will be

centralized and sent to European Commission by Member State agent – Official of Information Technologies Department at the Ministry of Finance.

COORDINATION MECHANISMS WITH OTHER EU FINANCIAL MEANS

EU structural assistance coordination with other EU financial means will be ensured over some coordination mechanisms.

Firstly, coordination will be ensured by common Monitoring Committee where representatives of all the most relevant institutions will participate. Monitoring Committee will ensure coordination by decision making regarding criteria of project selection. Coordinator's representative in the case of coordination with European Agriculture Fund for Rural Development and European Agriculture Fund will participate in monitoring committee of operational programme s financed by European Agriculture Fund for Rural Development and European Agriculture Fund, in the meanwhile representative of Ministry of Agriculture which is responsible for implementation of European Agriculture Fund for Rural Development and European Agriculture Fund will participate in Joint Monitoring Committee of operational programme s financed by EU structural funds and Cohesion Fund.

Secondly, compatibility of the use of EU structural assistance with other EU financial means is one of the main coordinator's functions who will analyze implementation of operational programme s in the context of implementation of other national strategic documents and programmes, other financed EU financial instruments. Coordinator can constitute working groups for solution of relevant issues under necessity.

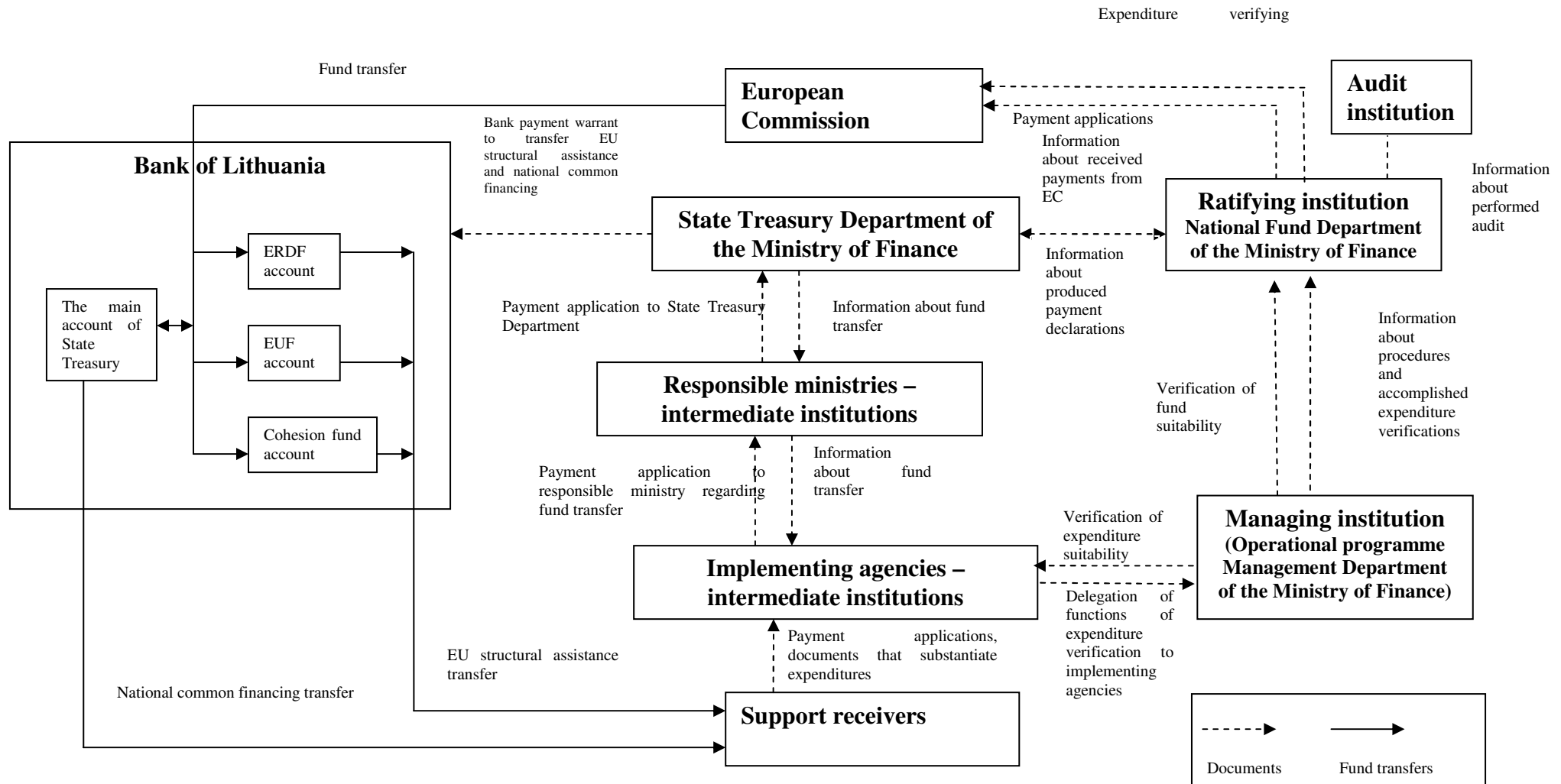
Finally, coordination issues will be discussed in programme management committees constituted for every operational programme. Representatives of ministries and agencies which are implementing particular operational programme will participate in these committees. The main purpose of this committee is to ensure internal compatibility of operational programme implementation. However, it will also discuss issues of financial means implementation, especially European Agriculture Fund for Rural Development and European Agriculture Fund under necessity, as far as it is related to operational programme implementation.

