

**PROGRAMME OF THE GOVERNMENT
OF THE REPUBLIC OF LITHUANIA FOR 2001-2004**

VILNIUS, 2001

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Pursuant to the “Major Common Work Goals” and having regard to the provisions in the electoral programmes of the Lithuanian Social Democrats and New Union (Social Liberals), the 12th Government of the Republic of Lithuania shall:

develop political, economic, social, and cultural democracy, defend human rights with determination and ensure the security of people's life, health, and property as well as social guarantees;

focus its attention on the solution of problems most relevant to the public such as employment increase and poverty reduction;

guarantee the continuity of foreign policy, meet international commitments, and further seek Lithuanian integration into the EU and NATO as well as benevolent neighbourly relations with other states;

prioritise human investments, accelerate the creation of information and knowledge-based society as well as science and technologies development;

implement a socially-oriented market economy by carrying well thought-out and efficient economic reforms and promoting production and services;

carry out transparent and rational privatisation in conformity with national Lithuanian interests; seek to maintain the influence of the state over the management of strategic economic entities;

create a favourable foreign and domestic investment climate, encourage business development, especially small and medium-sized, remove bureaucratic constraints;

rule out a negative approach to rural issues and seek the Lithuanian agriculture should be efficient and highly competitive in the European Union;

improve public administration, demand responsibility from civil servants for the discharge of duties, arrange their remuneration system;

seek the widest possible agreement of mainstream political parties on crucial issues in the life of the Nation; work in co-operation with social partners.

The continuity of the state policy, consistent reforms and efficient administration shall be the guiding principles in the work of the 12th Government. A long-term national development strategy shall be drafted pursuant to the Lithuanian white book of science and technologies.

With the aim of pursuing the key goals the Government of the Republic of Lithuania shall adhere to the provisions set forth in the Programme.

I. LABOUR AND SOCIAL SECURITY

1. 1. Labour Policy

With the aim of reducing unemployment level, to have recourse to economic, fiscal, monetary, education, business climate improvement, regional development and regional disproportion levelling, labour market as well as other relevant measures. Moreover, to improve co-ordination among the institutions responsible for these measures, and enhance their responsibilities; make more efficient use of possibilities offered by EU membership preparations as well as the aid of foreign donors.

To concentrate unemployment reduction and prevention means first and foremost on regions with highest unemployment levels, sectors, territories, and companies negatively influenced by restructuring and privatisation as well as most vulnerable groups of people in the labour market.

To support geographically sustainable economic development, promote investment, improve support to regional business, put more effort into labour force qualifications and its orientation to the local market.

To establish and introduce a job monitoring system as a precondition for the creation of new jobs and economic development.

To create better conditions for Lithuanian citizens to seek legal employment in other countries without losing their

rights to social and health insurance alongside with the assessment of possible effects that these processes might have on our national labour market.

To associate more closely the right to unemployment benefit with personal involvement in a job seeking process and in active labour market measures. To utilise funds of the National Budget to finance the active labour market measures, and make more effective use thereof.

To enhance employment possibilities by intensifying the labour market policy, developing labour market training, job counselling, especially for young people, the long-term unemployed, the disabled, pre-pensioners, women, different risk groups, and by increasing the volume of public and supported works and combining them with training.

To improve the work of labour exchanges and labour market training centres, increase their independence, responsibility for a situation in the labour market and interaction with local authorities and labour market partners.

To increase possibilities for employers and employees to adapt to changes in the market through the promotion of skill upgrading of employees, wider application of the flexible forms of work organisation (part-time employment, work at home, etc.), improvement of information and counselling to employees, and legalisation of a greater variety of mutual agreement between the parties involved.

To improve the reintegration of employees into the labour market pending their discharge from bankrupt, restructured or privatised companies by primarily creating better conditions for retraining or starting their own business.

To regulate the remuneration system of the managers of public enterprises and state-controlled joint stock companies.

To support the work of the Guarantee Fund and seek financial possibilities for settling with workers of companies having gone bankrupt a while ago.

To ensure safe and healthy working conditions and reduce industrial injuries and occupational diseases by creating a climate encouraging companies to modernise existing workplaces and facilities; to improve a working environment by tightening the state control of working conditions, improving the training and information of employees, promoting co-operation among social partners, and meeting the commitments to the European Union in the areas of professional health and safety.

To codify labour legislation and draft other relevant legislation with a view to safeguarding the rights of employers and employees, improving labour relations and enforcing legal provisions of the European Social Charter, the International Labour Organisation and the European Union.

To improve the work of the labour inspection by controlling compliance with labour legislation, especially in the areas of illegal employment, timely remuneration and working hours, and by creating better possibilities to react operationally to the violation of labour rights.

To promote the development of trade unions and employers' organisations, trilateral and bilateral social partnership, practice of collective agreements and contracts, to make better the regulation of collective disputes.

To make effective the information of employees on the change of working conditions, redundancies, the financial status of a company, other pertinent issues as well as the consultation between employees and employers on decisions acceptable to both parties.

1. 2. Social Insurance

To ensure social guarantees by preserving independence of the State Social Insurance System and by combining graduated and cumulative pension schemes.

To seek the balanced budget of the Social Insurance Fund in the near future by covering its budget deficit from the national budget or Privatisation Fund receipts.

To tighten the budget planning and implementation discipline, to make better the social insurance system administration, to discontinue the functions irrelevant to social insurance.

To enlarge the number of social insurance contributors.

To ensure that pensions would not lose the purchasing power even at a low rate of inflation. For this purpose the possibility of indexed pensions in proportion to price increases in the basket of basic products and services should be thoroughly explored.

To reform the pension system in such a way that in the future private cumulative pension funds would function alongside state social insurance, and create favourable conditions for the establishment of such funds.

To carry out the pension system reform by using privatisation and national budget funds. In the process of reform to maintain unconditional state guarantees for insured persons to receive pensions established by law from the state social insurance system. To guarantee the rights of pensioners and insured persons.

To reform unemployment insurance by establishing a financially stable and reliable system that will guarantee insured persons under this insurance contract the sufficient means of subsistence on losing a job and actively seeking new jobs.

To create more favourable conditions for the social security of the long-term unemployed and the support of unemployed pre-pensioners.

To review the state pension scheme by abandoning unfounded privileges and benefits violating social justice.

1. 3. Income Guarantees and Poverty Reduction

To establish by law the principles of minimum salary and social benefits indexation.

To make effective the guiding provisions of the Poverty Reduction Strategy and to evaluate new draft laws and other legislation against the background of poverty reduction and the elimination of social exclusion.

To improve the condition of impoverished people by giving priority to vigorous poverty reduction measures. To introduce passive poverty reduction measures alongside the active ones by pinpointing and increasing financial support to the population living below the poverty level.

To combine joint efforts and activities of state and municipal institutions, NGOs and people in reducing the spread of poverty.

1. 4. Social Care

To create a uniform monetary social care system operating on the principle of income and property appraisal.

To provide social benefits, allowances for basic public utilities and make single-use cash payments to families suffering poverty due to objective reasons, with income below the level prescribed by law. To increase this level within the financial capabilities of the national budget.

To provide social care having regard not only to property and income but also to willingness to work. Social beneficiaries shall be encouraged to seek employment and will be engaged in public works bringing benefit to the society.

To reform the family benefit scheme by targeting those benefits more precisely depending on the income and property of a family.

To establish by law the provision of allowances (social pensions) to the disabled or persons of and over 65 who are in need of social care.

To tighten legal and financial responsibility of parents for the utilisation of child benefits. To delegate more authority to benefit paying institutions thereby giving them a possibility, if need be, to replace benefits with payment in kind provided directly to children.

To transfer financing for social and state family benefits to the national budget to avoid regional disparities.

To introduce a gradual replacement of institutional social services with more effective and cheaper ones provided at home as well as day care centres for adults and children.

To expand the market of social service providers by supporting and developing efforts and initiatives of NGOs and private persons.

To employ legal measures to solve problems arising from co-operation of local authorities and NGOs in the area of social services.

To promote the regional planning of social services as well as interagency co-operation in providing social services.

To review the existing procedure for the payment and financing of social services by introducing differentiation of payments for social services with respect to personal income and property.

1. 5. Integration of the Disabled

To review the social and professional integration procedure of the disabled and in co-operation with NGOs of the disabled to draft and launch a new National Integration Programme for the Disabled.

To achieve the implementation of possibilities for children with special needs to integrate into comprehensive schools, obtain education, get ready for a life of self-reliance and professional activity, as laid down in the Special Education Law.

