



Lithuania: National Reform Programme



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Summary

The National Reform Programme is a summary of the main structural reforms that Lithuania projects in its effort to eliminate obstacles to economic growth and achieve nationally transposed headline targets under the Europe 2020 Strategy. The document has been drafted in order to implement the European Council Conclusions of 2010, the Integrated Guidelines for Growth and Jobs, the Europe 2020 Strategy and having regard to the principles of the Euro-Plus Pact approved by the European Council on 24-25 March 2011, and the context of the draft Lithuania 2030 Strategy¹.

Europe 2020 puts forward priorities of smart, sustainable and inclusive growth of EU social market economy, the implementation of which will be measured by quantitative targets. They encompass the areas of employment and investment in R&D, energy and climate change, social inclusion and education in the EU. Lithuania's National Reform Programme provides an overview of the areas evaluated by the quantitative targets, their projections for 2015 and 2020² and priority action directions planned to achieve the objectives. The Programme also outlines the main measures foreseen in the implementation of the priority action directions and committed funding.³

To achieve the long-term goals defined in the Europe 2020 Strategy, structural obstacles to Lithuania's economic growth have to be overcome. The bottlenecks that must be eliminated in the immediate future include an excessive budget deficit⁴, insufficient competitiveness and productivity, an unfavourable business environment, underdeveloped infrastructure and high unemployment. By political decision and in line with the priorities headlined in the draft Lithuania 2030 Strategy, the Europe 2020 strategy and the priorities established by the Government of the Republic of Lithuania in 2011⁵, the key reforms to be frontloaded in the short-term period (until 2012) are the university courses/education reform, business environment/regulatory reform, state-owned enterprises' reform, optimisation of the health care network and the development of electricity and gas networks in line with the EU legislation. In order to achieve the long-term goals (after 2012) of the Europe 2020 strategy, it will be necessary to implement the social security reform and continue reforms in the energy and health care sectors. EU assistance will be of high importance in successfully achieving the goals of these reforms.

The National Reform Programme is in line with the main provisions of the Convergence Programme and other strategic-programming documents currently implemented by the Government of Lithuania. The National Reform Programme has been approved by the Government of Lithuania and the Committee on Economics of the Seimas of Lithuania. Sustained macroeconomic stability remains the guiding principle in planning the structural reforms.

The National Reform Programme has been prepared by an inter-institutional working group coordinated by the Ministry of Economy of the Republic of Lithuania, comprising representatives of the ministries, the Bank of Lithuania and Statistics Lithuania. The document has been discussed in target consultations with the Lithuanian academic community, universities, economic and social partners and municipalities. With a view to informing the public and receiving feedback on the main structural reforms planned for 2010-2020, the document has been published on the internet website of the Ministry of Economy.

In order to further monitor the implementation of the National Reform Programme, an inter-institutional working group consisting of representatives from the ministries, the Bank of Lithuania and Statistics Lithuania was formed by the order of the Minister of Economy.

¹ <http://www.lietuva2030.lt/>

² The present situation and projections for 2015 and 2020 are provided in Annex 1.

³ The main strategic documents are introduced in Annex 2.

⁴ The aspects of sustainability in the public finances and stability in the financial markets of Lithuania are specified in the Convergence Programme.

⁵ Resolution No 1448 of the Government of the Republic of Lithuania of 14 October 2010.

1. Medium-term Macroeconomic Scenario

As the growth rates of Lithuanian exports increased rapidly in the second half of 2010 and the outlook of export market growth remains positive, accelerated growth of the gross domestic product (GDP) of about 5.8% is projected for 2011. Despite the risks associated with EU economic growth in the future, the economic governance policy pursued by the European Central Bank and EU Member States allows the assumption that favourable preconditions for economic growth in Lithuania will continue to develop in 2012–2014: the recovery of investments which began in Q3 2010 will continue in 2011–2012, facilitating the accumulation of sufficient production capacities securing growth of 4.7% GDP in 2012. Considering the plans of EU assistance assimilation for the 2007–2013 financial perspective and the shrinkage in the work force caused by population ageing, GDP growth in 2013–2014 will slow down to 3.7–3.4%.

Growing exports, investments and labour force demand contribute to strengthening consumer confidence and higher consumption. Following the reduction in final consumption which was observed for eight consecutive quarters, consumption grew by 0.1% in Q4 2010, while household consumption expenditure increased by 1.7% during the same period. Although final consumption expenditure continued to shrink (4.2%) in 2010, the pace was considerably lower compared to 2009. Private sector debt has been limiting and will further limit consumer funding possibilities, but growing income and deposits accumulated at the end of the crisis will create conditions for modest private consumption growth in 2011. The recently observed inflation rates higher than deposit interest rates strengthen incentives to raise consumption rather than accumulate resources for the future. Due to the expected increase in employment and accelerated wage growth, growth in consumption will outpace GDP growth in 2012.

It is expected that export growth and the single EU labour market will rapidly reduce high unemployment to rates which will stimulate an increase in wages. Despite the still high unemployment level (Q4 2010 – 17.1%), the indicators of employment and job vacancies in H2 2010 testify to a turning point in the cycle of the Lithuanian labour market. This change in Lithuania has been driven by increased jobs supply and higher employment level. However, notwithstanding economic recovery, unemployment will continue to be high in the medium-term. It is expected that in 2011 the unemployment level will diminish to 14.9%, followed by consistent reduction in 2012–2014, accounting for 11.5%, 9.3% and 7.8%, respectively. It is difficult to measure precisely the developments in migration flows and their implications for the reduction of unemployment because of the obligation of permanent residents of the country to pay compulsory social insurance contributions as from April 2010. This obligation, imposed by the Law of the Republic of Lithuania on Health Insurance, encouraged emigrants to legalise their departure from Lithuania.

In the immediate future, with consumption recovery rates remaining modest, the general price level will be mostly predetermined by external factors – high food, raw materials and energy prices. The stronger purchasing power of consumers will also contribute to the rise of overall prices in the next few years. Considering the impact of various factors, average consumer inflation should remain stable at 3.3% during the period of 2011–2014.

Macroeconomic indicators	2009	2010	2011*	2012*	2013*	2014*
GDP growth /chain-linked volume growth, %	-14.7	1.3	5.8	4.7	3.7	3.4
HCPI/Changes in prices of consumer goods and services (the average annual), %	4.2	1.2	3.3	3.3	3.0	3.3
Indices of the average monthly gross salary, previous period = 100	95.6	96.8	103.7	106.9	105.7	107.8
Average annual unemployment rate, %, according to the labour force survey	13.7	17.8	14.9	11.5	9.3	7.8

* projections of the Ministry of Finance, March 2011

2. Overcoming Structural Obstacles to Growth

2.1. Ensuring the Sustainability of the Public Finance

The most important task of the fiscal policy in the medium-term is to continue the consolidation of the public finances and to substantially improve conditions in the areas that can ensure an economic breakthrough.⁶ With a view to maintaining confidence in the principles of the currency board arrangement, in terms of fiscal policy Lithuania will continue facilitating labour productivity, improving tax administration, promoting investments, developing a business-friendly environment, guaranteeing sound use of state funds destined to investments and structural reform implementation as well as effective management of state assets. Additional general government revenues and unused planned expenditures will be allocated to fulfil government balance targets and implement measures guaranteeing long-term sustainability in the public finances. After the general government deficit is reduced to below 3% GDP in 2012, public sector finances will be further consolidated to achieve a medium-term structural surplus equalling about 0.5 % of GDP.

To ensure the sustainability of the public finance in the short- and medium-term, Lithuania will follow these specific objectives:

- ✓ to implement budgetary policies that would ensure financial market confidence in the stability of the public finances, preserve trust in the sustainability of the Lithuanian currency board fundamentals, and ensure conditions for long-term price stability;
- ✓ to introduce performance-based government-sector management principles, resulting in more effective use of resources⁷;
- ✓ having recreated trust in macroeconomic stability, to encourage speedier business development and successfully implement the structural reforms necessary for economic sustainability;
- ✓ to manage the state and its assets transparently;
- ✓ to pursue political commitments towards the ERM II, achieving sustainable fulfilment of the convergence criteria established in the Treaty of the Functioning of the European Union in the medium run, and to prepare for the euro introduction.

Key measures in implementing the priority action directions:

Health System Reform to be implemented according to the **Health System Development Outline Project for 2011-2015** aimed at establishing consistent and targeted, more effective and competitive health system. By implementing the **Programme on Stage III of the Restructuring of Health Care Institutions and Services** and **The Programme on the Continuity of the Health Care System Reform and Optimisation of Health Care Infrastructure**, the health system reform will be pursued aiming to improve the accessibility and quality of its services and optimise the health care infrastructure. The **E-health System Development Programme for 2009-2015** has been also approved aiming to create and develop e-health services provided to residents, specialists and institutions. Planned actions:

- introduction of new health system management and control methods, payment and pricing systems;
- coordinating the planning of human resources with institutions of higher education, introducing a system to examine and monitor the need for health care services;

⁶ Comprehensive fiscal policy strategy for achieving these goals and implementing the measures for general government finance consolidation and economic recovery is provided in the Convergence Programme of Lithuania approved in 2011.

⁷ Project „Improving Performance-based Management“: <http://www.lrv.lt/lt/veikla/vort-projektas/valdymas-orietuotas-rezultatus/>

- optimisation of the network of health care institutions and changing the structure of the system of health care services provided;
- development of e-services that facilitate cooperation and information exchanges between participants of the health system, improve the quality and accessibility of services and allow efficient use of health system resources.

Social Insurance Reform⁸ aimed at creating a financially sustainable social insurance system which guarantees the implementation of the solidarity principle, achieves higher efficiency in the bodies administering the system, ensures that social insurance benefits are more dependent both on paid contributions and the period of social insurance, and that the average pension replacement rate is not reduced in the future. As a part of the implementation of the social insurance reform, **Social Insurance of Pensions** will be reorganised to guarantee financial stability of the system and sufficient income for the elderly taking into account demographical and economic indicators and challenges. The measures envisaged:

- extending the retirement age;
- strengthening the link between the contributions paid and benefits received;
- implementing pension indexation rules;
- improving the support system to individuals who have not acquired sufficient pension rights to receive a retirement pension.

