## OVERVIEW OF THE IMPLEMENTATION OF COUNCIL RECOMMENDATIONS FOR LITHUANIA FOR 2017–2018

Objective	Instruments that are being implemented or are planned	Impact on the objective/ result	Implementati on period	Implementation process and intermediate implementation outcome and deadline	Responsible institution
		CHAP	TER I		
remain at its m	nedium term budgetary objective it the structural reforms for which	ve in 2018, taking into accor ch a temporary deviation is	unt the allowanc s granted. Impro	e arm of the Stability and Growth Pact, es linked to the implementation of the s ve tax compliance and broaden the tax al sustainability challenge related to pe	ystemic pension base to sources
1. Pursue fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact. Take steps to address the medium term	1.1. To prepare the projects of the state budget, Compulsory Health Insurance Fund budget and State Social Insurance Fund budget for 2018 within the limits established in the Stability Program of Lithuania for 2017	The totality of draft budgets shall ensure the compliance with legal acts governing financial discipline of the governmental sector and the allowable deviation from the medium- term objective	Q IV 2017	Implemented. The Parliament adopted the Law on the Approval of the Financial Statements of the State Budget and Municipal Budgets for 2018, the Law on the Approval of the Indicators of the State Social Insurance Fund of the Republic of Lithuania for 2018, Law on the Approval of Budget Indicators of the Compulsory Health Insurance Fund on 12 December 2018	The Ministry of Finance, the Ministry of Social Security and Labour, the Ministry of Health
fiscal sustainability challenge related to pensions	1.2. The application of requirement that the budgets of municipalities whose appropriations exceed 0.3 percent of GDP must be structurally balanced or surplus was commenced from 2018	Fiscal discipline rules applied to sub-sector of local authority will help strengthen financial discipline of authority sector and will function anti-cyclically	Q I 2018	Implemented. The Parliament adopted the Law on the Approval of the Financial Indicators of the State Budget of the Republic of Lithuania for 2018 and of Local Government Budgets on 12 December 2018. Upon adoption of the said law, the municipalities must approve their budgets for 2018 within 2 months. The Ministry of Finance cooperated	The Ministry of Finance, municipalities

	1.3. To monitor and submit proposals for measures necessary to increase the income of the budget of State Social Insurance Fund and to reduce the demographic impact on the pension system during the long-term period	Monitoring and adapting of the budget of State Social Insurance Fund to the changing demographic situation	Q III 2017 Q III 2018	with municipalities on the issue of the application of the provisions of Constitutional Law on the Implementation of the Fiscal Treaty of the Republic of Lithuania. The Ministry of Finance has calculated and submitted to municipalities the share of the cyclical component of the authority sector per three largest municipalities (Vilnius, Kaunas and Klaipėda cities), consulted on the assessment of budget projects applying the cumulative principle, and the calculation of the structural balance.  The councils of Vilnius city, Kaunas city and Klaipėda city municipalities approved the budgets of these cities on 7 February 2018, 27 February 2018 and 21 February 2018 respectively. The expenditure of these three largest municipal budgets amounts to about 37 percent of all expenses of local authority subsector. Budgets of other 57 municipalities are to be nominally balanced  Implemented. Is being implemented every year in the third quarter	The Ministry of Social Security and Labour
2. Improve tax compliance and	2.1. Establishment and implementation of tax	Improvement of tax compliance	Q IV 2018	Underway implementation. Public tender for the procurement of	The Ministry of Finance,

