

# Country strategy for development cooperation

with Lithuania

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REGERINGSKANSLIET

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*Central and Eastern Europe Department*

## **COUNTRY STRATEGY FOR DEVELOPMENT COOPERATION WITH LITHUANIA: 2002–2004**

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### **1. INTRODUCTION**

The Swedish Government has decided to adopt a country strategy for development cooperation with Lithuania and other countries to which it gives priority in Central and Eastern Europe. The present country strategy will determine the focus of Sweden's cooperation with Lithuania during the period 2002–2004. The strategy is based on proposals by the Swedish International Development Cooperation Agency (Sida), additional considerations put forward by the Ministry for Foreign Affairs, the views of other ministries involved in cooperation with Lithuania, and priorities presented in the continuous cooperation with Swedish partners and in deliberations held in Vilnius on May 14<sup>th</sup> 2002.

### **2. REFORM POLICY**

Since Lithuania regained its independence in 1991, the country has undergone a radical political and economic transformation. Today the country has a functioning parliamentary democracy and a developed market economy. The political situation is stable and the overall growth rate has been favourable. Lithuania's most important foreign policy goals are accession to the European Union and membership of Nato. The country became a member of the World Trade Organisation in 2001.

The EU, which accounts for some 50 per cent of all foreign trade, is Lithuania's principal trading partner. The country's former dependence on the Russian market is now minimal – approximately 7 per cent – while Russia now accounts for a substantial proportion of Lithuanian imports – some 27 per cent. The litas peg shifted from the dollar to the Euro in February 2002.

Lithuania's relations with the EU have been regulated by a Europe Agreement signed in 1998, when the country embarked on

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negotiations for EU membership. Lithuania hopes to conclude negotiations by the end of 2002 and accede to the Union in 2004.

Lithuania's ability to stimulate continued domestic and foreign investment in productive sectors will be decisive to the country's economic development.

### **3. MEMBERSHIP NEGOTIATIONS AND ALIGNMENT WITH EU POLICIES AND PRACTICES**

Lithuania has made substantial progress with regard to alignment with the *acquis communautaire* and the development of its institutional structures.

One of the most difficult issues facing Lithuania in the negotiations is the closure of the Ignalina nuclear power plant, a condition laid down by the EU.

Lithuania meets the Copenhagen Criteria. The Commission's progress report of November 2001 particularly welcomed the new civil law legislation and the establishment appointment of a discrimination and child ombudsman. However, the public administration needs more resources, better training and closer inter-ministerial cooperation.

On the Commission's assessment, Lithuania has a functioning market economy. Government finances are under control, the budget deficit is shrinking, the current account balance is stronger and government involvement in the business sector is diminishing. Outstanding problems include high unemployment, slow progress in restructuring and liberalising the energy market, an under-developed financial sector and a promised, but still unimplemented, pension reform.

The judiciary and internal affairs are two important areas requiring continued attention and action. Judicial authorities often lack the necessary resources to carry through their decisions. Visa regulations as they apply to Russia and Belarus and border controls are not in conformity with the *acquis communautaire*. More resources are needed to fight organised crime. Education and training of judges must be improved. Corruption is another area which will require continued attention.

Building up the necessary administrative capacity to meet the demands of membership is regarded as one of the biggest challenges. Progress

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has been made with respect to all the short-term priorities, for example, free mobility of goods, social policy, the environment and employment. Priority will need to be given to institutional development and the enhancement of administrative capacity even after accession. One problem is the shortage of trained personnel and administrative continuity.

The progress report welcomes the preparations now in hand for a common electricity market on the Baltic seaboard. It reminds of the fact that Lithuania has pledged to close down the first of Ignalina's two reactors before 2005. In June 2002 an agreement was reached in the accession negotiations according to which Lithuania commits to decommission Ignalina's second reactor at the latest in 2009. The EU in return commits to be prepared to give Lithuania adequate additional financing to the decommissioning also after the country's accession to the EU.