Reform of the State-Owned Enterprises which is expected to improve the efficiency and transparency of the state-owned enterprises (SOE). The **SOE Reorganisation Programme** envisages:

- defining short-term business goals and target financial indicators for SOEs;
- drafting recommendations for the separation of commercial and non-commercial SOEs and (or) functions, as well as the definition of non-commercial functions and establishment of their prices;
- drafting guidelines for exercising ownership rights that would regulate the implementation of ownership functions and define the procedure for the SOE management bodies members' appointment, their responsibilities and procedures in calculating remuneration;
- ensuring transparency of enterprises' activities by creating an SOE financial data provision system, preparing summary reports on SOE activities and results and making SOE business information available to the public.

2.2. Preventing Macroeconomic Imbalances

To prevent economic and financial imbalances, the reduction in fiscal policy pro-cyclicality will have to be accompanied by enhanced financial sector stability as well as sustainable developments in credit flows.

In addition to the globally implemented financial sector risk mitigation measures, the Bank of Lithuania (BoL) and other responsible national authorities have been developing and introducing multiple risk mitigation measures at the national level. Preventive crisis management work by the BoL covers the supervision of commercial banks operating in the Republic of Lithuania, analysis of the activities of the entire banking system, improvements and supervision of the payment system as well as implementing bank stress-tests. Given that the banks operating in Lithuania lived through the recession of 2008-2009 without

⁸It is planned to prepare projects for the introduction of the new pension calculation model. These projects will be prepared in line with the concept of reorganisation of the State Social Insurance and Pension System approved by the Government on 15 June 2010.

Government and BoL assistance, risk mitigation measures applied are aimed at further enhancing the supervision of the banking system and preparedness to manage possible crises.

Due to structural changes in the economy, as well as developments in risk assessment and micro and macroeconomic measures adopted, credit flows in monetary financial institutions in the future will be more balanced and slower. Financial institutions and their borrowers sustained great losses during the crisis, therefore lending standards will remain tighter and creditworthiness will be assessed with more consideration to changes in client solvency throughout the economic cycle. Cancellation of state subsidies for mortgage loans, the drafted Law on Bankruptcy of Natural Persons and more stringent international capital adequacy and liquidity requirements should also contribute in reducing the risk of real estate price bubble emergence.

The following action directions are possible for avoiding macroeconomic imbalances:

- ✓ forming anti-cyclic capital reserves;
- ✓ forming anti-cyclic rates of required reserves;
- ✓ establishing maximum loan-to-collateral ratio, where appropriate;
- ✓ establishing loan-to-earnings ratio, where appropriate;
- ✓ limiting equity capital-to-debt ratio, where appropriate.

Key measures in implementing the priority action directions:

The Provisions for Organisation of Internal Control and Risk Assessment (Management) of Banks approved by the BoL:

- credit institutions are required to revise their risk management processes, applicable prudential risk limits and other aspects of their activities;
- legal acts of BoL regulating the processes of internal capital assessment, supervisory review and evaluation, requirements for consolidation of financial statements of the financial group and joint (consolidated) supervision have been supplemented;
- requirements for the supervision of foreign bank branches and cooperation with supervisory authorities of other EU Member States in carrying out the supervision of branches were amended;
- the concept of standard maximum exposure to one borrower and connected persons was made more stringent in order to limit bank loans to connected persons thereby reducing the loan portfolio dependence on connected borrowers.

Law on Financial Sustainability, providing for consolidation of measures strengthening financial stability, enhances the readiness to manage crisis situations and contributes to higher stability in the financial sector. The Law envisages scope for the government to issue guarantees, redeem bank assets and acquire a part of the bank capital as well as take over bank shares for public needs.

Other measures include:

- the **Financial Crises Prevention and Management Plan** approved by the Government of the Republic of Lithuania, formation of the standing commission for the prevention and management of financial crises;
- the arrangement on cooperation and information sharing in the prevention and management of financial crises between the Ministry of Finance and financial market supervisory authorities;
- regional Memorandum of Understanding signed between the supervisors of Northern

European and Baltic states' financial institutions on cooperation at times of global financial crises, defining crisis management and burden sharing principles. The Memorandum serves as the basis for the formation of the Nordic-Baltic cross-border stability group;

- new liquidity buffer and counterbalancing capacity requirements for banks;
- new remuneration policy requirements for credit institution employees, introducing certain limits on the deferred portion of variable remuneration and the portion of remuneration disbursed in non-cash for the deferral period;
- with a view to increasing transparency and competitiveness of the interbank market of Lithuania and reducing pressure on the interbank interest rate, BoL started publicising VILIBOR interbank interest rate quotations of separate banks in 2009 ;
- bank stress-tests.

2.3. Fostering Competitiveness

With the beginning of the economic recession, the Lithuania's current account deficit decreased considerably. However, to prevent the deficit from growing in the long-term, domestic production of goods creating higher value added should be promoted. Due to rising prices of energy and raw materials, service exports for Lithuania - a country with scarce natural resources - are of particular importance. It is therefore essential to increase the share of services, including tourism (priority types of tourism for 2010-2013 are cultural, active (sightseeing), health, and business (conference) tourism), knowledge-intensive services, and high-tech production in Lithuania's export structure. In addition to improvements in the business environment and infrastructure, promotion of innovations, changes in education and culture systems and other developments covered in the National Reform Programme⁹, fostering competitiveness and economic growth in the long-term will require increasing foreign and local investments and addressing labour market problems; this is of particular importance considering the relatively low efficiency of Lithuania's factors of production.

Well-qualified human resources are crucial in creating higher value added, therefore measures should be taken to retain skilled persons through promoting social dialogue, improving the efficiency of the education system and its conformity to market demands. In this regard, an effective system of qualifications and guaranteed opportunities for all age groups to raise their competences under lifelong learning programmes is important. In the future, effort should be also put to finance a higher share of current account deficit through foreign direct investments that are often directed towards manufacturing and other productive spheres of the economy and are therefore more secure and useful compared to loans. Intensive measures have already been started to be introduced to attract investments and to promote Lithuania as an open country with a friendly taxation system.

To foster competitiveness, Lithuania will follow these priority action directions:

- ✓ develop national sectors of medium- and medium high-technologies by attracting public and private sector investments to R&D;
- ✓ develop clustered innovative traditional industries;
- ✓ develop new fields of economic activity: clean technologies, future energy, creative and cultural industries, areas of health and welfare;
- ✓ improve investment conditions in Lithuania;¹⁰

⁹ See chapters 2.4 *Guaranteeing Structural conditions for Economic Growth*, 3.1. *Increasing Investment in R&D*, 3.2. *Reducing the Number of Early School Leavers*, 3.3. *Retaining the Share of Individuals with Higher or Equivalent Education*.

¹⁰ See chapters 2.4 *Ensuring Structural Conditions for Economic Growth*, 3.1. *Increasing Investment in R&D*.

- ✓ promote foreign investment by developing service hubs for export in Lithuania;
- ✓ improve the quality of the education system and ensure integrated education at all levels with special attention to the promotion of lifelong learning in all age groups;
- ✓ strengthen foreign language teaching and the development of other intercultural competences.

Key measures in implementing the priority action directions:

Lithuanian Innovation Strategy for 2010-2020 aimed at developing a creative society, facilitating the promotion of entrepreneurship and innovations so that the Lithuanian Summary Innovation Index would reach the European average in 2020. **Planned measures include:**

- implementation of integrated programmes of science, studies and business centres (valleys) “Saulėtekis”, “Santara”, “Santaka”, “Nemunas” and Lithuanian Marine Sector, and implement other valley development measures;
- implementation of High Technologies Development and Industrial Biotechnology Programmes;
- drafting the Plan for the Development of Science and Technology Parks for 2011-2016;
- provision of financing for the implementation of innovative business cluster activity projects;
- developing support mechanisms for innovative enterprises before and during their incubation activities;
- preparation of the BSR Stars Programme for the Development of the Innovation, Clusters and SMEs Network in the Baltic Sea Region;
- providing financing to natural and legal persons seeking to protect their industrial property rights at the international level;
- increasing access to continuing non-formal education of adults (advanced training and re-qualification);
- creating conditions for cooperation between the business community and higher education and research institutions in the area of R&D.

National Education Strategy 2003-2012 aimed at ensuring education quality in line with the needs of an individual living in an open civil society under market economy conditions, and the universal needs of the modern world society. Planned measures include:

- implementation of measures provided for in the General Education Curriculum Formation, Assessment, Updating and Implementation Strategy (2006-2012) pertaining to the teaching and widened choice of foreign languages and increasing student choice in studying foreign languages;
- implementation of projects of School Improvement Programme Plus (SIP+) and other projects aimed at improvements in school infrastructure, developing management competences and leadership skills, increasing student choice in foreign language learning, improving early teaching of foreign languages and ensuring project continuity.

The goals will also be implemented through:

- **National Programme on Development of Research, Technologies and Innovation in the Space Sector for 2010-2015;**
- **Strategy for the Promotion and Development of Creative and Cultural Industries;**

- **Export Development Strategy of the Republic of Lithuania for 2009-2013;**
- **Strategy of Securing Lifelong Learning;**
- **Investment Promotion Programme for 2011-2019;**
- **Public Enterprises “Invest Lithuania and “Enterprise Lithuania”.**

2.4. Ensuring Structural Conditions for Economic Growth: Improving the Business Environment and Developing the Infrastructure

Improvements in the business environment can provide a significant boost to Lithuania’s economic growth. It is especially important to improve the conditions for starting up a business, reduce the administrative burden for businesses, ensure the availability of financial resources, free and fair competition by removing burdens for new players willing to enter the market, and promote productive investments. Together with the assistance of EU Structural Funds, these measures will improve the competitive position of Lithuanian enterprises, facilitating the shift towards higher value-added activities.

In 2011, the Government of Lithuania began to implement the consolidation of initiatives in the area of improving the business environment. The regulatory reform is implemented in 6 key action directions: reduction of the administrative burden for businesses, simplification of business regulation with the help of the World Bank’s survey *Doing Business*, reviewing business licensing, optimising business-inspecting institutions, strengthening the mechanism of consulting with business and implementing competition rules.