broaden the tax base to sources that are less detrimental to growth	calculation services for small business allowing semi- automated management of accounting of income and expenditure (work No. 4.3.1 of the Plan of the Implementation of the Programme of the Government, Measure 2)			Public Procurement of Remote Computing Services for Small Businesses (i.APS) subsystem development and installation is announced. i.APS development group is approved	the Ministry of Economy
	2.2. Establishment of proportional sanctions for violation of tax laws (work No. 4.3.1 of the Plan of the Implementation of the Programme of the Government, Measure 7)	Improvement of tax compliance	Q I 2018	Underway implementation. Draft projects for amendments to Law on Tax Administration of the Republic of Lithuania, Law on Value Added Tax of the Republic of Lithuania, and the Code of Administrative Offenses of the Republic of Lithuania are prepared. They will be submitted after the approval of final proposals in the Commission for Strategic Project Portfolio of the Government	The Ministry of Finance
	2.3. Implementation of OECD Automatic Tax Information Exchange Initiatives and the launch of effective use of information obtained through automated information exchange (work No. 4.3.1 of the Plan of the Implementation of the Programme of the Government, Measure 5)	Improvement of tax compliance	Q IV 2017	Implemented. Information technology tools have been developed - the development and verification of portal for data receipt from financial institutions, data processing tools and communication channels for the exchange of information has been completed. Data is provided to EU countries and non-EU countries. 48463 reports to 43 countries and territories have been sent. 21769 reports from 36 countries and territories were received.  Data is evaluated and prepared for further use	The Ministry of Finance

Smart Tax Administration System (IMAS) data to increase the effectiveness of tax avoidance risk analysis and control actions (work No. 4.3.1 of the Plan of the Implementation of the Programme of the Government, Measure 6)	Improvement of tax compliance	Q IV 2017	Implemented. It should be noted that the measures taken have a positive impact on improving the administration of value added tax. This is evidenced by the growth rate of the obligation: the growth rate of the obligation declared in 2017 (8.8 percent) exceeded the growth rates of final consumption expenditure of the same period (7%) by 1.8 percent	The Ministry of Finance
2.5. A coherent change in the application of excise duty rates and scope of excise duty rates after assessing their impact on public finances, the national economy and collection of excise duty rates (work No. 4.3.2 of the Plan of the Implementation of the Programme of the Government, Measure 7)	Expansion of the tax base	Q IV 2017	Implemented. The excise duty rates on gas oils (including gas oils used in agricultural operation), cigarettes, cigars, cigarillos were increased, and excise duty rate exemption for environmentally harmful coal, coke and lignite were abolished by adopted amendments to Law on Excises of the Republic of Lithuania	The Ministry of Finance
2.6. Review of tax rates on pollution of the environment in order to establish tariffs for reducing waste and recycling (work No. 4.1.4 of Plan of the Implementation of the Programme of the Government, Measure 9)	To change the tax rates on pollution of the environment in such a way that they would encourage taxpayers to reduce the amount of generated waste and pollutants and take care of the multiple use and treatment of waste	Q II 2018	Underway implementation. It is expected that the draft law amending the Law on the Taxation of Pollution on the Environment will be submitted to the Government in quarter II of 2018. Considering the fact that many comments were received, it is believed that the harmonization with the institutions concerned will be difficult and can take some time. If the project is considered successful and is not returned for adjustment, then it will be submitted for consideration in the	Ministry of the Environment, the Ministry of Finance

				spring session of the Parliament	
		CHAP	   TER II		
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	al outcomes by rewarding quali	ity in teaching and in highe	er education. Im	ket policy measures and adult learning a prove the performance of the healthcar	e system by
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3. Address skills shortages through effective active labour market policy measures	3.1. Development and implementation of a model for promoting and motivating employment for the unemployed and those receiving social support (work No. 1.1.1 of the Plan of the Implementation of the Programme of the Government, Measure 1)	Promotion of employment for the unemployed and those receiving social support	Q IV 2018	Underway implementation. The study "Compatibility of Active Labour Market Policy Measures and Social Assistance by Integrating Unemployed Persons into the Labour Market" was prepared. Based on it, the model of cooperation and integrated assistance of the municipal administrations that organize and provide monetary social assistance and social services, prepare and implement employment promotion programmes, and the labour exchanges implementing active labour market policy measures and the action plan for the implementation thereof is planned to be prepared. This model will combine employment promotion and motivation services for the unemployed and persons receiving	The Ministry of Social Security and Labour
	3.2. Involvement of older age people in the labour market,	Increased opportunities for the participation of	Q III 2018	social benefits Underway implementation. Using the European Social Fund	The Ministry of Social Security
	volunteering in social projects, strengthening the skills of these people (work No. 1.1.1 of the Plan of the Implementation of the	older working-age people in the labour market		support, the Labour Exchange is currently implementing projects aimed at increasing opportunities for the integration of young people, the unskilled, the long-term unemployed	and Labour