#### **4. DEVELOPMENT COOPERATION TO DATE**

Swedish support for the reform and transition process in Lithuania dates back to 1990. Some SEK 985 million was expended on bilateral development cooperation projects and programmes between 1990 and 2000. Most of these undertakings were related to the goal of achieving a socially sustainable economic transformation. Sustainable environmental development has been another major area of cooperation. Much of the environmental support provided has gone towards improving security at the Ignalina nuclear power plant. In addition, substantial efforts have been made to enhance democracy, human rights and security in Lithuania. Sweden is a major donor to Lithuania.

Lithuania's alignment with the *acquis communautaire* has increasingly dictated the pace and direction of the reform process. EU alignment has also become a central concern for Swedish donors, in line with the aims set out in the country strategy. In fact, virtually all Swedish support allocated in 1999–2001 had a direct or indirect bearing on Lithuania's alignment process. Measures with a direct bearing on EU alignment are being implemented within the government administration, in areas such as statistics, working environment, labour market institutions, regional development planning and general advice. Other areas in which Swedish support has contributed directly to the alignment process are security at the Ignalina nuclear power plant, the environment, agriculture, aviation, shipping and the legal domain.

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Support for security enhancement during the initial stages of cooperation, in the form of equipment provision mainly for border control, coast guard, police and customs operations, played an important part in safeguarding the independence of the new country of Lithuania. This was gradually superseded by more extended security-building support aimed at institutional and skills development. Lithuanian authorities have confirmed the importance and relevance of Swedish efforts in this area.

Swedish support aimed at enhancing Lithuania's democratic culture has focused primarily on improving cooperation between local government authorities, county administrative boards and NGOs. Support for culture, language and integration has been channelled through the Swedish Institute. Since the mid-1990s support has also gone towards mainstreaming gender equality concerns in bilateral cooperation.

Development cooperation with Lithuania in the judicial sphere was stepped up in the mid-1990s, with support for the judiciary, the prison and probation service and the police service. In 1998, the governments of Lithuania and Sweden signed an agreement on development cooperation in the judicial sphere in recognition of the significance of the latter for EU alignment.

Support for socially sustainable economic transformation has been a central concern in the context of Swedish development cooperation with Lithuania since the mid-1990s. The principal targets have been ongoing social welfare reform, the construction of a social insurance system and the restructuring of health and medical services. Smaller projects aimed at improving the situation for vulnerable groups such as handicapped children have also been carried out. Extensive support has also been provided for labour market-related projects. Institutional development within the public administration was accorded high priority throughout the period and played a significant part in promoting the Lithuanian reform process. Lithuanian land reform has been supported by extensive Swedish inputs, with respect both to mapping and land surveying operations and institutional development. Extensive support has been devoted (via Swedfund Financial Markets and other channels) to restructuring and consolidation in the banking and financial sectors, particularly in the latter part of the 1990s. Although support for the development and promotion of trade and industry has declined in the past few years, it is still provided for projects aimed at strengthening the Lithuanian Chamber of Commerce and promoting the role of women entrepreneurs. Other areas of cooperation

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include export promotion and the StartEast and Advantage East programmes.

The HELCOM Action Programme for the Baltic Sea, the EU alignment process and, in more recent years, Baltic 21, the regional programme for sustainable development in the Baltic Sea region, have all been targets for Swedish support in the environmental sphere. Support linked to the Action Programme has mainly taken the form of feasibility studies, investment and institutional development in connection with a number of major water and sanitation projects, and with agricultural projects involving demonstration exercises and training aimed at reducing run-off of nutrient salts from agricultural land. Recent cooperation between the Swedish Environmental Protection Agency and the Lithuanian Ministry of the Environment has focused more closely on alignment with and the application of the *acquis communautaire*. Swedish support channelled through SKI and SSI has focused on security-enhancements to the Ignalina nuclear power plant and measures to improve the performance of the authorities concerned.

Performance evaluations show Swedish bilateral development cooperation to have been highly relevant in relation to pre-established objectives and to have contributed to Lithuania's positive development. According to the evaluation report *Developing Cooperation with Central and Eastern Europe* cooperation closely followed the instructions set out in the 1999–2001 country strategy.