To change the disability establishment procedure by creating conditions for a more effective and just provision of social security means for the disabled, restoring their ability to work, their self-reliance and social integration.

1. 6. Family, Children and Youth Support

To develop a national demographic policy strategy.

To create more favourable conditions for young families to get housing or house renovation loans.

To reduce the number of persons of no fixed abode by developing municipal housing stock.

To draft and implement the support and social integration programme for orphans and children destitute of parental care.

To implement specific prevention measures against violence and children exploitation, drug abuse, child prostitution, and crime.

To strengthen a network of institutions for the protection of children's rights through their co-operation with local authorities.

To carry out prevention and social integration measures for people with social risk factors (alcohol and drug addicts, persons of no fixed abode, etc.).

II. EDUCATION AND SCIENCE

2. 1. General Education and Vocational Training

To develop and submit the National Education System Development Strategy to the Seimas for approval.

To ensure that the Law on Long-term Funding for Science and Education is enforced and projected state budgetary appropriations are annually allocated for education, science, and studies.

To implement pre-schooling facilities, guarantee possibilities for a successful start at school.

To arrange the registration of school age children, ensure the learning of all school age children, guarantee safe transportation of rural children to schools.

To ensure state-financed secondary education for each young person. To supply free textbooks to socially vulnerable children other textbooks being partially covered with regard to the income of parents.

To review curricula and methods of general education with a view to lessening the burden of school classes and founding the educational process not on the abundance of facts to be learnt but rather on systematic and logical thinking as well as independent work of schoolchildren, to bring up thinking and creative personalities.

To introduce flexibility to the profiling model to make it meet better the inclinations, capabilities as well as future academic and professional orientations of schoolchildren.

To revise projects of school financing, network restructuring, and consecutive education.

To flexibly optimise the school network in view of necessities rather than the principle of available funds. To devise and implement a new secondary school model to ensure fluency in moving to a higher schooling stage.

To remove disparities of general education provided in vocational and secondary schools. To optimise the network of vocational schools and training colleges.

To orient vocational training towards a rapidly changing labour market. To retain schools for young people and grown-ups. To introduce more diversity into school types, including private schools, to create conditions for acquiring secondary education, vocational qualifications or a profession in a variety of ways with a view to making schoolchildren feel full-fledged members of the labour market.

To ensure the highest possible fluency in the transition of young people from a secondary school to an institution of higher education on the basis of co-ordinated requirements, a stable and clear system of knowledge and aptitude testing.

To strengthen health control and disease prevention, reintroduce medical centres in schools, enhance a need of schoolchildren for physical perfection. To combine the efforts of the state, medical and public institutions as well as teachers and parents for the fight against smoking, alcohol, drugs and self-intoxication among schoolchildren.

To develop many-sided supplementary education of children as well as art and sports activities after school; to allocate necessary funds for such activities, renovate and enhance sports facilities at schools. To carry out programmes for the socialisation of children and for crime prevention. To devise and implement measures for work with capable children.

To support a municipal initiative to set up and properly maintain music, art, and sports schools.

To encourage self-governance of schoolchildren as well as their involvement in solving school community issues.

To promote NGO activities by financial measures, support initiatives of young people. To strengthen the co-operation between the Council of Youth Affairs and youth organisations as social partners.

To create conditions for children of national communities to learn their native language or in their native language, teach them the state language fully.

To introduce uniform requirements of state examinations for all citizens of the Republic of Lithuania.

To gradually abandon the system of shifts at schools.

To carry out more rapidly the programme of school computerisation. To aim at each school having one computer for ten pupils. To establish the information system of schools, create conditions for schools to join the world computer network.

To create a uniform system for the training, qualification upgrading, and retraining of teachers. To provide state financial aid to teachers upgrading their qualifications.

2. 2. Science and Studies

To develop and approve of the higher education development scheme by determining higher education policy priorities, and seek the balance between the supply and demand of specialists.

To create conditions for institutions of science and studies to receive non-budgetary income without including it into state budgetary appropriations

To reorganise the network of science and study institutions, begin the restructuring of state higher educational institutions, increasingly integrate state science institutes and universities.

To establish a clear network of universities and colleges to meet the interests and needs of the country and its regions, identify relationships between colleges and university-level institutions of higher education to ensure the division of labour.

To improve the management of science and study institutions to involve representatives of interested state institutions and agencies as well as economic entities; to ensure that trained specialists obtain the qualifications that satisfy the needs of the market. To support the training of specialists needed in Lithuania in compliance with the results of the supply and demand monitoring of specialists. To encourage the establishment of joint science and business companies based on new scientific knowledge produced at institutions of science and studies, develop the network of business incubators.

To seek the highest possible level of democracy and openness in the activities and decisions of science and study institutions.

To ensure closer co-operation with the Conference of Lithuanian University Rectors, Lithuanian Council of Science, scientists' and students' organisations, the Lithuanian Academy of Science; to define in greater detail their functions and responsibilities.

To enforce the autonomy of institutions of higher education, eliminate their activity constraints. To ensure high quality studies by way of effecting international accreditation of curricula.

To create and implement a new effective and rational system for financing and crediting studies, create conditions for students of state and non-state institutions of higher education to receive loans for studies and daily subsistence. To introduce equal opportunities to seek higher education, ensure the highest possible level of the accessibility of higher education.

To create conditions for students being able to opt for the curricula on the basis of their needs and abilities and not the price.

To ensure that the following constitutional principle is administered – free education should be guaranteed for well performing students by way of covering their studies contributions with state funds whereas all other students who pay for their education should be guaranteed the right to receive soft loans to pay their studies contributions and partially cover their daily subsistence.

To increase the salaries of people working at institutions of science and studies, achieve the basic salary of assistants and junior scientific researchers to be of the same level as an average salary of other public servants, and accordingly – in line with the coefficients approved by the Government – adjust basic salary levels of other category scientists and lecturers. To link the levels of salaries received by scientists and lecturers with the efficiency of scientific research and pedagogical activities.

To retain scientists' pensions for extensive and efficient scientific and pedagogical work.

To achieve a higher number of students and lecturers of higher educational institutions being able to take part in European programmes; to promote international mobility of lecturers and students.

III. DEVELOPMENT OF INFORMATION AND KNOWLEDGE-BASED SOCIETY

To recognise the creation of information and knowledge society based on science and innovative technologies as a strategic task of Lithuania and a trend of its economic development.

To draft and implement a uniform e-education programme covering schools, teacher training, teaching of students, education of public servants and other specialists.

To achieve computer literacy of each schoolchild on his/her finishing a comprehensive school. To meet this goal a special programme shall be implemented for teacher re-training, development of basic training software and facilities, and supply of schools with necessary facilities of information technologies and telecommunications (ITT).

To draft and implement a uniform e-education programme covering all schools, teacher training, teaching of students, education of civil servants and other specialists. To aim at the majority of civil servants becoming computer literate as soon as possible.

To develop a long-term science and technology development strategy, providing for its regular adjustments to respond to a changing internal and external situation.

To devise measures for implementing knowledge-based economic principles commonly used in EU Member States, where scientific knowledge is one of the most important and economically valuable products. To promote science development in Lithuania by taking part in the integration and globalisation processes.

To draft a national innovative process development programme with regard to EU provisions and to provide for the improvement of the organisational structure and management of this process.

For the purpose of the co-ordination of these goals, to set up the Committee of Information Society Development.

To implement a 'one stop shop' system of providing central and local government services to citizens and companies via computer networks. To create an 'e-gate' (portal) to provide government services for Lithuanian citizens and corporate bodies.

To seek solution to the issue of national information collection and management by introducing general requirements for state registers and databases and creating a background for their functioning.

To create secure interrelated state information systems and registers of key activity areas that are also co-ordinated with the state portal. To install digital personal identification tools.

To promote electronic payments for services, electronic purchasing, tax-paying.

To create a modern electronic signature infrastructure with the potential for expansion; to prepare a technical and legal framework, set up a supervisory institution of certification centres.

To develop incubation centres of electronic business by way of encouraging the private sector to transfer business to an electronic medium and creating favourable conditions for the implementation of information technologies; to promote business based on information technologies.

To review the procedure of State Public Procurement, raise publicity and information accessibility; to create a centralised electronic system of public procurement.

To shape and implement national development strategies of the ITT and post.

To regulate the protection of intellectual property, ensure favourable conditions for technical creation. To promote the creation and implementation of new technologies (especially information and biotechnological). To develop tools to foster the Lithuanian culture and language with globalisation and the formation of global information society in process.

To reorganise the financing of scientific research into programmes the results of which shall serve as a basis for

shaping public orders, promoting the financing of scientific applications with the funds of other customers, also by taking part in NATO and EU programmes.