APPENDIX I. DISTRIBUTION OF EXPENDITURE BY CATEGORIES

Distribution of expenditures by priority subjects		
Code	Name	Financial proportion (in Euros)
62	Preparation of lifelong learning systems and strategies for companies; training and services for employees seeking to enhance their capacities to adapt to changes; enhancement of enterprise and innovations.	149.619.820
63	Creation and propagation of innovative and more productive work organization means.	14.123.515
64	Development of specific employment, training and assistance services by restructuring sectors and companies and preparation of systems which are designed for forecast of economic changes and prospective requirements related to workplaces and capacities.	50.867.012
65	Renewal and enhancement of labour market institutions.	3.279.339
66	Implementation of active and preventive means in labour market.	58.431.850
67	Means which are used for inducement of active ageing and age of working capacity is prolonged.	9.912.546
68	Assistance to self-employment and business establishment.	3.577.460
69	Means which are used for improvement of employment possibilities and for increase of stable women's participation and advancement in employment field seeking to reduce segregation regarding gender in labour market and combine work with personal life for example, creating better conditions to use possibilities of childcare and care of dependent persons.	17.365.588
70	Specific actions by which migrants' employment is increased and thus their social integration is enhanced.	4.695.417
71	Means of integration and return to labour market of socially vulnerable persons; fight with discrimination of possibilities to participate in labour market and progress in it and enhancement of diversity acknowledgement at workplace.	59.288.950
72	Creation, introduction and implementation of education and training systems seeking to develop possibilities to get job by improving of adjustment of primary and vocational education to the needs of labour market and renewing skills of training personnel pursuant to innovations and knowledge based economy.	84.033.050

73	Means designed for participation increase in education and lifelong learning by taking actions on this purpose which would decrease number of persons who leave school too early, gender segregation of subjects and create better possibilities to acquire primary vocational and service education and high quality training.	170.612.555
74	Development of human potential in the field of scientific researches and innovations firstly, by enhancing studies of the second and the third level, scientists' education and by establishing relations among universities, research centres and companies.	118.006.500
80	Inducement of partnerships, pacts and initiatives by creating networks of appropriate interested parties.	1.490.608
81	Mechanisms established for improvement of preparation of good policy and programmes, monitoring and evaluation in national, regional and local level, for development of capacities of policy directions and programme implementation.	169.387.321
85	Preparation, implementation, monitoring and inspection.	16.261.183
86	Evaluation and studies; information and communication	4.065.295
TOTAL		935.018.009
Distribution of expenditures by method of financing		
Code	Name	Financial proportion (in Euros)
01	Non-refundable assistance	935.018.009
TOTAL		935.018.009
Distribution of expenditures by types of territories		
Code	Name	Financial proportion (in Euros)
00	Not applied	392.978.583
01	Town	413.192.137
05	Rural ares (<i>except mountains, islands or underpopulated ares</i>)	128.847.289
TOTAL		935.018.009