The availability of financial resources to business will be further improved, as well. The INVEGA fund operating in Lithuania engages in the administration of micro-credits and open credit fund’s financial engineering instruments and the partial interest compensation instrument. The Guarantee Fund managed by INVEGA issues guarantees to credit institutions for SMEs’ liabilities. The JEREMIE controlling fund managed by the European Investment Fund implements the following business financing measures: risk-shared loans, risk capital funds, joint investment fund Business Angels, seed venture capital and venture capital funds, portfolio guarantees. A Portfolio leasing guarantee instrument shall be also implemented.

To improve the business environment, Lithuania will follow these priority action directions:

- ✓ create favourable conditions for starting and developing a business;
- ✓ improve funding opportunities for expanding an existing business;
- ✓ reduce the administrative burden and simplify legal regulation;
- ✓ increase the efficiency of partnership between businesses and state entities;
- ✓ achieve transparent and effective functioning of the Lithuanian public procurement system and guarantee competition in public procurement;
- ✓ strengthen the enforcement of equal competition rights for businesses.

Key measures in implementing the priority action directions:

Regulatory Reform aimed at consolidating the initiatives to improve the business environment, ensuring higher transparency, more effective and less disruptive business supervision based on risk assessment, reduced administrative burden and compliance costs for businesses. Key action directions will be implemented through:

- the **Administrative Burden Reduction Action Plan for 2011** encompassing administrative burden assessment and reduction on the basis of the European

Commission methodology in 7 priority areas of transport, tax administration, employment relations, statistics, environmental protection, real estate operations, territorial planning and construction; developing civil servants' administrative capacities in this area and disseminating information about better regulation;

- **Business Environment Improvement Action Plan for 2011 (Draft) according to the World Bank's *Doing Business Report***, providing for measures to simplify and shorten the duration of procedures of starting up a business, issuing construction permits, paying taxes, exporting-importing, also providing for measures to reduce the costs for business, enhance investor protection and improve crediting conditions;
- **Business Consulting Forum** – improving the effectiveness in managing the Sunrise initiative in order to achieve better results from the implementation of the Sunrise Commission proposals;
- **Reviewing business licensing to** guarantee continuous mutual evaluation according to the Service Directive and possible extension of the scope of licensing review until 2015;
- **Amendments to the Law on Competition** as a follow-up of the proposals of the Sunrise Commission and recommendations of the National Audit Office with a view to improving implementation of competition rules and strengthening the powers of the Competition Council by 2012;
- **Optimisation of business-inspecting authorities:** simplification of the inspection function, reduction of the inspection burden for businesses and improvements in inspection transparency.

Lithuanian Entrepreneurship Promotion Programme for 2011–2020 (Draft) which aims to achieve a high and sustainable level of national entrepreneurship based on the fundamentals of a knowledge economy and cooperation. It is expected that implementation of the programme will increase the level of entrepreneurship in Lithuania by at least 15% by 2020. Planned measures include:

- implementation of family business promotion measures;
- assessment of the impact of new legal acts on SMEs;
- facilitation of free accounting by electronic means for legal business forms applying a simplified accounting procedure;
- development of a favourable and stable business taxation base;
- ensuring adequate financing and different forms thereof responding to the needs of business entities.

Strategy of the Development and Improvement of the Lithuanian Public Procurement System for 2010-2013

aimed at developing a system of public procurement in Lithuania so that contracting authorities can acquire, at the lowest possible cost, the goods, services or works best satisfying their needs, guaranteeing the promotion of the development of a competitive and innovation-based economy and the creation of a favourable environment for constructive cooperation between public procurement participants. Planned measures include:

- reduction in administrative burden in the sphere of public procurement;
- encouraging SME participation in public procurement;
- intensifying the development of e-procurement;
- reduction of corruption in public procurement;
- upgrading the qualifications of participants in public procurement.

The development of energy, transport, environmental and IRT infrastructure and its integration into the EU systems are important preconditions for Lithuania's future economic development.

A significant obstacle depressing economic growth and competitiveness in Lithuania is the lack of gas and electricity connections with the EU. In terms of the energy sector integration, Lithuania does not yet belong to the European Union and is not on the EU map, being therefore referred to as having the status of an "electricity and gas island". Due to its scale, insufficient energy infrastructure cannot be tackled effectively by national measures alone; therefore EU-level political and financial support is crucial. Such assistance would stimulate rapid infrastructure development, determine timely project implementation, and could encourage investments from the private sector.

To ensure favourable conditions for economic growth, there is a need to develop the currently underdeveloped and insufficiently modernised Lithuanian transport infrastructure. Otherwise, inadequate technical parameters and service quality may impede full use of Lithuania's potential for providing transit services in the future. The areas requiring improvement include not only the isolated railway sector that is technically and technologically behind other European countries due to its different track gauge, but also the road network and public transport. Getting rid of those barriers will ensure adequate internal mobility and communication resulting in more effective business relationships, facilitating dynamic economic development.

The success and efficiency of economic activities is also closely related to adequate and efficient environmental infrastructure. Water supply and sewage treatment, waste management infrastructure development are lagging behind the pace of economic development and the growing demand for public water supply and wastewater treatment services. Coping with these issues will improve the conditions for activities of both citizens and businesses.

In developing infrastructure, Lithuania will follow these priority action directions:

- ✓ integrate into the European electricity networks and system;
- ✓ create a functioning gas market;
- ✓ improve the development of the transport infrastructure, its technical parameters and the quality of services;
- ✓ develop an adequate and effective environmental infrastructure;
- ✓ develop information and communication technologies.

Key measures in implementing the priority action directions:

National Energy (Energy Independence) Strategy (Draft) aimed at securing Lithuania's energy independence, providing a basis for competitive and sustainable energy sector that would fulfil long-term consumer interests by 2020. Planned measures include:

- **full integration into the European energy system** through the completion of the Lithuania-Poland (LitPol) and the Lithuania-Sweden (Nord-Balt) power links to create a synchronous connection of Lithuania to the European Continental Network along with Latvia and Estonia, and through integration into European electricity markets;
- **ensuring sufficient local electricity generation capacities** to cover domestic demand (by 2020) through a new nuclear power plant construction in Visaginas, and through generating a higher share of electricity from renewable energy sources;

- **implementation of the 3rd EU energy package** to unbundle energy transmission activities from its generation and supply;
- **energy market liberalisation;**
- **development of the natural gas sector:** to this end, Lithuania will construct a liquid gas terminal in Klaipėda; make every effort to build an underground gas storage facility and a gas pipeline linking the country to Poland and the rest of the EU. Lithuania will also promote competition in the gas market by separating gas supply and transmission functions.

Long-term (until 2025) Development Strategy of the Lithuanian Transport System,

aimed at guaranteeing continuous public mobility and freight carriage to maintain dynamic development of the national economy and increase the competitive capacity of Lithuania and the enlarged EU in international markets; creating, by 2025, a modern and sustainable multimodal transport system, which by its technical parameters, safety and service quality will measure up to the level of the older EU Member States. The plan of measures of this programming document includes:

- implementation of the project “Rail Baltica” to eliminate the isolation of Lithuanian and Baltic connections from the rest of Europe and to enter the European railway transport market;
- upgrading the East-West corridor transport infrastructure, increasing the freight volume transited by national road and railway systems, shortening the travel time;
- modernisation of the infrastructure of the Seaport in Klaipėda;
- construction of an outer deep-sea port;
- upgrading and developing airport infrastructure to extend the geography of flights and attract new airlines.

Strategy of Development on the Supply of Drinking Water and Wastewater Management for 2008–2015; the **National Strategic Waste Management Plan** and the **National Sustainable Development Strategy** are aimed at achieving economic and social development and efficient resource use indicators equalling the average of the older EU Member States by 2020, and ensuring that environmental pollution indicators are within the limits established by the EU. The plans of measures of these programming documents provide for:

- renovation and extension of water supply and wastewater management systems;
- implementation of waste management projects.

Programme for Information Society Development in Lithuania for 2011-2019 aimed at defining information society development priorities, goals and tasks to ensure optimal use of social and economic opportunities offered by ICT and in particular of the internet. Planned measures include:

- promoting and providing conditions for Lithuanian residents to acquire knowledge and skills in the use of ICT;
- encouraging residents to use public and administrative e-services, guaranteeing data transmission quality and ensuring the functioning of search systems infrastructure;
- promoting the development of e-business;
- guaranteeing geographically even development of broadband e-communication network infrastructure across the country and promoting the use of e-communication services;
- ensuring the security and reliability of the electronic environment, increasing household and business confidence in the e-environment.

2.5. Preventing Structural Unemployment and Ensuring Better Matching in the Labour Market

In order to ensure favourable conditions for economic growth, it is necessary to increase workforce participation in the labour market. Unfavourable demographic tendencies and large migration are reducing the share of working age population and is one of the factors determining lower GDP growth rates projected for 2013–2014 and limiting the possibilities to cover social protection costs of an ageing population. As the ongoing decrease in the working age population will restrict economy's potential and might pose threat to competitiveness and economic growth, for the near future it is necessary to retain older workers working and ensure rapid integration of young graduates into the labour market.

One of the key bottlenecks to higher labour market participation of the youth and older people is the mismatch between people's qualifications and the market needs. The situation developing in the labour market at present is unusual: although unemployment is diminishing slowly, in spite of high unemployment filling certain vacancies is difficult as the number of skilled workers is not sufficient to fill the vacancies. Young people are prevented from getting employed due to their insufficient skills acquired in educational establishments and lacking work experience. Labour market integration of older people and pre-pensioners is impeded by their low vocational mobility and insufficient adaptability to changes due to limited opportunities for lifelong learning.

Because of the high unemployment level and limited opportunities to get a job, the number of long-term unemployed who lose their professional skills, activity and motivation to participate in the labour market keeps growing. Undeclared work is becoming popular among the long-term unemployed. Given the high unemployment level and the gap between qualifications acquired and labour market needs, there is a risk that high unemployment will grow into structural unemployment and the labour market will be imbalanced in the long-term.

