

Chapter 3

Institutional framework and capacities for regulatory policy in Lithuania

This chapter maps the different and interlocking roles of the entities involved in regulatory management and the promotion and implementation of regulatory policy and governance, as well as training and capacity building within government.

Key players for regulatory management in the executive

Institutions

In the context of a highly decentralised rulemaking process, the responsibility for regulatory management tools and policies in the Lithuanian administration is spread across ministries. A few government bodies however play a more prominent role in regulatory management.

The **Government Office** co-ordinates and supervises the law-making process when draft laws are initiated by the executive. It is in charge of preparing the annual legislative programme and supervises the law-drafting process, which is decentralised in ministerial departments. It reviews all draft laws drafted by ministerial departments after inter-ministerial consultation and consultation of stakeholders has taken place. The Government Office also reviews all government draft resolutions. It has a responsibility for the development of the impact assessment system in co-operation with the Ministry of Economy and the Ministry of Interior. It has a small unit, called the “Strategic Planning and Monitoring Unit”, in charge of impact assessment development and implementation. The unit defines requirements and methodologies on impact assessment, and elaborates the list of priority legislative initiatives that are subject to full impact assessment, following submissions by line ministries. It monitors the overall quality of impact assessment and provides support and advice to public sector institutions through guidelines and training. Officials in sectoral units of the Government Office also take part in the quality monitoring of impact assessment.

The **Ministry of Economy** is in charge of co-ordinating initiatives in the field of administrative simplification for business as part of the Better Regulation programme launched in 2008, which has focused on the reduction and prevention of administrative burdens on businesses, and the simplification of licences and permits. The Ministry has elaborated annual plans for the implementation of the programme, developed methodologies and provided guidance to other ministries. It has also some specific responsibilities regarding impact assessment as it reviews the results of impact assessment on the economy done by other ministerial departments, including impact on competitiveness, SMEs and administrative burdens on business.

The **Ministry of Justice** reviews all draft laws and government resolutions, and submits its legal opinion, with the exception of those related to international treaties and agreements. It is also in charge of co-ordinating *ex post* evaluation of legal regulations.

The **Ministry of Interior** is responsible for developing the administrative burden policy for citizens. It is also responsible for e-government together with the **Ministry of Transport and Communications**. It also exercises public administration functions related to the development of local governance and regional development.¹

The **Ministry of Foreign Affairs** has the leading role with regard to EU legislation. It co-ordinates position of line ministries in their own field of responsibility. The Ministry of Justice and the European Law Department under the Ministry of Justice perform monitoring and supervision during the transposition of EU legal acts.

Co-ordination

The Rules of Procedure of the Government of the Republic of Lithuania provide for all proposals of laws, government resolutions and other legal texts that go to the government to be agreed with ministries, government agencies, and other institutions and bodies within their respective competencies. During the process of drafting laws and resolutions, co-ordination is led by the ministry that is responsible for the draft and takes place through a formal consultation process. The Government Office examines all drafts after this consultation stage, and comments and remarks can also be discussed at the ministerial meeting of vice-ministers and chancellors. As the Prime Minister sets the agenda of the Cabinet meeting, the Government Office can play a gatekeeping role in the law-making process for laws and resolutions initiated within the executive.

In some cases, *ad hoc* joint working groups are established and inter-ministerial meetings are organised to resolve disagreements before drafts are submitted to the Cabinet. Informal co-ordination can also take place, through direct contacts between officials and unofficial meetings, but a formal culture tends to prevail and line ministries usually keep a lot of autonomy.

With respect to better regulation policies, no formal inter-ministerial co-ordination mechanism has been established, whether at the political or administrative level. This reflects the lack of a global approach to regulatory policy. As seen above, the responsibility for co-ordination is allocated to different ministries by subject (administrative burden reduction on business, administrative burden reduction on citizens, impact assessment, *ex post* review). These departments and unit ensure co-ordination between themselves and with other parts of the administration mainly through direct contacts. The Better Regulation Supervisory Commission, which has been established in the area of administrative burden reduction, does not play any specific role in the elaboration and supervision of the better regulation agenda. Composed of 19 members, half of whom are government officials and half are representatives of stakeholders, it is mainly an advisory body charged with making proposals.

Other players

Parliament

Members of Parliament, called *Seimas*, have the right to initiate new legislation, and the Parliament is relatively independent in setting the legislative agenda. All draft laws proposed by the government or initiated by the parliament are assessed by the legal department of the parliament and are subject to consultation through formal hearings and more informal consultation of stakeholders. Draft laws initiated by members of parliament are subject to similar procedures as those initiated by the executive, but there is no requirement for any impact assessment. Requirements regarding consultation on draft laws initiated by members of Parliament are also limited as the Parliament Statute only provide that interested persons may participate and submit their comments in committee hearings, and that a summary of these comments be sent to the main committee. The adoption of amendments during the last stage of voting can reduce the effectiveness of the process for making high quality legislation, either initiated by the executive or the legislative. Awareness and interest in regulatory management policies seem limited, although some voices in Parliament call for the development of in-depth analysis of the potential impact of major legislative initiatives, broader consultation and increased monitoring of existing legislation.

National Audit Office

The National Audit Office is accountable to the *Seimas* and the President of the Republic. The auditor general is appointed by the *Seimas* based on a nomination by the President. Reports of the Office are examined at the parliament's Committee on Audit. The National Audit Office has not been involved in the review of better regulation related policies.