APPENDIX II. FINANCIAL FLOWS



APPENDIX III. EX ANTE RECOMMENDATIONS – OPERATIONAL PROGRAMME FOR THE DEVELOPMENT OF HUMAN RESOURCES

Final recommendations for Project of Operational Programme for the Development of Human Resources which has been presented to European Commission are provided in the table below. Suggestions how programme document should be amended are provided in the table.

Performed actions are distributed as follows:

<i>Was it considered:</i>	<i>Symbol:</i>
<i>Yes</i>	√√
<i>Yes, partly</i>	√
<i>No</i>	N

Final recommendations

<i>No.</i>	<i>Recommendation</i>	<i>Considered / Not considered</i>	<i>Comment</i>
1	There should be added short text about situation of national minorities in labour market in the section about social exclusion and poverty.	√√	
2	Incorporate table of quantitative indicators below the text about vision and general purposes of Human Resources Operational programme in order to make it clear that implementation of the most important strategic purposes will be observed through implementation of quantitative control indicators.	N	Quantitative indicators are provided below descriptions of priorities because tasks of priorities are basis of quantitative indicators.
3	It will be necessary to describe more comprehensively how relations between priorities and operational programme s will be ensured in the next stage of levels of detailed action planning priorities.	√	Compatibility of actions financed according to priorities of Operational Programme for the Development of Human Resources with other priorities of the same programme is provided in description of priorities.

	For example, can sectoral education schemes for development of tourism sector be arranged pursuant to and combining with tourism infrastructure actions of the 1 st priority of Cohesion Enhancement Operational programme.		More detailed information is going to be provided in Appendix of Operational programme .
4	State authorities should present European Commission clear substantiation of rationality of EUF funds reduction.	√	Initial EUF part was reduced during the process of Operational programme s preparation increasing assistance to scientific researches and technological development (SRDT) pursuant to attitude of appropriate social economic partners that investments into SRDT currently is more relevant that fight against unemployment. Moreover, EUF assistance was reduced pursuant to European Commission position that funds allocated to Technical Assistance cannot be concentrated in Operational Programme for the Development of Human Resources .
5	General definitions of indicators should be provided in order to ensure that assistance receivers and supervisory institutions which will collect data about project implementation would make clear about the way of project results measurement.	√√	Definitions are provided in chapter 4 (“Evaluation of goals”)
6	The fact that part of persons who participated in EUF training will decrease in the future due to persistent influence of EUF projects (persons will remember what they have learnt) should be considered in new programme.	√√	
7	Technical assistance should be rendered to the Ministry of the Interior seeking to ensure that it will accomplish its responsibilities as intermediate institution effectively during the period 2007 - 2013.	√√	
8	Financial control system should be reviewed in order to ensure on the one part correspondence with EU regulations and correct financial management and on the other part efficiency of assimilation.	√	This issue has been considered creating implementation system for the period 2007-2013.
9	Procedure and verification of complaint check in place has to be simplified seeking to centre on ensuring of project quality but not	√	This issue has been considered creating implementation system for the period 2007-2013.

	on audit and conformity.		
10	Working groups of horizontal themes for monitoring of integration of overlapped themes by planning and integrating operational programmes during the period 2007-2013.	√√	Refer to section 4 (“Evaluation of goals”).
11	Review of projects supported during the period 2004-2005 should be performed accentuating those projects which supported goals of horizontal themes.	√	Thematic evaluation of horizontal themes is provided in National Evaluation Plan. Currently evaluation of horizontal themes is being prepared. Evaluation results will be available at the end of year 2007.
12	Possibility to assign outside organization to prepare practical points of reference for project providers how overlapping themes have to be considered should be discussed.	√	Thematic evaluation of horizontal themes is provided in National Evaluation Plan. Currently evaluation of horizontal themes is being prepared. Evaluation results will be available at the end of year 2007.