To prevent structural unemployment and ensure better matching in the labour market, Lithuania will follow these priority action directions:

- ✓ increase labour participation;
- ✓ make work more attractive;
- ✓ get the unemployed back to work;
- ✓ balance security and flexibility.

Key measures in implementing the priority action directions:

To increase labour participation:

- ensure that starting from 2012, the retirement age is extended to 65 years in 2026 by adding 4 months annually to the retirement age for women and 2 months – for men;
- encourage pensioners to stay in the labour market longer by reforming the systems of early retirement and by introducing a system of income support which would guarantee a larger retirement pension for pensioners with longer service record;
- open the labour market to the youth through high quality practical training and internships, create possibilities for apprenticeships during their studies;
- provide incentives for employers to employ young people for the development of their practical skills, offering social insurance tax allowances and subsidies.

To make work more attractive:

- analyse the possibility of reducing the tax burden in the labour market in order to stimulate demand for labour and create jobs;
- revise regulations on the establishment of the minimum monthly wage (MMW) through linking MMW changes to changes in GDP per capita in order to achieve a balance between real wage and labour productivity growth in all occupations and spheres of economic activity in the medium-term;
- unify and legalise, by introducing legislation, equal remuneration conditions for employees engaged in jobs of equivalent qualifications and complexity in institutions financed by state and municipal budgets;
- with a view to avoiding dependence on social benefits, prepare draft amendments to legal acts concerning the retention of incentives for work in the welfare system and increasing the uniformity of support;
- give consideration for the reconciliation of family, education and work responsibilities by introducing additional incentives in the Labour Code for shift workers with young children;
- in order to reduce undeclared work, draft the Law on Prohibiting Illegal Employment and amendments to the Code of Administrative Transgressions of Law and Penal Code providing strict sanctions for illegal employment for employers and employees.

To get the unemployed back to work:

- draft amendments to legal acts that regulate social insurance: establish a direct link between unemployment social insurance benefits and the participation in training and finding a job by the unemployed, adjusting the unemployment insurance benefits with business cycle;
- promote self-employment of the jobless by providing temporary support through compensating part of the expenses related to business certificate acquisition and starting up a business, also paying a subsidy if a jobless individual who gets self-employed creates a job place for another unemployed person;
- reorganise vocational training for the jobless on the basis of the trilateral agreement, providing the educational institution with a document guaranteeing payment (voucher), enabling the jobseeker to choose the form, place and time of training;
- prepare implementation measures for mapping the need for specialists and competences and draft respective legal acts.

To balance security and flexibility:

- develop social dialogue to arrive at a *flexicurity* approach acceptable to the state, employers and employees, guaranteeing balanced flexibility and security of work;
- prepare drafts of the legal acts regulating employment relations to facilitate flexible work patterns and working time;
- with a view to avoiding labour market segmentation and facilitating labour mobility, draft respective legal acts regarding fixed-term, temporary employment contracts, part-time and other flexible work organisation provisions after assessing their application in practice;
- in the Labour Code, regulate equal treatment of part-time and full-time employees employed for the same or equivalent jobs;
- adopt and implement the law regulating the activities of temporary employment agencies enabling employment through such agencies, facilitating the creation of new jobs by temporary employment agencies under more favourable conditions and ensuring the employees of such agencies access to relevant guarantees.

3. Thematic Coordination: Smart Growth

3.1. Increasing Investment in R&D

The results of innovative activity in Lithuania have to achieve the general targets declared at the European level and ensure Lithuania a strong competitive position in global markets. In the forthcoming decade, Lithuania has to create an economy based on innovations, new technologies and qualified human resources.¹¹ In 2010, the Summary Innovation Index (SII) of Lithuania was 0.227, while the EU-27 average equalled 0.516¹². Taking into account the recent trends in the Lithuanian SII and the economic, social and political situation, it is expected that Lithuanian SII will be 0.325 in 2015, reaching the EU-27 average observed in 2008 by 2020.

One of the main factors determining the relatively low national SII is the insufficient level of research and development expenditure (R&D). In 2009, 765 million LTL were allocated for R&D activities (0.84% of GDP). The largest share of investment in R&D comprised funds of the general government (53.9%), business entities (21.0%), foreign funds (13.1%), higher education and non-profit institutions (11.9%). While R&D expenditure in the general government and higher education sectors corresponds to the EU average, it remains low in the business sector.

It has been projected that Lithuanian R&D expenditure should reach **1.9%** of GDP in 2020. As significant EU assistance is already scheduled for 2011-2012, R&D expenses will apparently increase. Since EU assistance is projected to diminish afterwards, additional investments by the state and the private sector will grow in importance. When setting the rate of targeted R&D expenditure, it was assumed that by increasing its investment to about 1% of GDP, the state can attract investments from other economic agents and foreign investors that could provide funding amounting to around 0.9% of GDP. Important factors expected to contribute significantly to raising the R&D expenditure are corporate income tax allowances for enterprises that invest in R&D¹³ and technology renewal¹⁴. Reforms in the Education system and Studies should also contribute to attracting foreign investment. Moreover, it is crucial to project the R&D expenditure during the 2014-2020 EU assistance period; otherwise the risk that the national objective will be not achieved could increase significantly.

To achieve its national target in increasing R&D expenditure, Lithuania will follow these priority action directions:

- ✓ accelerate Lithuania's integration into the global market ("Lithuania without borders");
- ✓ educate a creative and innovative society;
- ✓ develop broad-based innovation;
- ✓ implement a systematic approach to innovation;
- ✓ enhance the public sector's R&D potential and its integration with the European and international research area;
- ✓ develop an intellectual property protection system guaranteeing fair remuneration and free access to information.

¹¹ Lithuanian Innovation Strategy for 2010–2020: http://www.ukmin.lt/lt/veikla/veiklos_sritys/ino/LIS_ENG.doc

¹² *European Innovation Scoreboard*

¹³ Corporate income tax relief for companies investing in technological renewal R&D: company costs incurred from investing in R&D are deducted from the taxable profit base for 3 times; the acquisition price of fixed assets used in R&D activities may be written off as costs over 2 years.

¹⁴ Income tax relief for companies investing in technological renewal: the tax base is reduced by up to 50% of the value of costs incurred when investing in machinery, communication devices, computer hardware and equipment.

Key measures in implementing the priority action directions:

Lithuanian Innovation Strategy for 2010–2020 aimed at developing a creative society, facilitating the promotion of entrepreneurship and innovations so that the Lithuanian Summary innovation index would reach the European average in 2020. Measures provided in addition to those listed in part 2.2 *Fostering competitiveness*:

- implementation of the innovation voucher scheme to promote innovations in businesses;
- implementation of joint research programmes of Biomedicine and Biotechnology, Material Science, Physical and Chemical Technology, Engineering and Information Technology, Natural Resources and Agriculture;
- implementation of consolidation and internal optimisation in academic and research institutions, enhancing their R&D potential;
- development and implementation of the National Integrated Programmes and National Science Programmes;
- developing student practical training and entrepreneurial skills and providing conditions for students and teachers to travel for internships in foreign companies;
- developing and implementing a scheme of subsidy provision for scientists by tender, using tender programmes to implement other funding schemes;
- providing funding for the implementation of business-initiated R&D projects;
- implementing various types of study programmes and cross-border studies so that by 2020 a minimum 20% of Lithuanian students would do some of their studies abroad.

Programme for the Implementation of Provisions of the National Education Strategy 2003-2012 aimed at ensuring education quality in line with the needs of an individual living in an open civil society under market economy conditions, and the universal needs of the modern world society. Planned measures include:

- measures pertinent to the development of analytical and problem-solving, idea-generation and practical skills, creative thinking of students to achieve a higher level of general literacy;
- School Improvement Programme Plus (SIP+) projects and their continuity to develop students' general competences, creativity and practical skills, also activating the cooperation between researchers and schools to provide assistance to secondary schools in the areas of natural, exact, humanitarian and social sciences and technologies.

Programme for Raising Public Awareness on Intellectual Property Rights aimed at improving public knowledge in the field of intellectual property rights with an emphasis on the aspects of regulation, implementation and protection of copyright and related rights that are relevant in the context of an information society. Planned measures include:

- informing creative production users and the general public about the damage of pirating;
- informing the holders and users of copyright and related rights and the general public about the need to reconcile their interests in the information society and promote discussions on this subject;
- drawing the attention of the younger generation (pupils and students) to the relevance of intellectual property, engaging in discussions about problems in this area;
- upgrading the qualifications of culture institutions employees in the area of intellectual property right protection.

3.2. Reducing the Number of Early School Leavers

Reducing the number of early school leavers is one of the most important national objectives. The EU-level aim for 2020 is to reduce the share of 18-24 year old early school leavers to no more than 10%. In Lithuania, the share of individuals leaving the education system early was 7.4% in 2008, 8.7% in 2009 and 8.1% in 2010; however large gaps remain between urban and rural areas (3.7% and 15.7%, respectively), boys and girls (9.9% and 6.2%, respectively). The main causes of such regional differences are considered to be an inadequate school network, underdeveloped infrastructure of education support and insufficient qualifications and competences of teachers.

Lithuania's aim for the next decade is to keep the share of early school leavers at **below 9%**, which is also enshrined in the National Education Strategy approved in 2003, and to reduce the differences observed between urban and rural areas and between boys and girls.

To achieve its national target of reducing the number of early school leavers, Lithuania will follow these priority action directions:

- ✓ develop infrastructure and scope of services in pre-school education;
- ✓ reduce pre-school and general education quality differences between regions (urban and rural areas), boys and girls and people with different training needs;
- ✓ upgrade the training and education support infrastructure for socially vulnerable groups, the disabled and individuals with special training needs and develop the range of services offered to them;
- ✓ increase the flexibility of educational/teaching programmes and provide other alternatives for acquiring basic and (or) secondary education;
- ✓ improve practical vocational training infrastructure in vocational training institutions;
- ✓ develop student skills in their career management;
- ✓ encourage young people to continue studying in vocational training institutions and to obtain professional qualifications demanded in the job market.