Local governments

Lithuania is a unitary state with one level of local self-government. Municipalities act independently within their competence defined by the Constitution and laws, in particular the Law on Local Self-Government. The Association of Local Authorities in Lithuania represents the common interests of municipalities, in particular in relation to the government.

Municipalities have significant responsibilities for service delivery but limited regulatory responsibilities. They deliver construction permits and some business licences. The law on administrative burden reduction, which came into force in 2013, put a duty on municipalities, for the first time, to formulate and implement reduction plans. The Association of Local Authorities has been consulted on initiatives regarding administrative burden reduction and is a member of the Better Regulation Supervisory Commission (see Chapter 8 on the interface between supra-national, sub-national and national levels of government).

Resources and training

Resources

A small number of officials directly work on regulatory policy, as one unit or part of a unit is dedicated to regulatory management issues in the Government Office, the Ministry of Economy, the Ministry of Justice and the Ministry of Interior. The Strategic Planning and Monitoring Unit of the Government Office has two full-time officials, one economist and one lawyer. The Ministry of Economy also has a small part of a unit working on administrative burden reduction.

A large number of officials are however involved in the development of regulation and its implementation as the law-making process is decentralised in each government institution. Around 70% of civil servants in government administration take some part in policy development and legislative drafting process. Nearly 9 000 officials are involved in the enforcement of regulations (consultation, inspection, information assessment, and the application of sanctions). The total number of civil servants was 29 700 at the end of 2013, of which 17 400 were in state public administration.

Training and support material

Training of civil servants is regulated by the Law on Civil Service² which lays down the basic provisions. The Strategy for the Training of Civil Servants for 2014-17 has established priorities for the training of civil servants, with respect to competencies of civil servants (management, leadership and change management, communication, analytical skills, prevention of corruption and professional ethics) and targeted servants. There are four target training groups: high and middle level managers, civil servants who provide services to citizens, civil servants who occupy positions with high risk of

corruption and civil servants in charge of corruption prevention and control functions. Nearly half of all state and local civil servants participated in a training programme in 2013. While training is decentralised and organised by the ministry or agency (under the ministries and under the government), which has hired the civil servant, training compulsory training programme for high and middle level managers is organised centrally by the Ministry of Interior. In addition all new public servants follow an introductory programme, which includes training on the preparation and drafting of legal acts. The programmes have a general format and do not specifically address impact assessment, stakeholder engagement or *ex post* evaluation. In 2013 the introductory programme was followed by 569 civil servants participating in policy formulation and legal drafting.

The Government Office and the Ministry of the Economy have provided specific programmes related to regulatory management and Better Regulation:

- During 2009-2011, the Government Office provided training on impact assessment to civil servants across state administration.³ The training scheme targeted civil servants drafting regulations, and heads of strategic planning departments. About 120 civil servants followed this programme. The programme covered the following topics: process of *ex ante* impact assessment (steps and participants, principles, impact assessment aspects), analysis methods, cost-benefit analysis, *ex post* impact assessment (steps and methods, design of *ex post* impact assessment), counterfactual analysis, theory-based evaluation.
- The Ministry of Economy organises special training on the measurement of administrative burdens at least once a year. It also provides ongoing support to civil servants regarding concrete measurement issues and questions via telephone, e-mail or live consultations.
- With the support of EU structural funds, the Ministry of Economy has also organised outsourced training for inspectors in the fields of risk management, checklist preparation and application, the use of key performance indicators in operational analysis, and telephone consultation. Six hundred employees from the full spectrum of inspection authorities participated in this training throughout 2014.

A number of support materials have been produced in the area of law drafting and administrative simplification. Methodologies have been mainly provided through government resolutions and ministerial orders.⁴ A number of documents provide specific guidance on subjects relating to regulatory quality. The Ministry of the Economy has produced an informative training publication on administrative burden reduction.⁵ The Government Office has provided guidance on social cost-benefit analysis and *ex post* evaluation.⁶ The Ministry of Finance has published recommendations on Implementing Methodology for Programme Evaluation.⁷ While the Minister of Justice has issued recommendations for drafting legal acts, no practical guidelines have been published that encompass the whole law-drafting process, including quality of legal drafting, impact assessment, engagement of external stakeholders, *ex post* evaluation (see Chapter 5).

Notes

1. Ministry of Interior, Interior Affairs System, www.vrm.lt/interior_affairs_system126 (accessed on 30 March 2015).
2. http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=471047.
3. The training programme (in Lithuanian) on impact assessment is available on the Government website: www.lrv.lt/bylos/vort/vort-3/mokymu%20programa.pdf.
4. Such as 16 October 2012 Government of the Republic of Lithuania Resolution No. 1276 “Regarding Amendment of 26 February 2003 Government Resolution No. 276, “Regarding Adoption and Implementation of Methodology on Impact Assessment of Draft Legislative Acts”; 23 February 2011 Government Resolution No. 213 “Regarding Adoption of Methodology for Identifying and Evaluating Administrative Burden for Citizens and Other Persons”; 11 January 2012 Government Resolution No. 4 “Regarding Adoption of Methodology for Identifying Administrative Burden for Businesses”.
5. Available in Lithuanian, www.ukmin.lt/web/lt/verslo_aplinka/geresnis_reglamentas/administracines_nastos_vertinimo_ir_mazinimo_praktine_informacija.
6. www.lrv.lt/bylos/VORT/VORT-3/metodines_gaires.pdf, available in Lithuanian.
7. www.finmin.lt/finmin.lt/failai/veiklos_kryptys_biudzetas/Programu_vertinimas/PVrekomendacijos2011.pdf, available in Lithuanian.

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