	Programme of the Government, Measure 7)			and the elderly (54 years and over) as well as persons with disabilities into the labour market.  The implementation of new projects (TAPK - Creating Your Future Prospects and Take the Opportunity), targeting long-term unemployed, the unskilled, the unemployed over 54 years old and people with disabilities was launched in December 2017	
4. Encourage adult learning thus addressing the shortage of skilled workers	4.1. Establishment and implementation of sectorial practical training centres for the development of apprenticeship training (work No. 2.1.3 of the Plan of the Implementation of the Programme of the Government, Measure 1)	Updating content and methods of Vocational education and higher education studies focusing on the provision of competitive competences of the 21st century	Q II 2018	Underway implementation. On 14 December 2017, the Parliament adopted the Law amending the Law on Vocational Education and Training of the Republic of Lithuania No VIII-450, which stipulates that state and municipal vocational education institutions, which are not public institutions, will be transformed into public institutions until 1 January 2019. By 1 January 2019, a Description of the procedure for the organization of vocational training in apprenticeship form to be approved by the resolution of the Government is planned to be prepared. As the measures for integrating sectorial practical training centres must be coordinated both with the modernization of the management model and the provisions for the implementation by means of apprenticeship training, the implementation deadline can be extended. An Action Plan for Practical Training	The Ministry of Education and Science, the Ministry of Economy

			and Apprenticeship is being prepared	
4.2. The development of activities aimed at promoting lifelong learning and the creation and implementation of delivery mechanism of professional career planning services (work No. 2.1.3 of the Plan of the Implementation of the Programme of the Government, Measure 2)		Q IV 2018	Underway implementation. In implementing the Law amending Law on Vocational Education and Training of the Republic of Lithuania No. VIII-450 adopted on 14 December 2017, the draft Description of the Procedure for Provision of Professional Guidelines is being prepared, a working group of interested parties is formed, the sessions on preparation of Strategic Document are held	The Ministry of Education and Science, the Ministry of Culture, the Ministry of Economy
4.3. Preparation and testing of the model for quality evaluation of activities of non formal adult education and continuing education provide in at least 5 municipalities (work No. 2.2.5 of the Plan of the Implementation of the Programme of the Government, Measure 4)	conditions and incentives for lifelong learning	Q IV 2018	Underway implementation. A draft of the Order of the Minister for Education and Science on the Approval of Quality Assessment Model for Non-formal Adult Education and Continuing Education Providers will be prepared in quarter II of 2018	The Ministry of Education and Science, the Ministry of Culture
4.4. Improving the qualification of regional adult education coordinators and ensuring the functioning thereof (work No. 2.2.5 of the Plan of the Implementation of the Programme of the Government, Measure 5)		Q IV 2018	Underway implementation. The EC project on national coordination "National Coordination of the Adult Education Action Plan" was launched. In the regions of Lithuania, it is planned to improve the qualification of adult education coordinators. The aim will be to strengthen adult education at local level, taking into account the	The Ministry of Education and Science, the Ministry of Culture

measure "Competency Voucher" was published on 17 March 2017. The measure is being implemented through a global grant and is aimed at improving the qualification of the staff of small and very small enterprises by applying the "competency voucher" scheme. 36 projects are being implemented; EUR 0.16 million has been allocated.

11 projects are being implemented according to measure "Apprenticeship and Skills Improvement at the Workplace" designed for training staff at the workplace for improving qualification (EUR 2.7 million), with the aim of training 2,573 people. After amendment of conditions of this measure, a call for tenders for the projects on support of training employees of enterprises in the form of apprenticeship for the acquisition of a qualification or part of a qualification was published on 22 September 2017. 7 applications for total amount of EUR 1.47 million were received. Currently, the evaluation of applications is underway.