Key measures in implementing the priority action directions:

Pre-primary and Pre-school Education Development Programme for 2011-2013 aimed at improving access to pre-primary and pre-school education and raising its quality. It is planned to implement measures to upgrade the infrastructure of pre-primary and pre-school education and to increase the choice of available services, educational curriculum and organisation.

National Programme for the Implementation of Provisions of the Education Strategy for 2003-2012 aimed at developing a continuing, socially fair, accessible education system which guarantees lifelong learning. Planned measures include:

- development of a national programme to reduce differences between the quality of pre-school and general education in regions (urban and rural areas), boys and girls, people with different education needs and implement its measures: raising teacher competences, creating a learning-friendly environment, improving the system to evaluate student progress and achievements, facilitating further personalisation of learning;
- development of a national programme to upgrade training and education support infrastructure for socially vulnerable groups, disabled individuals and people with special education needs, diversifying services offered to them and implementing

programme measures aimed at improving the infrastructure and diversification of the services; raising the competences of teachers and education support; adapting the educational curriculum for people with different education needs and ensuring the continuity of implementation of these measures in 2013-2020;

- implementation of measures aimed at promoting personalisation, differentiation, evaluation of the educational curriculum and innovations.

The targets will also be implemented through¹⁵:

- **National Programme for Vocational Guidance in Education System;**
- **Practical Vocational Training Resource Development Programme.**

3.3. Retaining the Share of Individuals with Higher or Equivalent Education

The National Education Strategy approved in 2003 aims at raising the number of people with higher education, as in 2003 the share of 30-34 year-old people with a tertiary or equivalent degree amounted to only 25.2%. Recently, the increased choice of college and university courses and changes in labour market requirements have led to an increase in the number of young people choosing tertiary studies after completing secondary education.

In Lithuania, the share of the population aged 30-34 having completed university education is increasing every year: in 2009 it amounted to 40.6%. However, if young people prefer vocational education or enter the labour market immediately after secondary school, it might be difficult to retain the indicator at above 40% by 2020. Therefore, the target share of the younger population with a tertiary or equivalent degree will not be raised significantly – Lithuania aims to achieve that by 2020 it constitutes **at least 40%**. With higher education becoming more wide-spread, there is a need to focus on ensuring the quality of courses while maintaining a high level of education among the population. Therefore, consideration and investments in reforming the study system will be directed towards improving the quality of studies.

To retain the share of young individuals with higher or equivalent education, Lithuania will follow these priority action directions:

- ✓ increase the efficiency of the higher education system;
- ✓ continue the reform of the study process to improve study quality and ensure better matching with the market, society's and individual needs;
- ✓ seek maximum internationalisation of university education;
- ✓ promote adult studies and continuous learning in universities, while also integrating disadvantaged social groups.

Key measures in implementing the priority action directions:

National Studies Programme aimed at achieving a competitive Lithuanian university education system capable of providing quality courses and education, ensuring the contribution of human resources to the development of education and the study process. Planned measures include:

- implementing projects to diversify study programmes and develop flexible study methods and a modular structure;
- improving the system of financial support for students and student loans;
- managing the network and infrastructure of tertiary education establishments.

¹⁵ Detailed measures of these programmes are presented in chapter 5.1. *Increasing Employment Rate*

Programme for Promoting the Internationalisation of University Education aimed at making Lithuania a centre for international studies. Planned measures include:

- developing and implementing joint study programmes with foreign universities and adapting such programmes for foreigners;
- promoting and supporting the international mobility of students and lecturers;
- increasing the international attractiveness of university education.

Strategy for Securing Lifelong Learning aimed at identifying lifelong learning development directions and their implementation measures. Planned measures include:

- introducing and implementing a system for recognition of skills acquired through non-formal and self-education by higher educational establishments;
- increasing access to studies for continuing non-formal adult education (advanced training and retraining).

The existing legal framework is going to be improved in order to encourage individuals to continue their studies in universities after having acquired a professional qualification in vocational training institutions.

4. Thematic Coordination: Sustainable Growth

4.1. Increasing the Use of Renewable Energy Sources

Development of renewable energy sources (RES) is an important alternative to traditional energy, which is helpful not only in addressing climate change issues, but also in increasing Lithuania's energy independence. Currently, the production of power using RES accounts for approximately 16% of the final energy consumption in Lithuania (2010). Since energy produced from RES is generally more expensive than that extracted from fossil fuels, developments in the use of RES is supported by the state. At present, the following support measures are being used: access to a grid discount, priority for RES in cases of limited transmission capacity, tax exemptions for biofuels, feed-in tariffs for electricity and heat purchases, concessions for balancing electricity.

Lithuania has set its national target for increasing the share of RES in its final energy consumption to **23%** by 2020. One component of this indicator is a commitment that energy generated from RES used by all forms of transport would amount to 10% of the final energy consumed in the transport sector. The Lithuanian National Renewable Energy Development Strategy does also outline a commitment to increase the share of electricity produced from RES to 21% in 2020, reaching 36% in the heating and cooling sectors, and contributing at least 50% in centralised heating provision.¹⁶

To increase the use of RES, Lithuania will follow these priority action directions:

- ✓ improve conditions for RES development in the areas of administrative regulation and infrastructure accessibility;
- ✓ get local authorities involved in implementing RES development policy;
- ✓ support research and promote cooperation between science and business in the field of RES.

Key measures in implementing the priority action directions:

National Strategy for the Development of Renewable Energy Sources the aim of which is to increase the share of RES in energy balance, electricity, heat production and transport sectors in order to satisfy energy demand with domestic resources and to eliminate the use of imported fossil fuel leading to increased safety of energy supply and energy independence as well as to contribute to international efforts in reducing greenhouse gas emissions. **The Action Plan for 2011-2020** provides for the following measures:

- establishing a general system of incentives for the use of RES;
- obligating municipalities to promote the use of RES through municipal development plans for 2011-2020;
- financing pilot projects in the RES area;
- improving public awareness and education on RES matters;
- implementing the national research programme "Future energy", other scientific research programmes in the RES area aimed at guaranteeing energy security.

4.2. Improving Energy Efficiency

Energy consumption accruing to one unit of Lithuanian GDP is 2.5 times higher than the EU average. However, it can be significantly reduced through improvements in energy use

¹⁶ The national overall target and sectoral targets and the trajectories indicated in the National Renewable Energy Action Plan, p. 10. http://ec.europa.eu/energy/renewables/transparency_platform/action_plan_en.htm

efficiency. It is estimated that by applying saving measures, final energy consumed in 2020 can be **17% lower** than it was in 2009. By successfully realising this potential, annual savings of 740 kilotons of oil equivalent (ktoe) could be achieved by 2020. Households and the transport sector have the largest propensity to save energy: total savings could amount to 65% (the potential in household and transport sectors equals 290 ktoe and 300 ktoe, respectively).

According to the 2007 data, total energy consumed per capita in Lithuania is 26% lower than the EU-27 average, while electricity consumption per capita is 2.2 times lower than the EU average. Given the projected future Lithuanian electricity consumption growth, there is a possibility that the effects of energy saving measures will be outweighed by the rise in electricity consumption. According to the macroeconomic development scenario, gradual economic recovery might increase energy consumption. Therefore, energy-saving measures that have the potential to undermine economic development should be avoided. Taking into account the overall energy saving potential in Lithuania, the key strategic goal in the field of energy efficiency is to consume 1.5% less energy each year by 2020.

To achieve its national target of increasing energy efficiency, Lithuania will follow these priority action directions:

- ✓ pursue energy policy in line with sustainable development goals;
- ✓ improve energy consumption efficiency in the housing, energy, service, industry and transport sectors;
- ✓ enhance the implementation of energy efficiency measures at the regional level;
- ✓ educate society on the issues of energy consumption efficiency.

Key measures in implementing the priority action directions:

Energy Efficiency Action Plan aimed at:

- renovating houses, modernising the public transport and improving road infrastructure;
- making public the cases of best practice in improving municipal energy consumption efficiency, while planning measures and actions to improve energy consumption efficiency at the municipal level;
- improving public awareness and education on ways to improve energy efficiency and increasing motivation to apply them.

Programme for the Modernisation of Multi-apartment Houses aimed at encouraging the owners of flats in multi-apartment houses to renovate (modernise) multi-apartment houses seeking to improve the quality of life, achieve reasonable use of energy sources and reduce budget expenditures associated with compensations of residential heating costs. Measures envisaged for achieving this target include:

- reducing thermal energy consumption in renovated multi-apartment houses by guaranteeing soft credits for renovation projects of multi-apartment houses constructed according to construction permits issued before 1993 and providing state support to owners of flats and other premises in such houses, creating a renovation (modernisation) monitoring system covering the control of both construction operations and technical maintenance;
- improving public awareness, education and training on the matters of renovating multi-apartment houses and increasing energy efficiency;
- providing state aid to energy efficiency projects of dwellings and public buildings.

National projects “**Renovation of Public Buildings at the National Level**” and “**Renovation of Public Buildings at the Regional Level**” aimed at reducing energy consumption in public buildings. The measures include repair works and (or) reconstruction of exterior walls of public buildings, modernisation and (or) reconstruction of energy systems of buildings to improve their energy characteristics.

4.3. Limiting Greenhouse Gas Emissions

In relation to its commitments agreed at the EU level, Lithuania is permitted to increase its greenhouse gas (GHG) emissions by **no more than 15%** until 2020, compared to the 2005 level, in the sectors that are not covered by the European Union Emission Trading Scheme (ETS). In 2005, all sectors in Lithuania emitted 22.6 million tonnes of GHG: 6.6 million tonnes of GHG were emitted from installations participating in the EU ETS, and 16 million tonnes of GHG were emitted in sectors not covered by the EU ETS. In 2009, 15.8 million tonnes of GHG were emitted in sectors not covered by the EU ETS (the permissible amount until 2020 is 18.7 million tonnes of GHG).

Different scenarios show that the potential to reduce GHG emissions in Lithuania is highly dependent on the course of energy sector development and the measures implemented to reduce climate change in the other sectors.

In order to achieve its national target of limiting greenhouse gas emissions, Lithuania will follow these priority action directions:

- ✓ reduce the negative impact of the energy, industrial, transport, agricultural, forestry and household sectors on climate change;
- ✓ increase the production and consumption of renewable energy sources;
- ✓ increase energy efficiency in the housing sector;
- ✓ increase the use of waste energy resources;
- ✓ develop scientific research and raise public awareness on climate change.