To support the acceleration of innovative processes, especially in developing the integration of science and small and medium size business.

To devote special attention to the development of priority scientific areas which promote high technology manufacturing. To start immediate implementation of the best pilot projects of scientific and technological development.

To increase competition in the area of telecommunications services provision. On the basis of the telecommunications networks of state institutions to create data transmission networks of high conductivity for public institutions, institutions of science and education as well as the public. To equip institutions of science and studies with quick Internet as soon as possible.

To create the infrastructure for the use of electronic signature.

To develop more rapidly the network of Lithuanian public information and consultation centres (primarily on the basis of public libraries in villages and small towns) by way of accommodating them with necessary hardware and software, Internet access, and training tools.

To implement as soon as possible an integrated network of telecommunications and operational communication to ensure effective fight against organised crime, smuggling, drug dealing, and illegal migration.

IV. CULTURE

To implement a policy of cultural democracy by way of consolidating in actual terms a freedom of each member of the community to live and create according to conscience and providing state guarantees established by law to the intellectual activity of creators and the public thereby opening the Lithuanian culture to the world.

Pursuant to the cultural policy provisions and in co-operation with those working in the field of culture, artists, scientists and the relevant NGOs to work out a national cultural programme and its long-term implementation strategy.

To aim at both decentralising the administration of culture and encouraging its self-governance by regulating the activities and responsibilities of national cultural institutions on all levels.

To establish the legislative basis for the protection of artists' interests by way of defining the culture promotion strategy and tactics pursued by the state and creating an adequate environment for the activities of artists and their promoters, thereby avoiding resolution of cultural problems by market means alone.

To draft a promotion programme for young artists, to create legal and economic conditions for their creative activities.

To enforce a programme-based budget for culture with due respect to the situation, needs and priorities in the sector of culture; and to rationally use budgetary resources assigned to culture.

To establish clear and transparent open tender financing criteria used to promote projects, support institutions or individual artists involved in culture, literature and art.

To create a legal framework and economic preconditions for regular restocking of library resources, as well as for the activities of theatres and other cultural establishments, the conservation and renovation works, and the development of contemporary culture as a branch of industry.

To optimise the existing system of the cultural heritage protection and its control by adjusting it to contemporary cultural reforms, preserving national identity, and ensuring its cultural continuity in compliance with the requirements of the European Union.

To support organisations and individuals investing into the renovation and preservation of cultural heritage entities.

To develop long-term policy provisions for the protection of cultural heritage as well as a strategy for their implementation.

To conduct regular scientific researches of the status of culture, to perform audits of cultural institutions that would reflect their cultural and economic efficiency.

To ensure state support for the cultural development of the Lithuanian ethnic communities. To guarantee freedom and independence of the cultural activities of cultural, regional and ethnic communities.

To promote co-operation among tourism and culture establishments and encourage investment into cultural entities with the view to preserving them and making them viable and capable of attracting the biggest possible number of visitors.

To develop a full fledged cultural exchange by encouraging cultural organisations to participate more actively in the European Union cultural programmes and in the activities of international organisations.

V. HEALTH CARE

To target a pro-active health care policy at preventive medicine, the promotion of healthy lifestyle, enhancement and preservation of health. Special attention shall be given to the prevention of addiction diseases (alcoholism, drug abuse, self-intoxication, etc.).

To expand the assessment of health risk, to draft legislation which will clearly regulate public health care, compulsory public health monitoring and examination as well as other health care activities.

To provide support to people's movements for healthy lifestyle, to aim at a qualitative improvement of life through an overall health and social wellbeing.

To improve the financing and management of health care by ensuring the implementation of general goals of the health care reform. Certain functions of the Ministry of Health Care shall be transferred to the self-governance of doctors and pharmacists. The services provided at health care institutions shall be financed through Patients' Insurance Schemes. To repay the arrears of the state budget and the Social Security Fund to Patients' Insurance Schemes, and, respectively, the arrears of Patients' Insurance Schemes shall be repaid to medical institutions and pharmacies.

To balance financing from the resources of the Compulsory Health Insurance Fund with the programme-based budget financing.

To improve service tariffs to bring them into compliance with the actual price of medical treatment by introducing an optional supplementary health insurance scheme.

To optimise the network of public health care institutions.

To rationally and expeditiously rearrange the network of institutions of primary health care by improving the administration and financing of health care. To use opportunities offered by private initiative. To allocate a relatively larger share of finances to primary health care, firstly, in rural areas. To improve accessibility to services by strengthening outpatient health care services, by expanding multi-stranded research and outpatient treatment. To develop day care in-patient treatment.

By providing necessary conditions, to enable general practitioners or therapists, paediatricians, midwifery gynaecologists, surgeons to provide services in town residential districts remote from polyclinics and primary health care centres.

To guarantee to all residents access to essential in-patient services by rationally using a number of beds available and by optimising a network of municipal and public hospitals. To aim at providing high quality specialised medical services at Vilnius University hospitals and Kaunas Medical University hospitals as well as at regional hospitals and local centres.

To expand the introduction of new technologies with a view to providing all necessary medical services to patients at

health care institutions of Lithuania.

To ensure, if needed, adequate rehabilitation and palliative treatment.

To provide to private medical institutions, which co-operate with institutions of the national health care system on a contractual basis, the same conditions that are provided to public health care institutions.

To draft legislation that will encourage family planning and access to reproductive health care services.

To ensure free dental services and dental prophylaxis to children. To finance dental caries prevention programmes and programmes for the prevention of addiction diseases.

To promote health related business, like the production of healthy foodstuffs, sports and fitness facilities.

To restructure drugs dispensing policy: to improve the procedure of price refund for drugs on the basis of personal income of people; to set intervals for a periodical renewal of drugs on the list for price refund. To optimise a network of drugstores. To encourage the development of the national pharmaceutical and drugs industry as well as investment into the field. To help the Lithuanian pharmaceutical industry implement requirements of the best production practice.

To restructure salary calculation and payment procedure for employees of health care institutions.

To enhance the co-operation between the Ministry of Health Care and the Ministry of Education and Science, as well as higher educational institutions, doctor and pharmacist's organisations in forecasting a number of employees to be required in the health care system.

To encourage investment into quality improvement of health care services and health promotion. To use investment programme funds for public, municipal, and private health care institutions.

VI. FINANCIAL POLICY

6. 1. Tax and Tax Administration Policy

To draft the Tax Code that will be a fundamental law of a uniform tax system.

To present a concept paper and programme of a long-term tax reform that will provide favourable conditions for the economic development of the state.

To gradually reduce an amount of the personal income tax for the low income group of the population thereby stimulating growth in the employment rate and increasing the purchasing power of consumers as well as boosting internal market demand and good-will motivated tax payment practice.

Aiming at increasing actual income of the low-income group of employees to gradually increase a minimal tax-free income rate based on differentiation estimated on a number of dependents in a family and a level of disability.

To revise zero tariff incentives of the corporate income tax which do not encourage economic development.

To expand the real estate tax base, and to authorise municipalities to administer the tax.

To reform and to delegate to municipalities stable local taxes and levies.

To initiate universal declaration of income, foreseeing tax-free deductions that will encourage investment and cost-effectiveness.

To harmonise the indirect tax legislation with the European Union *acquis* as well as the requirements of other international organisations.

To reduce the value added tax rate for indispensable foodstuffs, children articles, and agricultural products provided economic circumstances allow and motivating this possible reduction by economic calculations targeted at consumer's

benefit.

To upgrade the integrated information systems of tax administration and customs as well as the procedure of establishing customs value of goods and customs tariffs in line with the legislation of the European Union and other organisations.

To improve the tax administration law.

To implement a concept paper on accounting based on the European Union directives and international standards.

To introduce a practice according to which new taxes will come into force, as a rule, from the beginning of a new fiscal year after they are announced in the Official Records not later than three months in advance.

6. 2. Fiscal Policy

To adhere to a tight fiscal policy.

To establish an effective procedure of informing on how public expenditure is used by way of assessing the efficiency of the utilisation of budgetary resources as well as a concrete result achieved, on the basis of findings of internal and external audit of the state. To finance programmes which are based on real economic calculations.

To consolidate the administration of public resources and to consider all extra-budgetary funds within the context of the national budget. The procedure for the formation, accounting and reporting on the state budget shall comply with the international obligations undertaken by Lithuania.

To implement an effective state treasury system.

To improve financial management of municipal budgets.

6. 3. Borrowing Policy of the State

To aim at making Lithuania carry out its international obligations concerning budgetary deficit targets, fiscal deficit of a consolidated budget and its financing. To prevent growth of GDP percentage of the total public debt.