The Ministry of Economy supports the development of the skills of the employees of domestic enterprises in working with new technologies (Measure "Ino Training", EUR 28

				thousand) in order to create opportunities to acquire the necessary skills in foreign MTEPI centres. Under the measure, one project is being implemented.  The calls for tender for the implementation of projects under a new measure aimed at increasing skills of employees of Lithuanian enterprises to work with the latest technologies, to	
5 Improve	5.1 Development and	Development of System	Q IV 2017	create opportunities for acquiring new skills in foreign MTEPI centres and to apply them in Lithuanian enterprises were announced on 14 July 2017 (measure "Ino Traineeship", EUR 1.4 million). The measure enables the employees of these enterprises to leave for studies and improve their technological skills at foreign MTEPI centres or companies operating in this type of business. They will be able to receive funding for staff training, compensation for costs related to travel abroad and accommodation, wages, etc.  Delayed implementation.	The Ministry of
5. Improve educational outcomes by rewarding quality in teaching and in higher education	5.1. Development and implementation of teacher training, qualification development and performance evaluation system, which provides for that higher education institutions with the strongest scientific and professional potential are responsible for teacher	Development of System for Teacher Training, Qualification Improvement and Career	Q IV 2017	Priorities for the improvement of qualification were approved by Order V-647 of the Minister of Education and Science of 25 August 2017 On the Approval of Priorities for the Improvement of Qualification of the State and Municipal School Heads, their Deputies, Teachers and Specialists providing Assistance to	The Ministry of Education and Science, Office of the Government

training and improvement of their skills (work No. 2.3.1 of the Plan of the Implementation of the Programme of the Government, Measure 1)		Students in 2017-2019.  Description of the Teacher Training Model was approved by Order No V- 683 of the Minister of Education and Science of 14 September 2017.  A draft Description of competences required for the activities of teachers has been prepared (currently being revised and coordinated).  The following documents are being prepared: Model for the assessment of the activities of teachers and specialists assisting students (except psychologists), the Teacher Training Regulation, which must also include professional growth (qualification improvement), and the Code of Teachers Ethics.	
5.2. Based on the state development priorities, the results of evaluation of higher education activities, results of achievements and progress of students, the agreements with higher education institutions on the training of teachers (including vocational school teachers) and their qualification improvement are concluded (work No. 2.3.1 of the Plan of the Implementation of the Programme of the Government, Measure 2)	Q IV 2018	Underway implementation. Draft law amending the Law on Science and Studies of the Republic of Lithuania and legal acts implementing the law will be prepared in Quarter I-II of 2018	The Ministry of Education and Science, Office of the Government

5.3. Primary and continuing education of pre-school and early children education teachers (updating study programmes, improving competences of teachers, consistent and continuous improvement of the qualification of teachers, heads and all staff) (work No. 2.3.1 of the Plan of the Implementation of the Programme of the Government, Measure 5)		Q II 2018	Underway implementation. Implementation of the EU Structural Funds projects ("Improvement of the qualifications of teachers and other education system staff"; "Creation of conditions and incentives for lifelong learning, providing effective assistance for improvement"), providing for primary and continuing education of pre-school and early children education teachers, improvement of qualification is launched	The Ministry of Education and Science
methodologies for general	Rearrangement of education and science funding	Q III 2018	Underway implementation. The Working Group for the preparation of implementation of reforms on the financing pre-school, early children education and general education was formed by Order No V-688 of the Minister of Education and Science of 15 September 2017	The Ministry of Education and Science
5.5. Preparation and implementation of the procedure for the payment of full-time teachers' work in order to create attractive career conditions (work No. 2.3.4 of the Plan of the Implementation of the Programme of the Government, Measure 2)		Q III 2018	Underway implementation. The Working Group for preparation of the model for the payment procedure for full-time work of teachers was formed by Order No V-129 of Minister of Education and Science of 2 March 2017. The terms for implementation and additional funds are being negotiated. The full-time payment procedure is planned to be introduced from 1 September 2018	The Ministry of Education and Science, the Ministry of Social Security and Labour, the Ministry of Finance