Problems and setbacks arising in the course of cooperation can often be attributed to the requirement that costs be shared and the difficulty experienced by Lithuanian parties in contributing to support measures. Although lack of support in Lithuania for certain projects may be a contributing factor, this difficulty also reflects the straitened economic situation and the government's tight budget policy. Lithuania's capacity to absorb bilateral support has decreased as EU-financed programmes have increased in number and scope. Administrative capacity is limited and EU-financed projects often receive priority. However, bilateral cooperation continues in those areas where needs remain as a supplement to EU pre-membership support. This applies in particular to legal cooperation and support in the environmental and social sectors. Support for land reform, infrastructure, the banking and financial sectors, agriculture, forestry and fishery, and trade development and promotion has almost come to an end. No further support, apart from concluding projects, is anticipated. It is also worth noting that bilateral actions have served as a good basis for further EU-financed cooperation in Lithuania, especially under the EU PHARE

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twinning programme, in which Swedish authorities have now assumed a prominent role.

Bilateral support has also had positive repercussions for Swedish business interests. Support measures in the banking and financial sectors in the 1990s have facilitated Swedish investment. Ventures in the environmental, energy and forestry sectors have paved the way for Swedish companies, as has the targeted StartEast programme.

## **5. COOPERATION IN 2002–2004**

### **5.1. Objectives**

The overall aim of development cooperation between Sweden and countries in Central and Eastern Europe is to promote sustainable development, closer integration and partnership in the Baltic Sea region and its vicinity on the basis of each country's needs and utilising Sweden's resource base.

### **5.2. General considerations**

Sweden is a strong advocate of EU membership for Lithuania and the other Baltic countries. Accordingly, one of the main tasks of Sweden's Baltic policy during the remainder of the pre-membership period is to pursue its support for the full integration of these countries into the EU. It is also in Sweden's interests to ensure the development of mutually active transfrontier cooperation between the Baltic countries and the Russian regions adjacent to them.

Lithuania's favourable economic development and its rapid progress in aligning with the *acquis communautaire* have permitted the gradual reduction of development cooperation in recent years and the growth of normal neighbourly relations. The reduction of bilateral support, facilitated by the large-scale transfer of resources through the EU, is expected to continue. It is foreseen to be phased out in connection with Lithuania's accession to the EU, probably in 2004. It is important that contacts previously established should not be lost in the transition to normal neighbourly cooperation.

The use of Lithuanian resources and experience in connection with Swedish development cooperation with other countries in Central and Eastern Europe and Central Asia should continue to be encouraged.

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### **5.3. The scope, form and direction of future development cooperation**

It is expected that development cooperation will continue to be phased out during 2002–2004 prior to a transition to normal neighbourly cooperation on EU accession. The timetable for the final phase-out will depend on a number of factors, including the negotiations then in progress. This will call for a special review of the strategy in 2003.

Cooperation shall be informed by three considerations: the need to promote alignment with the EU in the candidate countries, the importance of good relations with Sweden and the need to adopt a gender equality perspective in all development work.

Support shall include measures aimed at supporting Lithuania's efforts to align with the *acquis communautaire* prior to membership and be based on the country's own pre-membership strategy. The emphasis should be on helping Lithuania meet the requirements set out in the *acquis*. Swedish support shall be aimed at undertakings which are outside of, yet serve as a complement to, EU support programmes. Important remaining areas for Swedish bilateral support are the judiciary, the environment and the social sector, as well as security at the Ignalina nuclear power plant and the social consequences of its closure. Wherever possible Swedish support should form part of EU programmes. Twinning is an important instrument in the field of administration.

Development cooperation shall contribute to the creation of close, long-term, neighbourly cooperation between Swedish enterprises, NGOs and central and local government authorities and their counterparts in Lithuania. Cooperation should lead to the continued intensification of trade and cultural exchanges between the two countries. Cooperation shall be targeted at areas in which Sweden has special knowledge and expertise and is particularly qualified to extend support. It is essential that support be phased out at a pace and in ways that will facilitate continued cooperation of mutual interest to both parties.