Key measures in implementing the priority action directions:

National Strategy for the Implementation of the United Nations Framework Convention on Climate Change until 2012 aimed at ensuring that between 2008 and 2012 GHG emissions are reduced by 8%, and by 2020 they are at least 20% below the 1990 level. With a view to achieving this goal, the Plan of Measures of the Strategy (2008–2012) provides for the following:

- encouraging cleaner production methods and environmentally friendly technologies in the industrial and other sectors;
- developing and implementing flexible market-based mechanisms (joint implementation projects, CDM projects, the green investment scheme, the EU ETS and other new market mechanisms);
- enhancing the recycling of secondary raw materials (also provided for in the National Strategic waste Management Plan which aims at closing down all waste dumps that do not conform to environmental protection and public health requirements by end-2011, creating the capacities required for managing domestic sewage sludge and recycling or otherwise using at least 50% of domestic waste by 2013, promoting waste recycling through creating markets for products manufactured from recyclable waste);
- carrying out afforestation and reforestation (this measure is also provided for in the Lithuanian Forest Policy and its Implementation Strategy as well as in the Lithuanian

Programme on Increase of Forest Coverage Afforestation);

- promoting the generation and use of renewable energy sources;
- promoting the consumption of biogas and other forms of energy produced from waste;
- promoting scientific research;
- implementing the National Research Programme “Ecosystems of Lithuania: Climate Change and Human Impact”, other scientific research programmes in the field of climate change, informing and educating the public.

5. Thematic Coordination: Inclusive Growth

5.1. Increasing Employment Rate

In implementing the inclusive growth priority of the Europe 2020 strategy, Lithuania will seek to achieve that each resident willing and able to work has the opportunity to use his labour potential to full and secure an adequate subsistence level through work at any stage of life. By end-2020, Lithuania will seek to achieve employment level of **72.8%** among the population aged 20-64. This employment target has been set with consideration to developments in unemployment and employment levels during 2000-2009 and forecasts until 2014. The threats arising from demographic tendencies and work force migration, and employment opportunities associated with economic growth have been also accounted for.

The targeted employment level will be reached through increased employment of women, men, the youth, elderly people, and by facilitating labour market integration for the long-term unemployed, disabled, people with young children or taking care of sick family members and other individuals. Employment level targets for 2015 and 2020 established for these groups are presented below (Table 1).

Table 1

Targets	2015	2020
General employment level (20-64)	69,0	72,8
Female employment level (20-64)	68,5	69,5
Male employment level (20-64)	71,2	76,5
Seniors' employment level (55-64)	52,5	53,4

To ensure that economic recovery results in accelerated job creation, bottlenecks in the business environment will be eliminated¹⁷ while increasing internal and external labour market flexibility. Incentives to create new high quality jobs will be raised by reducing the tax burden for employers, relating wage changes with productivity growth, applying targeted subsidies for the creation of new jobs in high-level unemployment territories and developing social responsibility of enterprises. Through social dialogue, labour relations will be modernised to make conditions in employment contracts, regulation of working time and options of work organisation more flexible.

Qualitative changes in the education, vocational training and skills upgrading systems will be of particular importance in supplying the labour market with people that possess the qualifications demanded, resulting in higher employment in the long-term. Establishment of a national qualification system and ensuring fully-fledged lifelong learning opportunities through state, private and business investments will contribute to the professional mobility of the work force. Retraining of the unemployed will make it possible to attract, and retain in the labour market, more labour resources. Long-term forecasting of qualification demand will reduce the mismatch between labour supply and demand and will increase the level of employment.

In the longer term, improvements in the employment situation and sustainable high employment will depend on the success of integration of inactive residents into the labour market and retaining them in the labour market. To develop an inclusive labour market, it is

¹⁷ See chapter 2.4. *Ensuring Structural Conditions for Economic Growth: Improving the Business Environment and Developing the Infrastructure.*

necessary to remove existing obstacles to participate in the labour market, increase employment incentives for the unemployed, reduce dependence on social benefits, and prevent illegal employment. The success in achieving these goals will depend on the effectiveness of territorial labour exchange in focusing on individual assistance to persons who need such assistance, as well as the accessibility, quality and effectiveness of the services provided, and cooperation with private employment agencies. Active labour market policy measures will be aimed at addressing the issues of training, development of skills and employment of specific target groups – youth, long-term unemployed, elderly people.

During the economic downturn, the disabled and people with children or carers have limited possibilities to integrate into the labour market. It is important to develop a network of health care and social services which are diverse, of high quality and accessible.¹⁸ There is a need to strengthen the importance of public health in municipal policy as well as structural links between all parts of the health system, especially in public health and primary health care so as to reconcile family and work responsibilities. This will facilitate labour market integration of the social groups in which one family member often has to sacrifice his professional career if the family has a disabled child, a patient who needs nursing or an old family member who needs care.

To achieve higher employment level, Lithuania will follow these priority action directions:

- ✓ promote job creation and demand for labour;
- ✓ supply the labour market with highly skilled and educated workforce;
- ✓ form a more inclusive labour market;
- ✓ enhance possibilities for reconciliation of work and private/family life.

Key measures in implementing the priority action directions:

Operational Programme for the Development of Human Resources, Priority I “Quality Employment and Social Inclusion”. Planned measures include:

- **promoting jobs creation and work force demand** by implementing measures for encouraging entrepreneurship, retraining rural work force from agricultural to other activities, organising temporary works in enterprises suffering economic difficulties, supporting employment of the disabled in social enterprises, implementing social responsibility programmes in enterprises and promoting social dialogue;
- **providing the work force with qualifications required for jobs** by training labour resources in enterprises (measures “Development of Human Resources in Enterprises” and “Development of Human Resources INVEST+”), developing employee skills in the public sector, raising qualifications of health specialists, and developing computer literacy skills of residents;
- **forming an inclusive labour market** by organising vocational training and supporting working skills for the unemployed (project “Be Active in the Labour Market” aimed at increasing youth employment), carrying out public works (project “Don’t Lose Your Work Skills”), implementing projects for employment of the jobless through subsidies and work rotation, projects facilitating the reconciliation of work and family life, carrying out professional rehabilitation of the disabled, preparing and implementing new labour market integration projects for jobseekers.

Strategy of Securing Lifelong Learning, aimed at defining lifelong learning development trends and their implementation measures. Planned measures include:

¹⁸More details are provided in chapter 5.2 *Reducing Social Exclusion*

- introducing and implementing a system for the recognition of competences acquired through non-formal and informal education by universities;
- increasing accessibility to courses for continuing non-formal education of adults (advanced training and retraining);
- strengthening the education of andragogues in universities and colleges, legalising the qualification of an andragogue (educator of adults).

National Programme for Vocational Guidance in Education System and other continuing projects aimed at creating conditions for the further development of vocational guidance system. Planned measures include:

- implementing projects for the creation and development of a model for pupil’s career education and monitoring of guidance services in general education and vocational training as well as infrastructure projects;
- implementing projects for the development of the model for student’s career education and monitoring of guidance services and graduate students careers in higher education;
- implementing project for further development of the Open Information, Counselling and Guidance System (AIKOS).

Practical VET Resources Development Programme, aimed at increasing the flexibility of vocational training, conformity of vocational training to labour market needs **and other continuing projects**. Plans include the implementation of projects for the development of qualifications and creation of a modular vocational training system, upgrading the technological competences of teachers and lecturers, as well as projects for establishment of the infrastructure for practical training centres.

Lithuanian National Public Health Strategy for 2006–2013, aimed at improving the prevention of diseases, developing opportunities for a quick response to health threats, reforming the system of health care and bringing it closer to the society. Plans include forming a positive societal attitude towards a healthy lifestyle, involving all sectors in health promotion activity, extending the scope of good quality and accessible public health care services to all groups of individuals; implementing national research programmes “Chronic Non-infectious Diseases”, “Healthy and Safe Food”, other scientific research programmes in the sphere of medicine and healthy lifestyle.

The targets will also be implemented through:

- **Pre-primary and Pre-school Education Development Programme for 2011-2013¹⁹**;
- **National Programme for the Implementation of Provisions of the Education Strategy for 2003-2012**;
- **Regional Culture Development Programme for 2011-2020**;
- **Operational Programme for Economic Growth, Priority 3 “An Information Society for all.”** Plans include implementation of the project “Transfer of public employment services to electronic environment – e-DBIRŽA” (e-Labour exchange).

¹⁹ The programmes are described in detail in chapter 3.2. *Reducing the Number of Early School Leavers*

5.2. Reducing Social Exclusion

Rapid economic growth has led to increased differentiation in population incomes, as income growth for the most socially vulnerable population groups has been slower relative to the other population groups. In 2009, 20.6% of the Lithuanian population lived below the at-risk-of-poverty threshold. In urban areas, the at-risk-of-poverty rate was 14.7%, and in rural areas it constituted 32.7%. The most vulnerable groups are the unemployed, of whom every second person is at-risk-of-poverty (54.3%), single persons, whose at-risk-of-poverty rate was 46.9%, single adults with children, whose at-risk-of-poverty rate was 46.4%, families with three and more children whose at-risk-of-poverty rate was 32.9%, and old-age pensioners, of whom 27.6% were at-risk-of-poverty. The income of people living at risk of poverty was one fourth (23.1%) below the at-risk-of-poverty threshold.

Lithuania commits to reduce the number of individuals living at risk of poverty or social exclusion from the current 984,000 to 814,000 by 2020, which constitutes **170,000** people. This figure includes the population experiencing severe material deprivation and (or) the population whose equivalised disposable income is below 60% of the median equivalised disposable income and (or) people living in jobless households (households with persons who are unemployed or have very low work intensity). The main preconditions for reducing poverty and social exclusion are successful policies of social exclusion prevention and employment promotion as well as health care policies that enforce fair relationships of social security and health care.