	5.6. Development of study financing methodologies based on contractual relations with higher education institutions (work No. 2.3.4 of the Plan of the Implementation of the Programme of the Government, Measure 4)		Q IV 2018	Underway implementation.  A Working Group has been formed for the preparation of proposals relating to the methodology for study funding by Order No. V-595 of the Minister of Education and Science of 24 July 2017.  It is planned to prepare a draft law amending the Law on Science and Studies of the Republic of Lithuania	The Ministry of Education and Science
6. Improve the performance of the healthcare system by strengthening outpatient care, disease prevention and affordability	6.1. Development of coverage of nursing services by increasing funding from the budget of the Compulsory Health Insurance Fund (work No. 1.2.3 of the Plan of the Implementation of the Programme of the Government, Measure 5)	Improved access to outpatient care for patients who are dependent or almost completely dependent on nursing care and assistance, but who are not disabled, due to a short-term deterioration in their health status	Q II 2018	Underway implementation. The number of out-patient nursing at home care services financed from the budget of the Compulsory Health Insurance Fund (hereinafter - the PSDF) (from 20 to 24 out-patient nursing at home care services per calendar year are disbursed by PSDF funds) has been increased by Order No V-1498 of the Minister of Health of 22 December 2017. In addition, the range of persons who can receive outpatient nursing services at home has been expanded	The Ministry of Health
	6.2. Approval of Medicines Policy Guidelines promoting rational use of medicines, price competition and ensuring continuous access to medicines (work 1.3.4 of the Plan of the Implementation of the Programme of the Government, Measure 3)	6.2.1.Approval of Medicines Policy Guidelines promoting rational use of medicines, price competition and ensuring continuous access to medicines	Q III 2017	Implemented.  Medicines Policy Guidelines approved by Order No V-1008 of the Minister of Health of 28 August 2017 are aimed at improving and strengthening the health of people by the medicines with advanced therapeutic benefits, ensuring better availability of medicines, rational use of the state budget and resources of population.  The guidelines set out the goals, objectives, development directions,	The Ministry of Health

			expected results and evaluation criteria of the medicines policy	
	6.2.2. Preparation of the Plan for implementation of Medicines Policy Guidelines	Q I 2018	Underway implementation. The Plan for implementation of Medicines Policy Guidelines is being developed	
6.3. Promotion of community-based initiatives in the field of health promotion by supporting the projects implemented by communities and non-governmental organizations (work No. 1.4.1 of the Plan of the Implementation of the Programme of the Government, Measure 6)	Increased awareness of the population, stronger skills of healthy lifestyle	Q IV 2017	Implemented. The projects implemented by communities and non-governmental organizations in the field of prevention of alcohol consumption and suicide prevention were supported in 2017 from the funds of the State Public Health Promotion Fund. Funds were allocated to 34 projects, including 18 projects of non-governmental organizations.  In 2017, the Law amending Article 38¹ of the Law on the Health System of the Republic of Lithuania No I-552 was adopted, which stipulates that, when planning annual budget subsidies, the percentage of the actual income established by the Government from excise duty of the previous year received not only for the sale of alcoholic beverages, but also for manufactured tobacco, as well as income from the funds received from the lottery and gambling tax is intended for the Fund; the Fund's funding has been doubled from EUR 1,313 million to EUR 2.691 million for 2018. Increasing the funding of the Fund in 2018 will provide greater	The Ministry of Health

				opportunities to support projects implemented by communities and non-governmental organizations that contribute to the preservation and strengthening of public health	
	6.4. Optimizing the activities of mental health centres, ensuring better availability of primary mental health care services by attracting more specialists (psychotherapists, psychologists) (work No. 1.4.3 of the Plan of the Implementation of the Programme of the Government, Measure 6)	Increased access to psychological and psychotherapeutic services through allocation of better funding	Q IV 2017	Implemented. The Description of the Procedure for Provision of Primary Outpatient Mental Health Care Services was amended by Order No V-59 of the Minister of Health of 18 January 2018, which establishes the requirements for the provision of primary outpatient mental health care services to institution and specialists, as well as functions and competence of such institutions and specialists. The availability of services of medical psychiatrists and medical psychologists was increased by Order No V-124 of the Minister of Health of 2 February 2018, by reducing the maximum number of registered residents (from 20,000 to 17,000)	The Ministry of Health
7. Improve the adequacy of the social safety net	7.1. Linking social benefits with a minimum consumer basket (work No. 1.1.2 of the Plan of the Implementation of the Programme of the Government, Measure 1)	Greater coverage of allowances and their application (number of recipients)	Q III 2017	Implemented. The calculation methodology of the amount of Personal (family) minimum consumptions needs was approved by Order No A1-236 of the Minister of Social Security and Labour of the Republic of Lithuania of 10 May 2017. Resolution No. 923 of the Government of 10 September 2014 on approval of the amount of state-supported income	The Ministry of Social Security and Labour, the Ministry of Finance