Active concern for gender equality shall be a salient feature of all development cooperation between Sweden and Lithuania. The implications and consequences of support measures for men and women shall be assessed in the planning and preparatory stages. In addition, special support targeted at women or men, e.g. measures aimed at strengthening the position of women in the labour market, may be called for. Measurable project goals should be set in all



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relevant cooperation areas. Expectations of cooperation partners should be clarified in this respect.

As in the past, support should take the form of technical cooperation, focusing on measures primarily designed to enhance the development of expertise and institutions. Cooperation in the environment field could also include investment support. Support should be provided for activities for which Lithuania has overall responsibility and restricted to the provision of resources, in terms of skills and capacity, that are not available in the country. Among other things this means that Swedish support should be consistently linked to the requirement that costs be shared with the Lithuanian opposite party.

The following recommendations apply to the six cooperation areas set out below:

- common security
- deepening democracy
- economic change
- social security
- the environment
- education and research

### **5.3.1 Common security**

The aim of security-enhancing support for Central and Eastern Europe is to promote common security in the region in both civil and military spheres.

The corresponding measures involve support for:

- the development of security policy know-how and expertise
- a democratically based total defence system
- peace-support operations
- defence environment projects
- non-proliferation of weapons of mass destruction
- emergency preparedness
- border management
- the promotion of know-how and expertise in the sphere of asylum and migration policy.

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Security-enhancing support is one of the cornerstones of Sweden's Baltic policy. Government policies are informed by a broad view of security. The concept is not limited to military security but also presupposes civil, diplomatic, political and economic measures.

The transfer of know-how and institution building (training and advice) are the main forms of support here. However, some assistance in the form of military materiel is also provided. The Swedish Armed Forces acting in consultation with the Swedish and Lithuanian governments draw up annual programmes with a view to making security-enhancing support more long term and coherent.

The Swedish security-enhancing support in the military sphere is aimed at contributing to the build-up of a national defence capacity under democratic control in Lithuania. This also improves Lithuania's ability to make its own security policy choices. This is in Sweden's interest.

Support should be used to tackle areas or problems of a transboundary nature and applied to issues of significance in the security policy sphere. Security-enhancing support should serve to expedite membership of the EU and alignment with other international cooperation structures.

Lithuania's accession will alter the situation yet again and steps should be taken to phase out security-enhancing support in some areas. However, certain sectors receiving security-enhancing support are less closely linked to EU membership requirements while still retaining considerable significance for Swedish security. This applies particularly to the total defence sphere where the need for support is more long term.

Support in the security policy sphere, originally aimed at enhancing the ability of the Baltic countries to act in the international arena, has focused increasingly on promoting national security policy know-how and expertise, and continued support in this area may be expected.

Sweden is assisting Lithuania with long-term planning in connection with the latter's armed forces, in which the principles of democratic

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control and public support play a fundamental part. The training of officers and other military personnel are a significant component of cooperation in this area. Support is also extended to the Baltic countries' joint defence college BALTDEFCOL in Tartu, Estonia. Sweden also coordinates and directs the college's activities.

As regards peace support operations, Sweden extends support to the Baltic battalion BALTBAT and its naval counterpart, the Baltic Naval Squadron BALTRON. Multilateral support is now being reduced as the Baltic countries assume increasing responsibility for development projects. Instead, more support is being provided to the recipient countries' national defence forces.

Environmental projects and programmes linked to military activities continue to be important. For example, Swedish support for the development of risk assessment methods and environmentally safe handling of hazardous substances is expected to continue. Training in defence-related environment matters is another area of concern.

The situation in Lithuania with regard to security-enhancing support in the civil sphere is generally regarded as satisfactory and a gradual phasing out of bilateral support during the programme period may be appropriate.

Lithuania now has an acceptable national system for safeguarding nuclear materials and non-proliferation. However, further integration into transboundary cooperation in this area is important. Selective measures aimed at enhancing the capacity for cooperation between official bodies aimed at combating smuggling and illegal handling of nuclear materials.

Lithuanian preparedness to deal with accidents and disasters is not yet considered to be on a par with that of the Nordic countries. Education and training will continue to be needed to some extent before normal neighbourly cooperation is possible in this area. Greater emphasis should be given to preventive measures in connection with the transportation of hazardous goods; support for measures to protect coastlines against damage from oil spillage may also be called for. Concluding measures should be linked to bilateral agreements on rescue services.