To achieve its national target of reducing social exclusion, Lithuania will follow these priority action directions:

- ✓ enhance opportunities for the socially disadvantaged groups to participate in the labour market;
- ✓ improve the system of education, assistance and services satisfying individual, society's and market needs for the prevention of socially disadvantaged groups;
- ✓ implement the provisions of the United Nations Convention on the Rights of Persons with Disabilities, carry out special measures facilitating the improvement of conditions for people with disabilities in the field of access to social security and health care, employment, education, environment, etc.;
- ✓ improve access to and development of high-quality social services through wider NGO involvement, ensuring the transfer of social integration innovations created by such organisations to the practice by the state;
- ✓ develop a financially stable system of social security benefits guaranteeing adequate income, and implement pension system reform ensuring its sustainability, transparency and adequacy;²⁰
- ✓ improving access to housing for socially disadvantaged groups.

Key measures in implementing the priority action directions:

Programme of Modernisation of the Infrastructure of Stationary Institutions of Social Services aimed at guaranteeing high quality services for the elderly people, people with disabilities and children deprived of parental care. Measures for 2011-2015 include:

- modernisation of the existing stationary institutions of social services;
- starting the reorganisation of social care establishments for people with disabilities, setting up small modern homes for such people to live in groups;

²⁰ Measures in implementing this priority action direction are presented in chapter 2.1 *Ensuring the Sustainability of the Public Finance*.

- promoting the establishment of small stationary social care establishments for elderly people and innovative accommodation- related institutions of social services.

National Programme of Equal Opportunities for Women and Men for 2010-2014 aimed at:

- improving labour market reintegration opportunities for women and men returning to the labour market after childcare leave, elderly as well as rural women, and for their stay in the labour market by implementing measures for the acquisition of working skills, disseminating information about their rights and fulfilment of guarantees, conditions of starting up and developing a business and recruiting employees, organising training that promotes motivation to work;
- promoting equal treatment of women and men in the labour market, equal recognition and assessment reducing thereby sectoral and vocational exclusion in the labour market on the grounds of gender; integrating the matters of ensuring equal labour market opportunities for women and men into social partnership and dialogue; seeking to reduce the gap between the wages paid to women and men.

National Programme for Social Integration of People with Disabilities for 2003–2012 aimed at creating equal opportunities and improved quality of life for people with disabilities. The plan of measures for 2010-2012 provides for:

- developing community services for people with disabilities and improving the quality of their life (analysing the existing system of services and assistance, possibilities to acquire dwellings, providing proposals on their improvement, financing projects of social rehabilitation services to people with disabilities within the community);
- improving legal regulation and financing the adaptation of environment to people with disabilities, providing funding for the adaptation of dwellings and respective surroundings to the needs of the disabled;
- assessing the need for the transportation of pupils with special needs to education and training institutions and ensuring that this need is satisfied;
- increasing the possibilities for the disabled to gain employment and stay in the labour market.

National Youth Policy Development Programme for 2011–2019 aimed at creating a favourable environment (conditions) for fully-fledged life and self-expression of the youth in Lithuania. The Action Plan of the Programme Implementation for 2011-2013 provides for:

- developing non-formal education seeking its integration with formal education;
- educating a conscious, civic, patriotic, mature, cultured and creative personality of youth capable of playing an active part in a diversified society;
- creating conditions for youth and organisations dealing with youth to engage in consistent high-quality activities stimulating more active (self) involvement of youth in organised activities.

Programme for Reducing Social and Economic Differences between Regions for 2011–2013, aimed at facilitating the implementation of purposeful national regional policy in Lithuania. The Programme Implementation Plan for 2011-2013 provides for:

- implementation of local employment initiatives projects, subsidising jobs for unemployed people in problem areas;
- renovating and warming multi-apartment houses in problem areas;
- adapting buildings to subsidised housing needs in problem areas;

- addressing matters of quality, supply and accessibility to educational and social services in rural areas – creating, implementing and developing modern educational and social services infrastructure for individuals of different age groups.

Lithuanian Housing Strategy aimed at establishing long-term housing policy goals and priorities serving as a basis for: the improvement of legal acts regulating the housing sphere and its management and public awareness-raising system; preparation and implementation of the programmes and measures for housing development, renovation and modernisation, financial and social assistance to individuals. By 2020 the strategy envisages:

- increasing the scope for individuals to choose rented dwellings in the private sector;
- drafting and implementing the procedure of compensating the rental charge to low-income individuals.

Plans include Drafting the Amendment of the Law on Monetary Social Support to Low-income Families and Single Persons aimed at improving the system of monetary social support with consideration to economic developments in the country. That would involve attributing the provision of monetary social support to the independent function of municipalities, enforcing a more sound mechanism for the provision of social support and compensation for the heating, drinking and hot water costs of dwellings to low-income individuals and seeking more reasonable use of funds allocated for monetary social support.

The targets will also be implemented by:

- **National Child Welfare Policy Strategy;**
- **Strategy for the Reorganisation of Child Care (Welfare) System for 2007-2012.**

**NATIONAL QUANTITATIVE TARGETS:
PRESENT SITUATION AND PROJECTIONS FOR 2015 AND 2020**

Target	Present situation	Projections for 2015	Projections for 2020
Smart growth			
Research and development expenditure, % of GDP	0.84%**	1.86%	1.9%
Early school leavers with basic education, % population aged 18-24	8.1%***	≤ 9%	≤ 9%
Population having higher or equivalent education, % population aged 30-34	40.6%**	40%	40%
Sustainable growth			
Consumption of renewable energy sources, %	16%***	18.6%	23%
Final energy consumption, % change from 2009 level	0%**	-9%	-17%
Greenhouse gas emissions, % change from 2005 level (million t of CO ₂ equivalent) in sectors not participating in the emissions trading system	-2%** 158m t	+12% 18.1m t	≤+15% 18.7m t
Inclusive growth			
Employment level, % population aged 20-64	67.2%**	69%	72.8%
Persons in poverty risk/severe material deprivation/ living in households of very low work intensity (thousands)	984*	928	814

* 2008

** 2009

*** 2010

**REFERENCES TO STRATEGIC AND OTHER DOCUMENTS OR THEIR MEASURES AND COMMITTED FUNDING
IN ELIMINATING STRUCTURAL OBSTACLES TO GROWTH AND IMPLEMENTING TARGETS OF THE EU 2020 STRATEGY**

REMOVING STRUCTURAL OBSTACLES TO GROWTH	Measure	Period	Responsible authority	EU structural funds assistance from 2010 (LTL m), including co-financing	National Budget Funds net of co- financing and EU SF assistance	
					2010 (LTL m)	2011 (LTL m)
Ensuring the Sustainability of the Public Finance	<u>Health system reform:</u> <u>Health system development outline project for 2011-2015</u>	2011-2015	Ministry of Health	*	*	*
	<u>Programme on stage III of restructuring of health care institutions and services</u>	2009-2011	Ministry of Health	Unscheduled financing	Unscheduled financing	Unscheduled financing
	<u>The Programme on the continuity of health care system and optimisation of health care infrastructure</u>	2007-2013	Ministry of Health	325.62 (276.78 – EU Structural Funds (EU SF), 48.84 – co- financing (CF))	Unscheduled financing	Unscheduled financing
	<u>E-health system Development Programme for 2009-2015</u>	2009-2015	Ministry of Health	98.03 (83.33 - EU SF, 14.7 - CF)	Unscheduled financing	2.1*
	<u>Social insurance reform</u>	-	-	-	-	-
	<u>Reform of state-owned enterprises</u>	2011-2012	Ministry of Economy	Unscheduled financing	Unscheduled financing	Unscheduled financing
Fostering Competitiveness	<u>Lithuanian Innovation Strategy for 2010-2020</u>	2010-2020	Ministry of Economy	519.61 (474.61- EU SF, 45 - CF)	2.46	2.110
			Ministry of	1 398 (1166 – EU SF, 237 - CF)	0.07	Unscheduled

* The funds specified are required under the State Investment Programme for the implementation of e-health measures in 2009–2012, as provided for in the Plan of measures for the implementation of E-health system Development Programme for 2009-2015 (*Valstybės žinios* (Official Gazette) No 74-376 ; No. 158-80, 2010).

			Education and Science			financing
	<u>Export Development Strategy of the Republic of Lithuania of 2009-2013</u>	2009-2013	Ministry of Economy	152.32 – EU SF, CF not committed	48	0.43
	<u>Investment Promotion Programme for 2011-2019</u>	2011-2020	Ministry of Economy	Unscheduled financing	Unscheduled financing	Unscheduled financing
	<u>National Programme on Development of Research, Technologies and Innovation in the Space Sector for 2010-2015</u>	2010-2015	Ministry of Economy	Unscheduled financing	Unscheduled financing	Unscheduled financing
	<u>Strategy for the Promotion and Development of Creative and Cultural Industries</u>	2010-2019	Ministry of Culture	59.33 (other preliminary sources of funding – 11.35)	Unscheduled financing	Unscheduled financing
	<u>Strategy for Securing Lifelong Learning</u>	2008-2012	Ministry of Education and Science	6 (5.1– EU SF, 0.9 – CF)	0.05	0.05
	<u>Programme for the Implementation of Provisions of the National Education Strategy 2003-2012</u>	2003-2012	Ministry of Education and Science	14.91 (12.67 - EU SF, 2.24 – CF)	Unscheduled financing	Unscheduled financing
Ensuring Structural Conditions for Economic Growth: Improving the Business Environment and Developing the Infrastructure	<u>Lithuanian Entrepreneurship Promotion Programme for 2011–2020 (Draft)</u>	2011-2020	Ministry of Economy	Unscheduled financing	Unscheduled financing	Unscheduled financing
	<u>Assessment of administrative burden, improvement of the quality and effectiveness of legal regulation and strengthening administrative skills in the context of better regulation</u>	2010-2011	Ministry of Economy	0.92 (0.78 - EU SF; 0.14 – CF)	Unscheduled financing	Unscheduled financing
	<u>Strategy of the Development and Improvement of the Lithuanian Public Procurement System for 2010-2013</u>	2009-2013	Ministry of Economy	Unscheduled financing	Unscheduled financing	Unscheduled financing