Recommendations are marked in other tables which are provided by *ex ante* estimators through evaluation of Operational Programme for the Development of Human Resources ; information regarding consideration of recommendations is provided too. It is necessary to emphasize that only the main recommendations are included into these tables because estimators provided a lot of recommendations during *ex ante* evaluation process which proceeded during preparation of programming documents.

Original situation and SWOT

<i>No.</i>	<i>Recommendation</i>	<i>Considered/Not considered</i>	<i>Comments</i>
13	Survey should be performed seeking to ensure that statistical data is new as much as possible. For example, statistics can show that youth unemployment is not so relevant problem as it was more than 12 months ago.	√√	
14	Even if operational programmes of 2007-2013 are more thematic than sectoral qualitative analysis should be involved where possible. Skill areas and sectors that still have problems should be visible in it.	√	It has been partly considered for data relevance issues.
15	Additional information regarding necessary employers’ skills should be provided. What is current situation of existing engagement requirements? If this data is not available then how development of appropriate structure going to be established for comparison and retention of information about skill requirements	√	Partly done – reference to employers’ skill survey was included into description of original situation. Some difficulties exist for receiving of information regarding this original situation. Currently Lithuanian labour exchange is preparing methodology of qualification demand determination of average period (3 years).

	can be ensured?		
16	Future projections of skill needs should be appropriately involved. In ideal case this analysis should comprise both general and specific requirements (if it is impossible to include long description of training needs designed for every sector then arguments that both special and general training needs were noticed are necessary).	√	In this regard one of the most important priorities will be development of specific skills and employees' qualification. It has already been mentioned in operational programmes and it will be developed in appendix of operational programme. It also will be based on results of evaluation study which is going to be performed at the end of 2007 and at the beginning of 2008.
17	Brief summary of differences of skill needs depending on the region has to be presented (if information is available). Interventions related to requalifying have to indicate needs of local and regional labour market and it will require more comprehensive analysis of regional labour market dynamics. Evaluation of skill level (low, average and high education proportions) can be presented.	N	There exist relatively small differences of skill needs depending on region.
18	Original situation should analyze drawbacks of public sector capacities more comprehensively accordingly to policy formulation and strategic planning.	√√	
19	SWOT should be more consecutive (specific SWOT fields should be grouped).	N	Responsible institutions think differently than <i>ex ante</i> estimators.
20	There is no explanation of "adaptability" after main SWOT analysis. It is important because one of the most important purposes is "to encourage workplaces of better quality".	√√	

Development of strategy statement

<i>No.</i>	<i>Recommendation</i>	<i>Considered/Not considered</i>	<i>Comments</i>
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21	Additional explication of programming structure of Operational Programme for the Development of Human Resources, especially regarding 1 priority, is required.	<i>N</i>	Administration expenditures were reduced and “load” of one priority is the most suitable way for implementation of EUF assistance. Thus bigger flexibility, efficiency of fund use and interaction of labour market and social coverage actions would be ensured; also participation of all appropriate intermediaries would be ensured seeking to solve problems of labour market and social coverage.
22	As alternative 1 priority can be divided into two separate priorities.	<i>N</i>	Administration expenditures were reduced and “load” of one priority is the most suitable way for implementation of EUF assistance. Thus bigger flexibility, efficiency of fund use and interaction of labour market and social coverage actions would be ensured; also participation of all appropriate intermediaries would be ensured seeking to solve problems of labour market and social coverage.
23	<i>In general document should assume more extensive power through better interaction of EUF and ERDF interventions (by using experience how these aspects acted implementing programmes for the period 2004-2006).</i>	√	Compatibility of actions financed according to priorities Operational Programme for the Development of Human Resources and other programmes is provided in description of priorities of this operational programme. More detailed information will be provided in appendix of operational programme.