To use efficiently internal borrowing resources seeking at a macroeconomic stability, to decrease the dependency of the state on foreign funds.

To strictly regulate and control the scope, distribution, use, and efficiency of state-guaranteed and other foreign credits.

To plan in advance and identify the responsibility of institutions for timely repayment of credits.

6. 4. Investment Policy

To focus attention on investing into “human resources”, developing infrastructure, co-financing from the international resources within the National Development Programme as well as into the process of NATO and EU integration.

To improve crediting system for housing.

6. 5. Capital and Monetary Policy

To create conditions contributing to the development of the capital market and to build up investment culture of the population.

To aim at making both financial and securities markets of Lithuania a constituent part of the global and European markets; to aim at having the internal financial system of Lithuania based on well-developed capital and monetary markets.

To develop the legal framework that will ensure shareholders' rights and the accountability of companies' management on the basis of the most progressive foreign practices.

To advance the privatisation process by employing open and transparent procedures; to put part of state-owned shares for sale on the exchange.

To put on the exchange trading list the securities issued by large-scale enterprises subordinate to the state control.

To create a favourable legal framework and tax environment for the activities of institutional investors, namely, all types of investment companies, pension funds, insurance companies, etc.

To establish that an independent Bank of Lithuania carries out a fiscal policy which is in line with the provisions of the monetary policy of the European Central Bank. As of 2 February 2002, the anchor currency shall be the euro, while the official litas rate shall be established according to the euro and US dollar ratio in the currency market as of 1 February 2002.

VII. ECONOMIC POLICY

7. 1. Economic Policy and Economic Investment

To speed up the economic development of Lithuania, to create new jobs, to expand possibilities for the state to compete on the global market.

To establish a system that will enable to formulate a long-term (10-15 years) national strategy the major decisions of which shall serve as a basis for defining short-term 3-5 year programmes (including Government programmes).

To use credits received on behalf of the state or with the state guarantee to finance cost-effective investment projects only.

To establish equal conditions for both internal and external investment, to pursue a flexible tax policy to promote them.

To enable both natural and legal persons, which provide and maintain jobs, to have real and equal possibilities for acquiring land (including land for agricultural purposes).

To encourage investment into regions with structural unemployment by way of providing investment and business incentives, by strengthening surveillance against market monopolies, by applying more strictly anti-trust measures, by preventing new monopolies and by constraining the existing ones.

To promote and direct investment to those branches of production which have high-technology scientific potential (biotechnology, laser physics, mechatronics, telecommunications, digital information systems, etc).

To give special attention to green field investment which will help address the most critical social economic unemployment problems and encourage the growth of economic potential.

To draft a package of Government decisions that will ensure proper functioning of industrial parks.

To ensure high-level consumer protection by establishing a system protecting consumer rights in line with the EU legislation, to strengthen and to improve an institutional control system of product safety, to educate consumers.

To prepare a structural reform of state industries and agriculture that will serve as basis for the development, approval, and implementation of the public investment programme.

To draw the attention of the Government, employers, and free-lance employees to the issue of employment contracts in order to better meet the needs of consumers and to take a better advantage of achievements in the field of science and

technologies.

To establish basic priorities of the development of national economy on the basis of a comprehensive global market analysis and its development tendencies. To search for niches in global markets for our products, to legally regulate commercial relations with the countries which can potentially become trade partners of Lithuanian business enterprises.

To establish a research centre which will deal with the information and analysis of foreign markets and systematically present its forecasts via associated business structures.

To improve market surveillance measures and a market protection system against goods of poor quality, and illegally produced or obtained goods. To actively use non-tariff and non-standard measures for protecting the local market and to react to changes sensitively and promptly.

To revitalise tourism as an important business branch among others making it a good source of revenue for both the state and municipal budgets.

7. 2. State Property and Privatisation

To carry out prudent privatisation of the state property without violating public interests. To demand clear responsibilities and open declaration of obligations from all partners involved in privatisation transactions. To retain state participation in the management of strategic economic entities.

To stop harmful privatisation of monopolistic infrastructure entities that are sold without establishing conditions to protect a Lithuanian consumer against monopolistic lawlessness.

To identify segments of the present social infrastructure, which should not be privatised, as they are needed to ensure social obligations of the state.

To draft legislation that would better define the composition of public property, and to devise a clear mechanism of public property administration which will fall under full responsibility of relevant organisations.

To create equal conditions for the Lithuanian and foreign capital to participate in the privatisation process. To use possibilities offered by the National Stock Exchange in the privatisation of state property.

7. 3. Improvement of the Business Climate

To work out measures providing incentives for investment that creates new jobs and introduces progressive technologies; to revise and improve legislative provisions that regulate employment relations.

To eliminate bureaucratic obstacles hindering the implementation of investment projects, namely, to simplify the following procedures: land acquisition, changing the purpose of land use, registering constructions, etc.

To establish a standing commission under the Government which, with the participation of business partners, will address issues of improving the business climate and eliminating unnecessary market constraints.

To guarantee equal participation of businessmen's and employers' organisations in formulating and implementing the strategies of economic development as well as managing funds to be used for business development.

To involve associated business organisations in discussions on issues critically important to economy and business as well as certain pieces of legislation under consideration. To develop a law that would encourage business community to take an initiative of establishing relevant associated structures that will help business community become an establishment able to equally offset public institutions.

To reduce licensing in production and business by offering better conditions for fair competition. Licences in real terms have to be an approval and a permit for an enterprise to engage in certain activities rather than an advance

payment.

To employ all measures to promote export and to aim at external trade surplus.

To regulate the bankruptcy process in a way that allows carrying out bankruptcy procedures quickly, efficiently and with a minimum possible impact on employees. In the course of bankruptcy procedures issues pertinent to the settlement of state debts to economic entities should be fully resolved.

To work out measures and methods for eliminating state arrears to economic entities by applying a system of mutual setoffs. To improve the functioning of the system of public bills.

To enforce a legislative provision which will make municipalities responsible for the development of small scale and medium scale business in the regions.

To reform the fund for the promotion of small and medium scale business by introducing changes to its utilisation and administration and by channelling the resources to the promotion of business development programmes, and by reducing its administration expenditure. To perform audits and to reconsider the actual existence of non-efficient Councils of Business Development and Small Business that fail to have their activity programmes and bear no responsibility for the decisions made. To provide state aid on the grounds of the assessment of regional development programmes and business situations in various regions, and in line with EU requirements.

To develop and implement a micro-crediting system for business start-ups, to encourage the development of the already existing credit unions for business needs. To improve risk insurance of credits issued for small and medium business enterprises by offering possibilities to insure not only bank loan, but also loans for the implementation of business plans, and by insuring risk of payment settlement against economic entities (leasing, payments, etc.). To assess possibilities for introducing new financial instruments (loans for business start-ups, initial capital fund, small-scale investment enterprises, etc) in Lithuania and to apply them. To improve the system of financing small and medium business consulting and training, to support participation in international business missions, exhibitions, fairs, etc. To accommodate EU procedures of providing financial aid to small and medium scale business, to make them transparent. To introduce legislative provisions regulating the establishment of development funds and an efficient and differentiated financing system for expanding business opportunities thereby promoting competition among entities on financial and capital markets.

To analyse the activities and functions of control institutions, to reduce them in number and increase their responsibilities.

To require from a controlling official to prove a mistake committed by a businessman, unlike the practice when a businessman proves that an official is wrong. To foresee civil servants' responsibilities for mistakes committed. To establish a mechanism for assessing the damage, including profit losses incurred, resulting from illegal operation of a controlling official.

7. 4. Regional Policy

To identify major territorial divisions of the country, namely, regions of the territorial development and strategic planning, according to which a national regional policy should be defined. To ensure concordance between the system of regions and the regional policy. To expand and focus state aid on problem-bound regions by financing selected infrastructure and social projects rather than just supporting certain business projects in the forms of soft loans or loan guarantees, tax exemptions, financial or other subsidies.

To involve Regional Development Councils, local authorities, and social partners in the formation of the regional policy and in the process of drafting and implementing regional development plans.

To use clear and qualitatively defined criteria for identifying problem-bound target regions, in compliance with EU criteria according to which international and governmental regional assistance shall be provided.

To comprehensively assess local conditions of different regions, their possibilities and interests, business development programmes and projects of municipalities and regions. To establish a regional development fund which would help organise the preparation of different complex programmes, projects, and measures targeted at less developed regions facing a whole range of problems, and would help work out specialised development plans and territorial management

plans and would assist in supporting specific regional development programmes carried out by Lithuania and the European Union.