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Another important area is the promotion of collaboration between authorities and regional transboundary cooperation, which should be linked to customs services, police forces and frontier surveillance. Minor supplementary measures in areas where Lithuania lacks sufficient experience, and/or where they are deemed appropriate in Sweden's view may receive support during the coming programme period.

The structures and organisations for dealing with migration now in place in Lithuania are close to acceptable. A national regulatory framework conforming to international standards has been adopted and implementation has reached an acceptable level. However, it is important that a state of readiness be maintained to deal with influxes of refugees, which presently vary in extent and complexity.

Lithuania's maritime safety capability is judged to be adequate and a transition to normal neighbourly cooperation is regarded as feasible during the strategy period.

Thus, although a certain measure of support will continue to be necessary, it seems that a transition to normal, operational cooperation in the security enhancement sphere is likely to be achievable in the near future. This can take a number of forms. For example, steps could be taken to incorporate Lithuania in various networks that would provide a framework for continued selective measures.

As Swedish bilateral support is dependent on EU-financed programmes in many of these areas, efforts should be made to ensure that they are coordinated with and complement the latter. EU financing should be sought for future activities wherever possible.

As effective Baltic Sea cooperation on security enhancement is in Sweden's overall national interests, the authorities concerned should make contingency plans for possible cooperation after EU membership within the framework of their normal international operations.

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### **5.3.2. Deepening democracy**

#### **Justice and Home Affairs**

The aim of cooperation is to strengthen the rule of law in Lithuania by supporting the development of lasting institutional and administrative capacity in the authorities concerned. As such efforts are vital to Lithuania's integration into the EU this form of support should be a key factor in determining the direction of future cooperation.

Cooperation in the judicial sphere involves the following areas:

- The police service
- The prosecution service
- The judiciary
- The prison and probation service
- Crime prevention

Although major support will continue to be needed in this sphere, this will increasingly be covered by the EU PHARE programme. Swedish authorities should remain involved in these EU-financed programmes, particularly in those areas where Sweden's resource base can be turned to account. Continued bilateral measures shall either complement EU undertakings or target areas considered to have a bearing on EU alignment efforts but not covered by the PHARE programme. Efforts should be made to ensure that support measures have the full support of the recipient parties.

Development cooperation should reflect greater concern for the country's justice and law enforcement system – the police and prosecution services, the judiciary and the prison and probation service – and its internal coherence.

Measures aimed at strengthening the ability of the Lithuanian authorities to combat international organised crime, in particular trafficking in women and children and drug trafficking, as well as activities to prevent violence against women, should be stepped up. This can be achieved by strengthening practical cooperation and the transfer of know-how between the authorities concerned. A crime prevention perspective shall inform all aspects of cooperation.

Extensive efforts to improve the functioning of the judiciary will be made as part of the PHARE Twinning Project, with the National Courts Administration partnering the Lithuanian Ministry of Justice. Future bilateral cooperation will take the form of twinning programmes involving Swedish and Lithuanian courts. Within the

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area of correctional treatment, cooperation is foreseen between correctional institutions in Sweden and Lithuania, including support for probation. Moreover, activities can be implemented to strengthen the Lithuanian office of the public prosecutor. Cooperation between the Swedish Ministry of Justice and the Lithuanian Ministries of Justice and the Interior will mainly take the form of consultation on EU alignment.

Swedish development cooperation in the judicial sphere shall be gradually replaced by normal neighbourly cooperation in areas of mutual interest, in accordance with agreements entered into by the Lithuanian and Swedish governments.

### **Cooperation at local and regional level**

Cooperation at local and regional levels is now extensive and is expected to continue to play an important part in future. The need for support remains extensive, given the wide economic and social disparities between the country's regions.

Support should continue to be extended as part of existing programmes for in-depth twinning and cooperation on municipality and county level. Where appropriate, Swedish regional and local support measures should be coordinated at county level. Areas of particular importance in this respect include the public administration, the social sector, EU alignment and the ability of local and regional authorities to administer EU structural funds. Efforts should be made to promote greater integration of small rural municipalities as conditions in these areas often differ considerably from those in bigger towns and cities.