Internal compatibility and consistency

<i>No.</i>	<i>Recommendation</i>	<i>Considered/ Not considered</i>	<i>Comments</i>
<i>1 priority: recommendations – employment</i>			
24	Assistance to general and special skills has to be distinguished.	√	In this regard one of the most important priorities will be enhancement of specific skills and employees’ qualification. It has already been mentioned in operational programme and will be developed in appendix of operational programme. It also will be based on results of study which will be performed at the end of 2007 - at the beginning of 2008.
25	The need to increase potential interaction of EUF and ERDF as much as possible exists providing clear evidences of needs of such connections in the text.	√√	
26	There should be more connections between investments into	√√	

	human resources development and input of structural assistance funds into Lisbon Strategy for the period 2007-2013.		
27	Evaluating original situation more understandable skill needs are necessary including accurate analysis of employer's skill needs.	√√	References regarding review of employer's skills are attached. Also refer to item 16.
28	Seeking to ensure interaction of EUF and ERDF projects which received assistance from ERDF (to infrastructure, business development or assistance to innovations) have to be indicated specially.	√	It will be considered preparing appendix of operational programme.
29	It would be useful if subpriority of adaptability would be appended with description of <i>National work qualification system</i> development.	√√	
30	Description of 1 priority could be clearer, i.e. it could show more clearly how structural funds will be used for people return to Lithuania.	√	It is indicated in the text that implementation of National Migration Regulation Strategy confirmed by the Government will be financed the most.
Recommendations – adaptability			
31	Clear references to EUF interventions which will be related strategically to ERDF actions and Regional policy projects – prepare people for work in order to fill prospective free work places. Example could be 1 priority of Cohesion Enhancement Operational programme (tourism infrastructure) and the 1 st priority of Operational Programme for the Development of Human Resources.	N	In this case no special training means are intended. It should be emphasized that in all cases training of unemployed people is being developed and implemented pursuant to the needs of labour market and the lack of skills. Currently Lithuanian Labour Exchange is preparing methodology of foresight of qualification need of intermediate period (3 years).
32	Evaluation of prospect of training benefit from labour market is necessary. Requirement for applicants to show clearer how efficiency of fund use is going to be reached can be included.	√	It will be considered by determining selection criteria.
33	The question can schemes of unemployed training sectors be developed in such fields as tourism, construction, etc, and there where lack of people with appropriate skills is expected should be noticed.	N	In this case no special training means are intended. It should be emphasized that in all cases training of unemployed people is being developed and implemented pursuant to the needs of labour market and the lack of skills. Currently Lithuanian Labour Exchange is preparing methodology of foresight of qualification need of intermediate period (3 years).

Recommendations - social coverage			
34	Seeking to base project scopes and intervention means more detailed information about social exclusion groups in regions is necessary.	N	Intervention means in operational programme already have been planned pursuant to analysis of situation of these groups in Lithuania not distributing them according regions (information in regional level is not available at all or little available).
2 priority – recommendations			
35	References to projects which are now being implemented using funds for the period 2004-2006 and to potential their input in implementation of Lifelong learning priority of Operational Programme for the Development of Human Resources for the period 2007-2013 have to be provided.	√√	References to the most important projects which are designed for consolidation of institutional lifelong learning structure are provided in the strategy (priority 2, goal 1).
4 priority – recommendations			
36	More details for aspects of specific scope of this priority are necessary.	√	More details regarding specific actions, objective groups and additional indicators will be provided in national documents (appendixes, programmes, points of reference).
37	It is necessary to define more specifically what initiatives of capacity enhancement will be necessary at regional and local level. What assistance will Regional Development Councils receive for further capacity development that they could have positive impact by cooperating with national government, helping to define local and regional priorities and prioritizing structural fund projects?	√	It will be define in Technical Assistance Operational programme in consideration of European Commission comments.
38	Ways of assistance provided for development of management structures should be clearer.	√	Information regarding main ways of interventions which are going to be financed is provided in the 4 th priority.
39	Skills have to be trained bringing in teachers from organizations which have practical experience in the use of assistance funds of period 2004-2006.	√	This specific recommendation will be considered preparing to implement the 4 th priority (preparing appendixes, programmes, points of reference).