	<u>National Energy (Energy Independence) Strategy</u>	2010-2020	Ministry of Energy	496 (Operational Programme for Economic Growth, Priority “Basic economic infrastructure”, Measure “Energy distribution networks”)	Unscheduled financing	Unscheduled financing
	<u>Long-term (until 2025) Development Strategy of the Lithuanian Transport System</u>	2005-2025	Ministry of Transport and Communications	3 80 (3 300 - EU SF and ERDF; 500 - CF)	142	80
	<u>National Sustainable Development Strategy</u>	2009-2020	Ministry of Environment	Unscheduled financing	Unscheduled financing	Unscheduled financing
	<u>Operational Programme for Promotion of Cohesion, Priority III “Environment and Sustainable Development”, Tasks I & II</u>	2007-2013	Ministry of Environment	2 843.8 (2591.8 – EU SF; 251.98 – CF)	Unscheduled financing	Unscheduled financing
	<u>Programme for Information Society Development in Lithuania for 2011-2019</u>	2011-2019	Ministry of Transport and Communications	752.9	-	64.65

ACHIEVING THE EU2020 TARGETS	Measure	Period	Responsible authority	EU structural funds assistance from 2010 (LTL m)	National Budget Funds net of co-financing and EU SF assistance	
					2010 (LTL m)	2011 (LTL m)
<i>I Smart growth</i>						
Increasing R&D Expenditure	<u>Lithuanian Innovation Strategy of 2010-2020</u>	2010-2020	Ministry of Economy	901.74 (839.09 - EU SF, 62.65 - CF)	2.46	2.110
			Ministry of Education and Science	1398 (1166 –EU SF, 237 - CF)	0.07	Unscheduled financing
	<u>Programme for the Implementation of Provisions of the National Education Strategy 2003-2012</u>	2003-2012	Ministry of Education and Science	8.71 (7.40 - EU SF, 1.31 - CF)	Unscheduled financing	Unscheduled financing
	<u>Programme for Raising Public Awareness about the Intellectual Property Rights</u>	2010 (updated in 2011)	Ministry of Culture	Unscheduled financing	0.23	0.235

Reducing the Number of Early School Leavers	<u>National Programme for Vocational Guidance in Education System, Practical Vocational Training Resource Development Programme</u>	2007-2013	Ministry of Education and Science	505 (429 – EU SF, 76 – CF)	Unscheduled financing	Unscheduled financing
	<u>Pre-primary and Preschool Education Development Programme for 2011-2013</u>	2011-2013	Ministry of Education and Science	484 (411 – EU SF, 73 – CF)	Unscheduled financing	5.4
	<u>National Programme for the Implementation of Provisions of the Education Strategy for 2003-2012</u>	2003-2012			0.24	0.85
Retaining the Share of Individuals with Higher or Equivalent Education	<u>National Studies Programme</u>	2007-2013	Ministry of Education and Science	598 (508 – EU SF, 90 - CF)	Unscheduled financing	Unscheduled financing
	<u>Programmes Promoting the Internationalisation of University Education (2008-2010, 2011-2012)</u>	2008-2010 2011-2012	Ministry of Education and Science	91.88 (79 – EU SF, 13.8 – CF)	8.22	8.5
	<u>Strategy for Securing Lifelong Learning</u>	2008-2012	Ministry of Education and Science	6 (5.1 – EU SF, 0.9 – CF)	0.05	0.05
II Sustainable growth						
Increasing the Use of Renewable Energy Sources	<u>Lithuanian National Action Plan for Renewable Energy Sources</u>	2011-2020	Ministry of Energy	218.62	Unscheduled financing	Unscheduled financing
Improving Energy Efficiency	Operational Programme on Economical Growth, Priority 2.4 “Basic economic infrastructure”	2007-2013	Ministry of Economy	328.67 (328.67 – EU SF, CF – 0)	Unscheduled financing	Unscheduled financing
	<u>Operational Programme for Promotion of Cohesion, Priority III “Environment and Sustainable Development”</u>	2007-2013	Ministry of Economy	972.24 (855.14 – EU SF, 117.1 – CF)	Unscheduled financing	Unscheduled financing
	<u>Programme for the Modernisation of Multi-apartment Houses</u>	2005-2020	Ministry of Environment	819 (468.5 – EU SF, 350.5 – CF)	36.55	20.72

Limiting Greenhouse Gas Emissions	<u>National Strategy for the Implementation of the United Nations Framework Convention on Climate Change until 2012</u>	2008-2012	Ministry of Environment	Unscheduled financing	50	400
<i>III Inclusive growth</i>						
Increasing Employment Rate	<u>Operational Programme for the Development of Human Resources, Priority I “Quality employment and social inclusion”</u>	2007-2013	Ministry of Social Security and Labour	934, (856.6 – EU SF, 56.8 – CF (State Budget funds); 20.6 – CF (Employment Fund proceeds))	Unscheduled financing	Unscheduled financing
	<u>Pre-primary and Preschool Education Development Programme for 2011-2013</u>	2011-2013	Ministry of Education and Science	18.68 (15.88 – EU SF, 2.80 – CF)	Unscheduled financing	5.4
	<u>National Programme for Vocational Guidance in Education System, Practical Vocational Training Resource Development Programme</u>	2007-2013	Ministry of Education and Science	505 (429 – EU SF, 7 – CF)	Unscheduled financing	Unscheduled financing
	<u>National Programme for the Implementation of Provisions of the Education Strategy for 2003-2012</u>	2003-2012	Ministry of Education and Science	18.71 (15.90 – EU SF, 2.81 – CF)	Unscheduled financing	Unscheduled financing
	<u>Strategy for Securing Lifelong Learning</u>	2008-2012	Ministry of Education and Science	6 (5.1 – EU SF, 0.9 – CF)	Unscheduled financing	Unscheduled financing
	<u>Lithuanian National Public Health Strategy for 2006–2013</u>	2006-2013	Ministry of Health	Unscheduled financing	2.09	4.07
	<u>Regional Culture Development Programme for 2011-2020</u>	2011-2020	Ministry of Culture	Unscheduled financing	Unscheduled financing	Unscheduled financing
Reducing Social Exclusion	<u>Operational Programme for the Development of Human Resources, Priority I “Quality employment and social inclusion”</u>	2007-2013	Ministry of Social Security and Labour	202.9 (191.4 - EU SF, 11.5 – CF)	Unscheduled financing	Unscheduled financing
	<u>Operational Programme for</u>	2007-2013	Ministry of	422 (360 – EU SF, 62 – CF)	Unscheduled	Unscheduled

	<u>Promotion of Cohesion, Priority II “Quality and availability of public services: health care, education and social infrastructure”</u>		Social Security and Labour,	(funds from state and municipal budgets)	financing	financing
	<u>Programme of Modernisation of the Infrastructure of Stationary Institutions of Social Services, Plan of Measures for 2011-2015</u>	2011-2015	Ministry of Social Security and Labour	Measures of the Programme are financed by the <u>Operational Programme for Promotion of Cohesion, Priority II</u> “Quality and availability of public services: health care, education and social infrastructure”		
	<u>National Programme of Equal Opportunities for Women and Men for 2010-2014</u>	2010-2014	Ministry of Social Security and Labour	Measures of the Programme are financed by the <u>Operational Programme for the Development of Human Resources Priority I</u> “Quality employment and social inclusion”, State Budget funds for 2011 amount to 0.047m		
	<u>National Programme for Social Integration of People with Disabilities for 2003–2012</u>	2003-2012	Ministry of Social Security and Labour	Measures of the Programme are financed by the <u>Operational Programme for the Development of Human Resources, Priority I</u> “Quality employment and social inclusion” and <u>Operational Programme for Promotion of Cohesion, Priority II</u> “Quality and availability of public services: health care, education and social infrastructure”. State Budget funds for 2010 and 2011 amount to 0.047 m		
	<u>National Youth Policy Development Programme for 2011–2019</u>	2011-2019	Ministry of Social Security and Labour	Measures of the Programme are financed by the <u>Operational Programme for the Development of Human Resources Priority I</u> “Quality employment and social inclusion”, State Budget funds for 2011 amount to 1.11 m		
	Programme for Reducing Social and Economic Differences between Regions for 2011–2013	2011-2013	Ministry of the Interior	1914 (1574.3 - EU SF, 339.7 – CF)	Unscheduled financing	Unscheduled financing
	<u>Lithuanian Housing Strategy</u>	2004-2020	Ministry of Environment	Unscheduled financing	14	17
	<u>National Child Welfare Policy Strategy Implementation Plan for 2005-2012</u>	2005-2012	Ministry of Social Security and Labour	Unscheduled financing	22.263	22.32
	Social support for vulnerable social groups	-	Ministry of Social Security and Labour	Unscheduled financing	2603.5	2761.4

Summary of the funds committed for the measures of the National Reform Programme

	Co-financing (LTL m)	EU SF assistance from 2010 (LTL m)	National Budget Funds in 2010-2011 (LTL m)
Ensuring Public Finance Sustainability	425.75	423.65	2.1
Fostering Competitiveness	2 203.34	2150.17	53.17
Ensuring Structural Conditions for Economic Growth	8 180.27	7 893.62	286.65
TOTAL:	10 709.23	10 369.41	339.82
Increasing Investment in R&D	2 313.56	2 308.45	5.11
Reducing the Number of Early School Leavers	995.49	989	6.49
Retaining the Share of Individuals with Tertiary or Equivalent Education	712.70	695.88	16.82
TOTAL:	4 021.75	3 993.33	28.42
Increasing the Use of Renewable Energy Sources	218.62	218.62	-
Improving Energy Efficiency	1 848.51	1 791.24	57.27
Limiting Greenhouse Gas Emissions	450.00	-	450
TOTAL:	2 845.8	2 338.53	507.27
Increasing the Employment Rate	1 493.95	1482.39	11.56
Reducing Social Exclusion	7980.63	2538.9	5 441.73
TOTAL:	9 474.58	4021.29	5 453.29
Total funds committed for eliminating obstacles for economic growth and implementing the priorities of the EU2020 strategy	Co-financing (LTL m)	EU SF assistance from 2010 (LTL m)	National Budget funds in 2010-2011 (LTL m)
	24 587.83	18 269.27	6 318.56