Special attention should be given to the problem of obtaining greater access to EU financing. This can help create the necessary conditions for a gradual transition to other forms of cooperation. In the course of the strategy period, the growth of normal neighbourly relations and financing via EU programmes should make it possible to reduce this type of support.

### **Support for civil society**

Measures aimed at promoting public participation in political life and the concerns and activities of associations and related organisations should be supported by funds channelled through NGO's and organisations associated with political parties. This form of support is designed to strengthen local organisations for cooperation and thereby foster a vigorous civil society. In Lithuania it is widespread

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and most of the NGO's with which Sida has framework agreements are active in the country.

Cooperation between these organisations during the coming strategy period shall take into account Lithuania's impending accession to the EU and the eventual cessation of development cooperation in connection with the accession. Consideration should be given to the likelihood that there is a continued mutual interest in cooperation in many areas thereafter.

The organisations' strategies in the coming years should focus on support to the cooperation partners for EU-alignment projects, the mobilisation of members as well as of EU and other funding. Other priority areas are HIV/AIDS, alcohol and drug abuse, trafficking in human beings and sexual exploitation.

It is worth noting that measures at local and regional level and support to civil society provided in the course of cooperation in Eastern and Central Europe enjoy a wide public support in Sweden.

### **Culture and society**

Thanks in part to the efforts of the Swedish Institute, there is now a well-developed contact network linking Swedish and Lithuanian cultural and social institutions, organisations and individual professionals. The aim of continued support shall be to foster a democratic culture, mainly through cultural and social exchange focused on projects which enjoy a strong support in the recipient country. Efforts should be made to promote more contact in regions outside the capital.

As development cooperation with Lithuania is phased out it is vital that existing contacts are made use of and extended in ways that assist the transition to normal neighbourly cooperation between Lithuanian and Swedish parties.

### **5.3.3. Economic change**

#### **The central government administration**

Support aimed at strengthening Lithuania's public administration is of crucial importance, particularly to the outcome of the EU alignment process. Swedish bilateral support has decreased as outstanding needs have been met increasingly by the EU PHARE programme. EU support is provided through the Twinning Programme, an important instrument for strengthening the

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administrative capacity of the Lithuanian government. Swedish authorities should continue to take part in twinning projects in Lithuania. However, bilateral support on a smaller scale should be continued until accession, with concluding measures having a direct bearing on the integration of Lithuania into the Union. Relevant areas include statistics, the development of labour market institutions, national accounting, forestry, accreditation and the working environment. Special attention shall be given to measures that promote alignment to and application of the regulations that apply in the internal market. This support should serve as a complement to measures implemented under the PHARE programme and facilitate a transition to normal neighbourly cooperation. It should proceed mainly from Lithuania's National Programme for the Adoption of the Acquis.

### **Land reform**

Land reform in Lithuania is expected to be completed in 2002. Swedish support – which has encompassed institutional support aimed at building up the Lithuanian land survey authority, central and regional land surveying systems, property registration, property formation and valuation, and map-making – is now virtually at an end. Only minor concluding EU-related measures are anticipated. Lithuania is now in a position to draw up, develop and successfully implement its own strategies in the mapping and property spheres without external assistance. Minor supplementary measures relating to EU alignment in the sphere of reallocation and concentration of land holdings may be necessary.

### **The business sector**

Support for trade development and promotion was stepped down and in many cases phased out entirely during the previous strategy period. Certain supplementary measures with a direct bearing on EU alignment may be called for. In addition, support measures aimed at women entrepreneurs, young entrepreneurs and export promotion may be considered.

A dynamic flow of trade and investment between the countries around the Baltic Sea will require a solution to the problem of border obstacles, including customs issues, that at present impede freer exchange. Efforts should be made to solve these problems, particularly on Lithuania's borders with Russia and Belarus. In addition, special initiatives should be considered to promote cooperation between areas in the two countries that are close to the



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border. Coordination with EU-financed programmes should be sought.