7. 5. Energy

To ensure cost-effective reliability of energy; its consumption efficiency by improving management and ensuring competition, environmental protection, nuclear safety; to ensure integration, regional co-operation, and collaboration.

To revise the National Energy Programme. By introducing adjustments to the Programme, to finalise the restructuring of the energy sector, to accurately specify the strategy of heating and gas sector development.

To restructure and reorganise the energy system, to privatise a number of its entities.

To develop and enforce major laws on energy, power, gas, and other resources necessary for further privatisation. To refrain from privatisation of the energy sector until it is completely restructured and reorganised and only after clear-cut public regulatory systems of this sector are prepared.

To work out urgent measures which will enable to rationally use power generation capacities by providing reliable supplies of power for domestic needs and to encouraging power export. To speed up the construction of power transmission mains to Poland.

To build, where it is expedient, small gas co-generation power plants, to develop programmes for the utilisation of renewable energy sources (sun, water, wind, etc.) and geothermal resources for the production of heat and power, and to encourage the construction and operation of these entities.

To carry out audit of the power system and to draft a detailed plan for its development by taking into account a decision to close down Unit 1 of the Ignalina Nuclear Power Plant in 2004. To carry out safety analysis of the INPP with the help of the State Nuclear Energy Safety Inspectorate (VATESI) and the International Nuclear Power Agency (TATENA) experts. The use of nuclear energy should be motivated by its cost-efficiency when competing with other energy resources. To harmonise measures for the decommissioning of Unit 1 of the INPP and their timing with the financial assistance provided by donors, which would at the same time bring solution to the financing of Visaginas social problems related to the closure of Unit 1 of the INPP.

To develop the principles of heating sector restructuring, to work out preconditions for decentralising the production and supply of heat and water heating for households. To establish preconditions for the modernisation of municipal heating systems. To encourage the modernisation of heat supply and heat consumption systems, in particular energy services, as well as the establishment of societies responsible for the management and maintenance of residential housing stock and property.

To encourage the development of the distribution network of natural gas and its transit thereby in the course of 10-15 years ensuring the alternatives to the use of oil products in industry and household. To carry out privatisation and further develop gas industry with regard to the necessity of increasing competition and market transparency; to gradually increase opening of markets to irregular users by providing possibilities to purchase natural gas directly from gas enterprises avoiding intermediaries.

To promote the utilisation of liquid gas for transport needs.

To employ legal measures for balancing public and private capital interests (including economic and environmental regulatory levers), to achieve that companies, holding the rights to administer processing and transport infrastructure assets, work efficiently and profitably hence ensuring that loans disbursed earlier are repaid to the state budget.

To draft legislation and fundamentally change the procedures for the management, accumulation and storage of oil reserves: the state budget should be responsible for the management process of reserves of only 90 days to ensure vital functions and special internal functions; economic entities should be involved, according to the type of activity, in the accumulation and/or storage of reserves differentiating the latter according to the type of business.

To prepare by-laws formulating measures on how to combat smuggling and unreasonable increase of fuel prices.

VIII. TRANSPORT SYSTEM

To develop a long-term national transport system and 25 year strategy for different transport modes in compliance with the strategic goals of the European common policy on transport.

To develop a balanced transport network with a view to integrating it into a future Trans-European network of enlarged Europe.

To co-ordinate measures for the efficient liberalisation of the transport service market and public regulatory measures thereby ensuring traffic safety of different transport modes for the public.

To modify the existing and to develop new legal acts which establish preconditions for the development of all transport sectors as a single strategic system.

With regard to the geographical location of Lithuania, to use to a maximum extent the possibilities of the transit service market, to create favourable conditions for the formation of new cargo flows.

To restructure the transport system with a target to satisfy to a maximum extent possible the needs of users of transport services, and especially the needs of economic entities engaged in transit business, by way of upgrading the technical capacities of the transport infrastructure and superstructure and its regulatory legal framework. With this in view it is essential to improve the infrastructure of the I and IX international transport corridors, to provide favourable conditions for the establishment of an integrated transport service network and multi-modal logistic centres on the basis of modern information systems.

To be part of the processes of international infrastructure and transport market integration. This includes the integration into the EU, co-operation with the Baltic States, relations with Russia and other CIS states.

To ensure transit cargo flows across Lithuania, to establish representative offices for the implementation of these operations in different CIS states, especially Russian regions.

To introduce a single computerised control system of cargo flows across the territory of Lithuania, to a maximum extent possible liberalise the functions of controlling institutions (customs, border, veterinary services, etc) hence eliminating obstacles for free cargo flows in Eastern-Western and Western-Eastern directions which occur due to the operations of the controlling institutions, and to a maximum extent possible to eliminate bureaucratic impediments halting the growth of transit cargo flows. To carry out export, import and transit clearance procedures as fast as possible, to clearly regulate transportation of military and other dangerous cargoes.

The Transit Committee under the Government shall have to become an efficient standing structure, quickly and precisely reacting to changing conditions on transit markets and eliminating bureaucratic impediments on the way to the development of transit business.

To create a legal basis for the establishment of “transport corridors for green transit cargoes”.

To assess investment need for the implementation of measures for transport system development, and to ensure maximum use of the European Union financial assistance.

Before privatising transport sector entities that are important on a national scale to Lithuania (Special Purpose Joint Stock Company “*Lietuvos geležinkeliai*” (Lithuanian Railways), Joint Stock Company “*Lietuvos avialinijos*” (Lithuanian Airlines) etc) to investigate possible privatisation consequences and its impact on national security.

To ensure equal conditions for the Lithuanian and foreign capital, to ensure transparency of the restructuring and privatisation of strategically important transport entities as well as the influence of the state over their management.

To develop a network of highways and country roads, to increase road capacity in towns. To promote passenger and cargo transport rehabilitation programmes, to ensure safe transportation of passengers, to decrease negative impact of transport on environment.

To restructure the institutional management of public transport, namely, to establish equal business conditions for private and municipal carriers.

To ensure involvement of private transport associations in the regulation of transport activities and its development, to focus attention on encouraging private initiative by way of attracting investment and developing international relations, to improve passenger and cargo transportation in compliance with the requirements of international conventions.

To eliminate constraints obstructing the development of the network of retail trade and service centres situated along highways and other roads of national importance.

To provide necessary conditions for the improvement of major railway lines to bring them into compliance with AGC requirements of the European Agreement on International Railway Lines.

To introduce modern strategic management into the Lithuanian railway transport system. To draft and approve a project of the railway system reorganisation that will require optimal resources of the state budget in upgrading and further developing the railway infrastructure; to start the implementation of the project. To prepare a project with a view to separating operations and property of the railway system and transferring a number of railway system segments to municipalities, or to work on their privatisation project.

To authorise a public institution outside the railway system to carry out the reorganisation of the railway system as well as separation of its functions and property.

To liberalise the transportation market by way of reinforcing equal business conditions for both private and public carriers by rail, to set tariff rates for using infrastructure.

To reorganise passenger transportation by rail on the grounds of fulfilling obligations stemming from public or municipal contracts concerning passenger services concluded with carriers.

To establish a flexible and competitive tariff system of port dues, transshipment, storage, and transportation across the Lithuanian territory; to seek that economically reasonable tariffs and transit fees become a major revenue source for the budget.

To modernise the strategic management of sea transport by incorporating it into the general development strategy of the maritime sector.

To modernise the infrastructure and superstructure of the Klaipėda State Sea Port and other ports: to facilitate the construction of new as well as reconstruction of the existing embankments, port gates, deepening of the port, etc.

To improve interaction between ports and other transport branches, to modernise the infrastructure of access roads and railways. To ensure cargo safety and navigation control.

To facilitate the development of the network of line navigation with foreign ports as well as the establishment of new cargo and passenger terminals.

To make sure that the free port status starts functioning in real terms at the Klaipėda State Sea Port, to create favourable conditions for the establishment of shipping and fishing companies in Lithuania.

To develop a privatisation model for the national air company ensuring its long-term development and transparency of the privatisation process.

To modernise aircraft landing control systems, flight safety measures in international airports in compliance with the requirements of the Joint Aviation Administration.

To enforce the General Multilateral International Aviation Agreement, namely, to join a liberalised European air space.

To facilitate the coming into existence of fundamental agreements with oil companies thereby ensuring profitable operations of the Klaipėda and Būtinge oil terminals. To draft a concept paper and a programme for the privatisation of the terminals paying maximum regard to the economic interests of Lithuania.