Horizontal themes

<i>No.</i>	<i>Recommendation</i>	<i>Considered/Not considered</i>	<i>Comments</i>
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40	Introductory text for provision of contextual information should be attached to clause of equal opportunities, for example, "EUF assistance has strong potential to induce equal opportunities of men and women, persons from different social groups who belong to the group of social exclusion in labour market".	√√	
41	Equal opportunities (ii) – although there exists good explanation how specific vertical means will help to enhance equal opportunities, however, it should be provided clearer how equal opportunities are going to be enhanced horizontally. It is only indicated in present text than no-one who is asking for assistance will not be excluded. Maybe previous method of enhancement of applying from appropriate social groups could be used?	√	Description of horizontal theme implementation is provided in chapter 2.6 (Horizontal themes and their implementation).

Coherence between Human Resources Operational programme and other programmes

42	Subpriority of investments into tourism is provided in 1 priority of Cohesion Promotion Programme. It is necessary to ensure appropriate coherence with adaptability and employment means provided in the 1 st priority of Operational Programme for the Development of Human Resources insomuch as development of tourism sector would be supported through investments in tourism management and similar skills.	N	In this case no special training means are intended. It should be emphasized that in all cases training of unemployed people is being developed and implemented pursuant to the needs of labour market and the lack of skills. Currently Lithuanian Labour Exchange is preparing methodology of foresight of qualification need of intermediate period (3 years).
43	Coherences are also necessary between "soft" assistance of lifelong learning in Operational Programme for the Development of Human Resources (the 1 st priority – demand side, the 2 nd priority – supply side) and "hard" assistance of modernization of education and vocational training infrastructure according to the 2 nd priority of Operational Programme for Promotion of Cohesion.	√√	Appropriate references are provided in priority description.

External compatibility

No.	Recommendation	Considered/Not	Comments
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		<i>considered</i>	
44	Priority 2. Evaluation of external compatibility should be better. Brief explication why programmes supported according to integrated Lifelong Learning Programme are so relevant could be attached.	√√	Separate section is provided in priority 2 after strategy introduction.
45	Priority 2. Clear coherence between the 2 nd priority and Education and Training Programme till the end of year 2010 has to be made.	√√	
46	Priority 3. Two or three sentences should be added explaining that there is programme of 7 scientific researches and technological development and what its main tasks are. It would corroborate current text.	√√	
47	Priority 4. References to other EU common policies and programmes have to be provided where appropriate. For example, there are coherences between some actions supported according to this priority and better EU regulation initiative and simplification.	√	Reference to better EU regulation initiative is provided in Priority 4.

Monitoring and indicators

<i>No.</i>	<i>Recommendation</i>	<i>Considered/Not considered</i>	<i>Comments</i>
48	Number of indicators should be reduced.	√√	
49	Result indicators have to be reclassified where appropriate into impact indicators which cannot depend on structural assistance directly. Provide examples in remarks for priorities.	√√	
50	More suitable result indicators have to be determined. For example, according to the 1 st priority number (level) of acquired qualifications usually is the main indicator of EUF result; however, it is not included into current indicator system.	√√	
51	Small number of main EUF indicators has to be included into monitoring system.	√√	Indicators of assistance level are provided in part 4 (“Evaluation of goals”).
52	Data about students’ characteristics who are supported by EUF have to be compared as for the period 2004–2006.	√√	
53	There is need to incorporate horizontal themes into indicator	√	It is intended to observe implementation of horizontal priorities on the

	system.		basis of programme indicators provided in part 4 (“Evaluation of goals”).
54	In the case of equal opportunities special indicators could be created seeking to evaluate if particular project is positive, neutral or negative in respect of equality.	<i>N</i>	It is intended to observe implementation of horizontal priorities on the basis of programme indicators provided in part 4 (“Evaluation of goals”).