Support for SME development should be provided under the StartEast programme. Support for projects in Lithuania should be able to receive support until the end of 2002/beginning of 2003.

Swedfund International AB is scheduled to receive an injection of capital in 2002 to cover venture capital undertakings in Central and Eastern Europe. There may also be occasion to make investments through Swedfund in Lithuania in the years leading up to the country's accession to the EU.

### **Regional development**

Uneven economic development in Lithuania is a problem that requires attention. Since the country's independence, rural areas have suffered more severely from exclusion and poverty and offer fewer job and educational opportunities than larger towns and cities. Lithuania's regional policy was formulated on the basis of EU requirements, *inter alia* to prepare for future structural funds support. Although EU pre-membership support includes instruments for regional development, there is a need for complementary bilateral measures. For example, the regional development pilot project now under way in the province of Alytus could be applied elsewhere. Moreover, the Ignalina region should be incorporated into ongoing or planned projects as a means of facilitating its integration into the Lithuanian community and prevent potential problems following the closing of the nuclear plant in Ignalina.

#### **5.3.4. Social security**

##### **Social welfare services**

The social sector has been an important area of cooperation in recent years. Lithuania has developed basic social services and social insurance systems and structures. However, deficiencies remain in a number of areas including the administration of the social insurance system. Pre-membership support can only be extended in certain areas as large segments of the social welfare sector are not covered by the EU regulatory framework. Bilateral measures will therefore continue to play a significant part, either as a complement to existing support or in areas not covered by the PHARE programme.

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Continued efforts will be needed to develop alternatives to existing institutions – efficient social service provision under local authority management is one example – and train social workers. Measures should serve to strengthen and support families, take greater account of players and user organisations and further interaction and collaboration among the players involved. They should also serve to encourage cooperation between central and regional authorities by promoting the exchange of experience.

Support should be extended to vulnerable groups in society. Special initiatives based on the UN Convention on the Rights of the Child should be taken to improve the plight of children and young people. Measures to improve the position of the disabled should be based on UN Standard Rules to ensure that people with functional impairments enjoy full participation and equality in the community.

Particular attention should be given to women and children who are victims, or potential victims, of trafficking in human beings and/or sexual exploitation. Continued support through the International Organisation for Migration (IOM) may be called for. This should be extended primarily to projects aimed at prevention and targeted mainly at young people. Implementation should conform to the declaration by the 2<sup>nd</sup> World Congress against Commercial Sexual Exploitation of Children held in Yokohama in 2001. The networks built up as part of the work of the Council of the Baltic Sea States (CBSS) to support efforts on behalf of vulnerable children in the region should be made use of.

Only minor concluding EU-related measures are anticipated in the working environment sphere.

Supplementary labour market-related measures are likely to be required, particularly in connection with the integration of disabled people in the labour market. Labour market measures should also adopt a preventive approach, particularly in view of the planned closure of the Ignalina nuclear power plant.

### **Health and medical care**

Support for health and medical care services will remain an important part of cooperation. Emphasis should be given to measures aimed at developing the organisation of the health and medical care services and primary health care.

Attention should also be directed at the serious situation with regard to the control of infectious diseases, particularly tuberculosis and HIV/AIDS. Efforts in this area should be aimed at supplementing

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and extending ongoing reform programmes with disease control elements. Priority should be given to preventive measures. It is envisaged that projects and their coordination will be implemented as part of the programme set up by the Council of the Baltic Sea States (CBSS) to combat the spread of infectious diseases in the region. Programmes and projects aimed at combating the rise in alcohol and drug abuse observed in recent years are another important area of activity.

Preventive measures in the public health field and efforts to provide information and change attitudes should be stepped up. Greater attention should be focused on user groups, such as patient organisations, in the health and medical care field. Support should be provided for preventive measures, information campaigns and the establishment and development of youth guidance centres.

Direct support through Sida should not be used for specific, selected initiatives at local level. Any support for such measures should be channelled through NGOs, the Eastern Europe Committee of the Swedish Health Care Community or via twinning activities, insofar as these organisations or structures are capable of providing support of this kind.