To consider whether it is economically beneficial for the state to build an oil pipeline from the stock company *Mažeikių Nafta* to the stock company *Klaipėdos Nafta* and in the event of a favourable case study to ensure that the construction of the oil pipeline is launched.

IX. AGRICULTURE AND RURAL DEVELOPMENT

To build a market-oriented, competitive agricultural sector, to strive towards steady and sustainable economic and social development of rural areas in compliance with regional specifics.

To strive to secure at least 10 percent of the national budget funds annually for the implementation of the agricultural and rural development strategy as well as for the enforcement of state intervention measures in agriculture, building up of the national food stock, land reclamation and liming of acid soils.

To draft and to adopt the necessary legislation in order to ensure payment for the purchased agricultural products, to harmonise economic relations in agricultural production, processing and trade in foodstuffs.

To create a more favourable system for crediting agriculture, to enhance a network of relevant institutions, to increase the limit of the Guarantee Fund for Agricultural Loans.

To use Rural Support Fund and foreign support money for financing investment programmes promoting the occurrence of competitive farms and diversification of economic activities in rural regions.

To encourage producers to improve production quality; to improve certification of products. To support programmes on seed production, selection, pure-strain stock breeding, etc.

Dependent on market conditions, to consider, if necessary, the introduction of quotas for the main categories of agricultural products and the feasibility of setting threshold, earmarked, and intervention purchase prices.

To create a stable legal background, which would allow farmers to forecast the outline of production volumes for at least 3 – 5 years to come.

To reorganise the system of state support for rural areas, replacing subsidies with direct payments.

To provide agricultural entities with special rebates on purchasing diesel fuel.

To increase protection of internal market by tariff and non-tariff means.

To promote export of agricultural products, to seek for new markets, to strive towards the reduction of a negative balance in foreign trade in agricultural products and foodstuffs.

To promote all forms of farming, various types of co-operation, creation of specialised farms, which rely on state-of-the-art farming techniques and new scientific achievements. To provide more favourable conditions for those, farming on low productivity land.

To support activities in nature conservation, re-forestation and forest management, establishment of orchards and berry plantations, cultivation of medical herbs. To promote alternative business – ecological farming, country-tourism, processing of surplus products for the production of ecological fuel, cultivation of oil cultures for the production of biological diesel fuel and biological oils. To prepare a programme on the production of biological fuel and ethanol as well as the use of other alternative energy sources.

To improve the system of education, training, consulting, and information supply for farmers and other rural residents, to develop the relations between science and production.

To provide state funding for securing a proper technical status of land reclamation facilities and for the calcification of acid soils. To introduce a tax on the use of land reclamation facilities, which would generate additional revenue from all users of the drained lands.

To complete the restitution of land ownership, to create a legal environment, promoting development of the land market. To create a land use strategy based on the land information system and land management plans of rural areas.

To grant municipalities and neighbourhood administrations more extensive powers in rural development. To increase responsibilities of the Ministry of Agriculture in co-ordinating the issues of rural development. Other ministries and

agencies shall be actively involved in the decision making.

To strengthen rural communities and their self-governance, to preserve the network of the main services in rural areas, to improve rural infrastructure, especially the road network.

To increase the role of the Chamber of Agriculture and other farmers' self-governance organisations in decision making on agricultural and rural issues.

To develop a national programme of mapping and creation of geographical reference databases in order to provide a background for cadastral map production, development of a land information system, territorial planning and management of the state property.

X. ENVIRONMENTAL PROTECTION AND URBAN DEVELOPMENT

To create preconditions for the implementation of the principles of integrating sustainable development and environmental protection into other sectorial policies by improving, correspondingly, legal and economic instruments of environmental management. To strive towards economic development, which does not impair overall quality of the environment and secures clean and healthy environment for the human population.

To continue preparations for the membership of the European Union, to finish the harmonisation of Lithuanian and European Union requirements in the field of environment, to create a relevant institutional system for the enforcement and monitoring of the requirements.

To improve the system of economic regulation of the environmental protection by applying the polluter pays principle, so that all economic entities were motivated to reduce their negative environmental impact.

To give priority support to the construction and reconstruction of wastewater treatment facilities as well as the implementation of regional investment projects on waste collection, sorting, utilisation, and processing.

To channel primarily into co-financing the financial resources allocated by the State for environmental programmes.

To finish as soon as possible the formation of an institutional system aimed at the efficient use of European Union financial and other support provided for Lithuania in the field of environmental protection.

To make Lithuanian representative offices abroad more active in attracting investments into environmental protection, and to use support provided by other countries completely and efficiently.

To provide all economic entities and interested individuals with comprehensive information on funding sources and requirements for environmental investment projects.

To promote environmental education, public awareness raising and publicity at all levels. To support activities of non-governmental organisations, their participation in decision making and enforcement of key decisions in this field.

To focus priority on the promotion of investment aimed at pollution prevention, use of clean fuel and energy sources, introduction of low-waste and other progressive environmental technologies.

To promote rational use of natural resources, especially of non-renewable ones, and to achieve, that renewable natural resources were exploited only along with the implementation of recuperation measures.

To strive to preserve territories of the highest biodiversity or landscape value. To balance wisely between the use of natural resources for human needs and the necessity of their long-term protection. To prepare distribution schemes of tourist and recreational sites, especially within protected territories and near water bodies, and to designate strictly protected natural areas.

To improve economic compensation measures for restricted economic activities within protected territories.

To promote the development of competitive ecological industry by providing economic entities with information on planned environmental programmes and projects, scheduled requirements, which may increase the demand of

environmental products on the internal market. To create conditions for the growth of the environmentally-friendly production market.

To expand forested areas of the country. To prepare a Long-term Strategy on Forestry and Development of Forest Industry, encouraging farmers and other landowners to plant forest on lands that are poor or unsuitable for farming.

To enforce uniform and combined forest protection, exploitation, and recuperation.

To eliminate unjustified bureaucratic requirements in the field of environmental protection and urban development, to reduce the number of mandatory permissions and to simplify their issuance procedures, to transpose the practice and standards of European countries into the national legislation.

To impose stricter personal responsibility on those violating construction regulations and on the officials responsible therefor.

To delegate more authority to municipalities in the fields of construction regulation and land management.

To create and develop optimised regional infrastructure programmes and projects, thus opening opportunities for rapid economic development and having assessed the country's financial capacity. To improve the system of territorial planning, integrating into it the regional development objectives.

To improve the information system with a view to ensuring efficient management of the state property.

To focus on the implementation of the national Housing Programme, to support it with credit resources and necessary tax incentives for those acquiring a living space for the first time and those in need of social support.

XI. LAW ENFORCEMENT AND LAW-AND-ORDER

11. 1. Legislation

To participate actively in the formation of the national legal policy and the implementation of the legal system reform.

To avoid rush in legislation. To anticipate well in advance the background for drafting and considering a legal act: its concept paper, principles, and targets.

To systematise the existing legislation and to compile a code of the Republic of Lithuania. To strive towards the consolidation of legal acts and the codification of separate branches of the law, to maintain stability of the contents of codified acts.

To accelerate drafting of the new Civil Procedure, Penal Procedure, and Sentence Execution Codes.

To focus on drafting the legislation that would secure social rights and their protection, protection of consumer rights, fight against corruption, and drug prevention.

To create favourable legal conditions for the building and development of information society, to develop information technologies in the legal field. To promote legal education of the public.

To set such a date of coming into force of legal acts imposing obligations on private entities, which would give private entities sufficient time to prepare for their enforcement.

To guarantee that imperative norms are only set only by law, and the acts of secondary legislation only specify the rules of their enforcement.

To continue the approximation of the national legislation with the European Union Law, on the basis of the requirements and recommendations of the United Nations Organisation and the Council of Europe, and taking into consideration the needs of Lithuanian people.

To create a mechanism that would allow a more prompt reaction to the decisions of the European Court of Human

11. 2. Law Implementation

To continue the judiciary reform in line with the system of the general competence courts enshrined in the Constitution, improvement of its administration as well as drafting and adopting secondary legislation related to proper functioning of the judiciary.

To create a legal mechanism that would ensure continuous improvement in the selection of judges and quality of their work.

To continue reforming the system of court bailiffs, which would ensure efficient enforcement of court decisions.

To promote professional upgrading of lawyers with orientation towards a modern law doctrine and integration into the European Union as well as towards the protection of human rights and freedoms.

To address problems of Lithuanian citizens living in emigration, to seek for simplified procedures of citizenship restitution for Lithuanians residing abroad and willing to return to Lithuania.

11. 3. Personal Security and Law Enforcement

To form a harmonised and efficient system for combating corruption, smuggling and organised crime.