APPENDIX IV. COMPATABILITY WITH THE EUROPEAN AGRICULTURE FUND FOR RURAL DEVELOPMENT AND THE EUROPEAN AGRICULTURE FUND

PRIORITY / GOAL	European Agriculture Fund for Rural Development	European Agriculture Fund
1 priority. Employment of high quality and social coverage		

<p>- Reorientation of labour force of rural areas from agriculture to other activities (motivation and enhancement, information and consultation, training services).</p> <p>- Jobseekers who are supported by employment office (Lithuanian Labour Exchange) and who are seeking to acquire new qualification and new employment possibilities (including persons who have left fishery sector).</p>	<p>- Mean “Vocational training and information activity” (training and information of persons who work in agriculture and/or forestry). Differentiation criterion – <u>field of training</u>: agriculture and forestry.</p> <p>- Mean “The use of consulting services” (consulting services for natural entities, legal entities and forest owners who work in agriculture or forestry). Differentiation criterion – <u>field of consulting services</u> - agriculture and forestry.</p>	<p>- Vocational re-skilling of <i>fishermen</i> who were affected by changes in fishery sector to other professions which are not related to marine fishery is financed. Differentiation criterion: according to support subject - re-skilling of fishermen who fish at sea.</p> <p>- Assistance to training of company employees of fishery, fish processing and aquaculture. Differentiation criterion: according to activity field – fishery.</p> <p>- Assistance to training of employees of fishery sector, diversification of activity types if these activities are part of strategies of fishery region development. Differentiation criterion: according to activity fields provided in the Fishery Region Development Strategy.</p>
<p>2 priority. Lifelong learning</p>		
<p><u>Renewal of training programmes and creation of new ones.</u></p>		
<p>4 priority. Development of administrative competence and improvement of efficiency of public administration</p>		

<p>- Assistance to implementation of strategic planning in municipalities and implementation of action management systems of ministries, other state institutions and agencies.</p> <p>- Assistance to preparation of territorial plans (all general plans and detailed plans were ordered by municipality administrations) and preparation of plans and programmes of region and municipality development.</p> <p>- Assistance to human resources management and improvement of administrative capacities in public service.</p> <p>Assistance receivers: state and municipality institutions for which Public Service Law is applied.</p>	<p>Means implemented by <i>Leader</i> method: “Implementation of local development strategy”; “Interterritorial and international cooperation”; “Assistance to activity, skill acquisition of local activity groups, incentive of residents’ activeness of local group territory”;</p> <p>- enhancement of local initiatives, development of human capacities, studies of rural areas, preparation or renewal of strategic plans, implementation of strategy of local development groups.</p> <p>Differentiation criterion: <u>assistance receiver</u> – local activity group.</p>	<p>- Enhancement of administrative capacities of institutions which administrate European fishery fund assistance (only insofar as it is directly related to EAF administration).</p> <p>Differentiation criterion: <u>assistance receiver</u> – institutions which administrate European Agriculture Fund assistance.</p> <p>- Implementation of Fishery region development strategies.</p> <p>Differentiation criterion: <u>assistance receiver</u> – local activity group of fishery region.</p> <p>- Assistance to development of interstate and Community relation maintenance of participants of stable development of fishery regions.</p> <p>Differentiation criterion: <u>assistance object</u> – creation of fishery region networks.</p>
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APPENDIX V. CONDITION FOR STATE ASSISTANCE

All public assistance lent according this programme has to correspond with state assistance regulations applied when public assistance is being lent.

APPENDIX VI. INITIATIVE “REGIONS FOR ECONOMIC CHANGES”

Coordinator (as set in part 6) or Managing Institution can:

- a) allow representative (as observer) of network acting in the initiative “Regions for economic changes” participate in Monitoring Committee and introduce report about implementation advancement of network activities related to Operational Programme for the Development of Human Resources.
- b) plan consideration of review of network activities and offers for Operational Programme for the Development of Human Resources in the agenda of Monitoring Committee;
- c) inform about actions involved in the initiative “Regions for economic changes” and related to Operational Programme for the Development of Human Resources in annual report of programme implementation.