housing fund by renting housing on the market and encouraging tenants; providing all persons and families entitled to support for housing with the possibility to receive compensation for the part of the rental (work No. 1.1.2 of the Plan of the Implementation of the Programme of the Government, Measure 3)	Low-income earning population will be able to provide themselves with housing with state support, and for those who will not be able to do this, the municipalities will rent the housing on the market	Q II 2018	was amended; by the amendment, the amount of government-sponsored income is increased from EUR 102 to EUR 122.  Law amending the Law on Setting Social Support Benefits and Basic Rate of Fines and Penalties of the Republic of Lithuania No X-1710 was adopted and entered into force from 1 January 2018, but the provisions that will link the indicators of social benefit reports with the size of the minimum consumption needs will come into force on 1 January 2019  Underway implementation.  Draft law amending the Law on State Support for the Rent or Lease-Purchase of Housing of the Republic of Lithuania No XII-1215 is expected to be considered in spring session of the Parliament	The Ministry of Social Security and Labour
validation of the system of child allowance ("child's	Supporting children- raising families, reducing child poverty and income inequality	Q IV 2017	Implemented. The Law amending the Law on Child Benefits of the Republic of Lithuania No I-621 was adopted and came into force from January 1 2018, whereby the payment of a flat-rate child benefit ("child's money") to all children is validated from 2018, and the needy	The Ministry of Social Security and Labour

Government, Measure 1)	families and large families (with three or more children) are granted an additional benefit to a child, the size of which depends on the child's age.  Also, more favourable conditions for obtaining monetary social assistance for deprived people are provided, as well as motivation to work is
	Deprived Persons of the Republic of Lithuania):  1. When allocating monetary social assistance (social benefits, compensations), the child's benefit is not included in the income of families raising children.  2. In addition, the employed persons are being motivated - when allocating monetary social assistance, the income (personal income) does not include part of the income from work (from 15 to 35 percent of wages) depending on the family composition and the number of children in the family. 3. Income of non-regular (one-time) nature include only the part of the amount exceeding 1 state-sponsored income (EUR 122)

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Recommendation 3. Take measures to strengthen productivity by improving the efficiency of public investment and strengthening its linkage with the country's strategic objectives

O IV 2018

8.1. Review of the regulation	Improv
and system of planning, use	contro
and control of the current state	project
investment programme,	selection
preparation of new investment	project
evaluation procedure and	and pu
evaluation indicators	and eff
8.2. Assessment of investment	use of
links with strategic objectives	increas
set in strategic planning	investr
documents	based o
8.3. Revision of the system for	benefit
managing the financing of	amoun
state-controlled investments	
8.4. Application of costs and	
benefit analysis to substantiate	
all investment projects	
	and system of planning, use and control of the current state investment programme, preparation of new investment evaluation procedure and evaluation indicators  8.2. Assessment of investment links with strategic objectives set in strategic planning documents  8.3. Revision of the system for managing the financing of state-controlled investments  8.4. Application of costs and benefit analysis to substantiate

8.5. Determining the

allocation of funds for

monitoring after their

implementation

investment projects and

procedures for publicizing

decisions taken regarding the

Improved selection and control of investment projects will make the selection of investment projects more transparent and public, the efficiency and effectiveness of the use of public funds will increase. The number of investment projects based on the costs and benefit analysis will amount to 100 percent

Underway implementation. The Government adopted Resolution No 749 "On the Amendment of the Resolution No 478 of the Government of the Republic of Lithuania on 26 April 2001 "On the Approval of the Rules for Planning, Adjustment, Use, Accounting, and Control of State Funds for State Investments" of 20 September 2017", whereby from 2018, the State Investment Programme provides for the planning of the projects only of state importance, exclusion of the funds necessary for the renewal of the long-term assets, application of the method of costs and benefit analysis for justification of all new investment projects, the procedure for the evaluation of investment projects, selection process, procedures for giving publicity to decisions adopted are specified, and a 5-year monitoring of investment projects after their implementation

The Ministry of

Finance