To continue the development and modernisation of the system of law enforcement institutions so that punishment for a committed crime becomes inevitable and case investigations do not cause serious delays in court proceedings.

To set clear functions, terms of reference and responsibility for each institution. To establish a structure for co-ordinating activities of law enforcement institutions and operative units.

To continue structural reform of law enforcement institutions. To reduce administrative apparatus of the institutions responsible for law and order. To ensure independence and responsibility of law enforcement institutions.

To raise qualification standards of law enforcement officials. To establish by laws improved procedures for the selection, training and professional upgrading of police officers and officials of other law enforcement institutions.

To balance social guarantees, employment and payment conditions for the staff of law enforcement institutions.

To increase national budget allocations for law enforcement institutions, to aim at more efficient utilisation of funds by way of allotting the largest share of them for direct activities and reducing administrative costs.

To give up commercial activities and other functions that are not typical for the police.

To encourage public initiatives that help enhance people's security and protection of their property; to support crime control and prevention programmes developed by local authorities. To enhance co-operation between the police, non-governmental organisations and the public.

To decrease juvenile delinquency and minors' crime related to drug dealing and use; to prevent violence against children and domestic violence. To strengthen early prevention of juvenile crime.

To guarantee more transparent and open activities of both law enforcement and public administration institutions as well as officials by way of reinforcing preventive measures against corruption; to define procedures for their liability to the public.

To get ready for the ratification of the Criminal Law Convention on Corruption and the Convention on Combating Bribery in International Business Transactions of the Council of Europe. To initiate the conclusion of bilateral international agreements on the co-operation in combating organised crime, drug dealing and other major crimes.

To create an effective system of the search of missing persons.

To increase the role of local authorities in the prevention of crimes and other breaches of law.

To implement the measures for the protection of rights and legal interests of crime victims and their social rehabilitation. To aim at ensuring adequate financing for the witness protection programme.

To partly amend the system of punishments and penalties, to impose adequate punishments for breaches of law. To carry out a programme of corrective measures and integration into the society of those individuals who served their sentences.

To establish legal provisions targeted at alternative punishments to be imposed more often than imprisonment seeking to protect victim's interests and to a maximum extent possible compensate for moral and material damage incurred. To improve the system of administrative penalties.

To aim at humanising the conditions in confinement and detention institutions on the basis of international standards.

XII. PUBLIC ADMINISTRATION

To restructure the public administration system on the basis of a systematic approach and basic management. To outline organisational and functional structures of public institutions. To draft decision making procedures to be followed by executive institutions.

To establish guidelines for organising public administration and its supervision. To legally regulate the limits of the activities of public institutions and officials. To introduce legal provisions concerning personal responsibility of public institutions and civil servants for their misdemeanours.

To establish a coherent strategic planning and control system of cultural, social and economic development of the state.

To prepare an improved draft of the Law on Government that will provide the institutional framework of the public administration system, will lay the foundations for Government activities, regulate ministers' responsibilities in the respective areas as well as their responsibilities for the implementation and consequences of the decisions made by the Government. Within this law to introduce a provision that will clearly define the area of the responsibility of each ministry as this will help delegate closely interrelated issues to one public institution.

To prepare and implement a programme introducing electronic administration system in public and municipal institutions, which shall be co-ordinated with the operative registers of the entities under the administrative supervision and shall be generally used, and which shall increase the efficiency of public administration and decrease a number of public servants, improve the quality and efficiency of administration.

To carry out audits of public administration in central administrative institutions the results of which shall serve as a basis for cutting down expenditure for public administration and increasing administrative efficiency by means of the de-concentration and decentralisation of public administration. To revise functions of ministries and other public institutions and to transfer part of the services to municipalities or non-governmental organisations.

To standardise by law internal structures of public institutions, to introduce uniformity to the positions and composition of civil servants; to set an optimum number of civil servants and institutions.

To establish an efficient system of territorial management tailor-made to satisfy the needs and demands of the people pursuant to the requirements of the declaration of the European Assembly of Regions and the European Charter of Local Self-government.

To separate functions of central, regional and local authorities, and to distribute their powers on the basis of co-ordinating national interests and self-governance principles. To establish prudent relations among central administrative institutions, higher administrative units and self-governance institutions.

To carry out territorial reform having assessed public opinion, regional policy criteria and in view of economic, social

and cultural disparities of the regions as well as economic-financial capacities.

To improve public administration procedures in order to implement the “one-stop-shop” principle and to ensure transparency of decision making thereby enabling each resident or economic entity to be able and capable of effectively exercising their rights: to protect their interests in institutions of public administration (state and municipal), to receive prompt and comprehensive answers to questions of their concern, to effectively lodge complaints against illegal activities of civil servants.

To amend the laws on public administration and civil service with a view to facilitating the formation of a professional civil service corps, which will ensure continuity of the work of public administration institutions and municipalities as well as political neutrality, efficiency, publicity, high quality services and responsibility for the decisions made.

To implement a transparent and easily understandable system of remuneration for work of civil servants, officials and politicians, to eliminate disproportion in wages and unreasonably big severance pays. A position and career of a civil servant have to be regulated by a special scale of qualifications, while wages and social guarantees (for statutory officials) have to depend on the qualification and employment years in a certain position.

To ensure stability and professional quality of civil service. To put forward a requirement for civil servants to be competent and regularly upgrade their qualifications. To develop a strategy and relevant programmes for training civil servants and upgrading their qualifications.

To ensure high quality training for civil servants at institutions of higher education, to organise regular upgrading of qualifications for staff civil servants, in this respect progressive experience of foreign states as well as the resources of the European Union funds shall be taken advantage of.

To ensure equal opportunities for men and women in seeking education, in upgrading their qualifications, in employment, promotion, setting the salaries; to enable women to participate on equal conditions in all areas of political and public life and high-prestige activities, to occupy leading positions in public administration institutions.

To enforce self-governance rights and guarantees enshrined in the Constitutions.

To implement the essential provisions of the European Charter on Local Self-government that would guarantee revenues into municipal budgets, the right to administer taxes, and would ensure the implementation of the principle of subsidiary.

To draft legal acts that would expand rights of municipalities, legalise municipal land ownership (right of disposition and management), administration of land related matters (including land ownership restitution), to reform their budget formation procedures.

To initiate the law on local referenda (polls). By means of strengthening and developing self-governance to achieve that the largest share of public needs are satisfied by public and municipal institutions within the administrative self-government unit.

To improve laws on public and municipal finance and property management, which shall establish long-term sources of revenues into municipal budgets of the scope defined and which shall assign real property to them. To improve a mechanism of taxable revenue distribution between the state and municipal budgets. To ensure reliable financing for municipal functions delegated by the state, especially financing of social allowances.

To involve the public into the decision-making process on the essential issues of public administration. To expand the role of the following institutions: the Lithuanian Academy of Science, Lithuanian Association of Municipalities, Youth Council, Trilateral Council, Chamber of Industry and Trade, Chamber of Agriculture, and other associated or non-governmental organisations; to increase their influence in administrating public issues. To develop democratic self-control as well as political, economic, social, and cultural democracy.

To provide a possibility to representatives of the mass media, public organisations, trade unions, and ethnic communities to participate in the meetings of public and municipal institutions on all levels whenever issues important to them are addressed.

Before making decisions most relevant to the people to commit to clarifying the significance and consequences of these decisions to the public and, after the assessment of public opinion, to make decisions by co-ordinating the interests on different levels.

To oblige the elected and designated civil servants to regularly report to the public, to announce their reports in the press for the electorate to let them know how their interests are protected by the people they elected and designated.

XIII. NATIONAL SECURITY AND DEFENCE

To improve the Law on the Basics of National Security that would reinforce the internal security of the state across different spheres of public administration (economy, social care and health protection, security of the citizen and their property, etc).

To speed up the preparation and implementation of the programmes targeted at building up national security.

To guarantee that public institutions in the process of decision making pursue national security interests. To improve the co-ordination of activities of the institutions ensuring national security.

To further develop democratically controlled Lithuanian defence forces, to specify the long term army and infrastructure development plans adjusting them in accordance with the economic capacities of the state and NATO integration needs; to give more attention to the formation of reserve forces by preparing an integrated reserve training system.

On an annual basis to renew NATO Membership Action Plan concerning military defence issues.

To seek that the future defence system of Lithuania would rely on a professionally trained army fully supplied with the-state-of-the-art facilities, interoperable with NATO armed forces; to improve the army structure.

To use the Lithuanian scientific, technical and industrial potential for building up Lithuania's security system, with this in view, to provide financing from the national defence budget.

To regularly analyse and assess internal and external threats to national security, to foresee corresponding defence measures.

To aim at decreasing the spread of different phenomena imposing threat to the public, like drugs, suicides, AIDS, alcoholism; to draft and implement preventive programmes to address these problems.

To pursue a target-orientated and effective anticorruption policy on the basis of the anticorruption strategy; to draft a law on fight against corruption. To give special attention to measures combating shadow economy and smuggling.

To focus attention on educating and informing the public about the collective defence and security systems, and on making it ready to react effectively to threats to the country's national security.

In the immediate future to prepare the National Security Strategy, to set up a Strategic Planning Group for National Security (in compliance with the provisions of the Law on the Basics of National Security) and to set up the Strategic Research and Analysis Centre.

To draw and submit to the Seimas a list of entities presenting strategic importance to national security. To assess the decisions made on the privatisation of entities from a perspective of national security.

To establish a national crises management system.

To rationally plan and use the national defence budget (to seek that in 2002 it reaches up to 2 per cent of the GDP and is not reduced in the future). To ensure the implementation and financing of the defence programmes that have been and will be prepared on the basis of long-term national defence development programmes and international obligations of Lithuania.

To gradually transform the army into a structure based on professional grounds by avoiding essential increase in the number of conscripts into the compulsory military service. To ensure alternative military service for those who, due to their convictions or other reasons, are not able to do their regular military service.

To integrate voluntary forces into a unified administrative structure of the army; to continue the reorganisation of

internal service units into public security units by phasing out the practice of conscripting regular army soldiers into this service.

To improve the system of public procurement for national defence, which would allow concluding long-term contracts with producers.

To improve the protection of land and sea borders, to develop systems of integrated civil and military air surveillance, sea surveillance and control.

To develop international co-operation on a bilateral basis and regional military co-operation in the context of Lithuania's international obligations; to ensure that the defence forces of Lithuania participate in UNO, OSCE and NATO international operations.

XIV. FOREIGN POLICY

To ensure continuity of the Lithuanian foreign policy, and to confirm that the aspirations of Lithuania to become a member of the European Union and NATO and the policy of good neighbourhood relations are national foreign policy goals of equal importance.

14. 1. Integration into the European Union

To aim at maintaining the momentum gained in the pace of negotiations and to complete negotiations on EU membership in 2002 providing Lithuania with a possibility to become a full-fledged Member State of the European Union in 2004 and enabling the Lithuanian citizens to participate on equal terms in European Parliament elections in 2004.

To pursue the policy of active relations with all Member States of the European Union thereby ensuring adequate safeguarding of the Lithuanian national interests in the process of the negotiations and accession.

To participate in the structures of Common Foreign and Security Policy and Common Security and Defence Policy on the grounds that this participation is an inseparable part of the European integration process and with full awareness that the strengthening of CESDP and the establishment of European Crises Management Forces will contribute to the reinforcement of the transatlantic relations, which represents the basis of European security.

To aim at the widest possible participation of the public in the discussions on the future vision of the European Union; to strengthen the processes of disseminating information among the people and pursuing a dialogue on the most critical issues of EU integration.

To endeavour to make the enlargement of the European Union a stimulus for the development of Lithuania's relations with its neighbours and other countries of the region as well as the implementation of cross-border cooperation projects.

14. 2. Aspiration for NATO Membership

To strive towards getting Lithuania ready for NATO membership in the short run and being invited to accede in 2002.

To actively implement the public information policy, to maintain an open dialogue with the public on various aspects of Alliance membership within the context of preparation for NATO accession.

To maintain a regular active dialogue with NATO members on the matters of Lithuania's Membership Action Plan. To provide comprehensive information to the capitals of NATO countries on how Lithuania is prepared for the membership in political, security and defence terms, etc.

To intensify diplomatic efforts in all directions, focusing special attention on the relations with the U.S. Congress. To

further co-ordinate activities with other NATO applicant countries, the Lithuanian emigrant community in the U.S.A., and other ethnic communities.

To co-operate closer with Germany, France, the United Kingdom, and other European states, which are NATO members, representing Northern and Southern dimensions, and Canada in seeking to gain their approval of Lithuania's aspirations to join NATO. To intensify diplomatic efforts targeted at explicating Lithuania's position to the member states of the Alliance on both political and public levels.

14. 3. Development of Good Neighbourly Relations and Regional Co-operation

To develop strategic partnership relations with Poland by exploiting the potential of joint structures and by focusing on the implementation of the strategic projects in transport and energy areas, by co-ordinating positions on major issues of foreign and security policy and by acting jointly in the region.

To further develop relations with neighbouring Latvia and Estonia and the Nordic countries within the framework of both bilateral relations and NB8. To retain the assistance provided by the Nordic countries to Lithuania's aspirations to become integrated into the European and transatlantic structures, to maintain focus on the Northern Dimension, to continue participation in common Baltic Sea projects, to further develop economic relations with the countries of the region.

In advancing trilateral relations of the Baltic States and the co-operation within joint structures of the Nordic and Baltic States and in the course of active participation in the activities of the Council of the Baltic Sea States, to give immediate attention to the implementation of the projects prioritised by Lithuania in the spheres of transport (Via BALTICA, RAIL BALTICA), energy (Baltic Power Ring), and environment.

To aim at implementing the agreements signed with Russia, to address issues of co-operation on mutually beneficial grounds as regards economy, energy, transport, and other spheres, to expand cultural relations, public dialogue and people-to-people contacts. To seek to participate in the dialogue over Russian and EU partnership since the relations between Lithuania, as a future member state of the European Union, and Russia will be an important chain link within the partnership framework. Within this context, to focus special attention on the prospects of the Kaliningrad Region of the Russian Federation and on further advancement of co-operation initiatives.

To maintain pragmatic relations with Belarus in addressing issues of bilateral co-operation and in seeking to involve Belarus in the processes of the regional co-operation and European integration.

To expand the relations of the Baltic Sea States with other regions. On the basis of the already accumulated experience to develop the relations with the Ukraine within bilateral and trilateral (including Poland) framework. To further develop the relations with Central European countries and co-operate with the countries of the Black Sea region with a view to implementing projects of regional importance in the areas of energy, transport, economic co-operation, fight against international crime, and other areas. These areas shall also become fields of co-operation with Kazakhstan, Georgia, other Caucasian and Central Asian states.

14. 4. Economic and Cultural Diplomacy

To use foreign policy instruments for implementing the economic interests of Lithuania in foreign states, developing export and attracting investment. To take advantage of the benefits of Lithuania's membership in the World Trade Organisation, to develop a network of economic agreements.

To broaden contacts of the diplomatic missions of the Republic of Lithuania with business structures and concurrently advance the commercial-economic diplomacy to other countries and world regions. To aim at further expansion of the relations and search for a big potential in new markets of Asia, Middle East and Latin America. To encourage public and private institutions and structures to focus their attention on these regions and countries with special emphasis on the economic dimension of their contacts.

To promote the development of the external relations between Lithuanian self-government structures, public and non-governmental organisations, academic institutions, youth organisations and their foreign counterparts.

To actively present Lithuania's achievements and cultural heritage to foreign countries, primarily those of priority importance to Lithuania. To stimulate and promote the activities of a recently established Institute of Lithuania which is in charge of these matters.

To enable Lithuanians residing abroad and Lithuanian nationals who have left their country lately to develop their ethnic and cultural identity, to maintain contacts with the Motherland, to participate in developing economic and cultural co-operation between Lithuania and foreign states. With this in view, to use the possibilities provided by the activities of the Lithuanian diplomatic missions.

14. 5 Implementation of the Foreign Policy Goals

To further strengthen the Diplomatic Corps of the Republic of Lithuania, in view of Lithuanian interests to further rationally expand a network of diplomatic missions and improve their work. To enhance strategic planning of the foreign policy.

With a view to implementing the strategic goals, to establish diplomatic representations of the Republic of Lithuania in those European Union and NATO countries wherein Lithuania has no direct representation. In pursuit of real economic, business, scientific, cultural, and other interests and with a view to taking the best possible advantage of the potential of new markets, to establish Lithuanian missions in a number of countries (South American, African, and Asian). To expand accreditation of the existing diplomatic representatives in the third countries as well as the network of Lithuanian Honorary Consuls in the world.

To enhance administrative capacities of all public authorities in view of Lithuania's needs of integration into the EU, NATO, and other international institutions.

To seek transparency and publicity for the implementation of foreign policy goals by involving representatives of a wide political spectrum, academic institutions, non-governmental organisations and by encouraging a public dialogue on the most acute issues of Lithuania's future as well as its participation in the process of globalisation.