In this area, close and continuous dialogue should be maintained with Swedish enterprises and the Swedish Trade Council to ensure that support measures facilitate the long-term presence of Swedish companies in the health and medical care sector in Lithuania.

### **5.3.5. The environment**

Meeting the environmental requirements for EU membership poses a major challenge for Lithuania. EU alignment in this sphere will require substantial human and financial resources, even after accession. This is reflected in the extended transition period for compliance with EU environmental regulations requested by the Lithuanian Government and approved by the EU when the environmental chapter was provisionally closed in November 2001. There will therefore be a long-term demand for continued support in the environmental sphere with the emphasis on EU alignment. Previous cooperation focused on support for the preparation and implementation of investment in water and sanitation, capacity-building measures and the transfer of know-how should continue throughout the 2002–2004 strategy period. Principally, the EU is expected to meet needs in this area through its various support instruments after Lithuania's accession.

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With regard to investment, support should preferably be extended to projects which have already been identified and where cooperation of some kind has already begun. Examples include support for the Municipal Development Project and the Panevezys and Kaunas sanitation projects. As before, support should be concentrated on complying with HELCOM recommendations and EU directives. Institutional reforms are normally a condition for Swedish participation in investment programmes. Cooperation shall be based on previous experience and approaches developed by Lithuanian authorities, Nordic bilateral donors and financing institutions, and coordinated with the help of EU support. The projects already agreed on or currently in preparation have implementation periods and payment times of several years. Although the volume of new commitments will fall, disbursements for these projects and cooperation involving authorities will continue to be extensive during the next two to three years. This means that the level of Swedish support in the environmental sphere during the period will not fall below that of the immediately preceding years. As regards future measures in the environmental sphere, close and continuous dialogue should be maintained with Swedish enterprises and the Swedish Trade Council to ensure that support measures facilitate the long-term presence of Swedish companies in and relations with Lithuania.

Lithuania has not made as much progress in the energy sphere in terms of reform and marketisation as Estonia and Latvia. Continued support is therefore anticipated for reform-oriented projects mainly in connection with district heating.

Cooperation in the spheres of institution building and knowledge transfer should continue throughout the period. The most important areas of cooperation in the run-up to EU membership are support for institutional reform, harmonisation of environmental legislation and implementation of certain EU directives. Important areas are water and sanitation, environmental health and chemical pollutants. Furthermore, preservation of biological diversity, transboundary cooperation on water, application of the UN Framework Convention on Climate Change, including the Kyoto Protocol, and Baltic 21 especially as it applies to forestry and agriculture, are also topical.

### **Nuclear safety and radiation protection**

Continued Swedish support for measures to improve nuclear safety and radiation protection at the Ignalina power station should be provided to ensure acceptable levels of safety until such time as the plant is shut down. Cooperation should focus on complementing existing international programmes and measures aimed at reducing

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radiation and other risks. Other concerns include the creation of early warning systems, automatic radiation monitoring systems and common emergency exercises, thereby fostering good relations in the Baltic Sea region.

There will be a change in the character of support during the period following the decommissioning of the first Ignalina reactor (Unit 1) in 2005. Sweden supports Lithuania in the preparatory work prior to closure partly through contributions to the EBRD-administered international fund for the decommissioning of Ignalina (IISDF) and partly through bilateral support for nuclear safety and radiation protection. Swedish support will focus increasingly on issues relating to decommissioning and the disposal of nuclear waste. Measures should complement and enhance the effectiveness of IISDF-sponsored projects, in accordance with the principles governing bilateral support. Continued development of a national regulatory framework for radiation protection is essential to the alignment process, as is the further development of know-how, expertise and resources to ensure radiation protection, disseminate appropriate information and maintain nuclear safety readiness. Supervision of the Ignalina power station and its decommissioning will place severe demands on the radiation protection authority.

Cooperation in the sphere of civil radiation protection (radon, health and medical care, research and industrial activities) should continue during the strategy period. These measures should be designed to facilitate implementation of EU directives in this area.

### **5.3.6. Education and research**

Continued support will be extended to cooperation projects in the field of education and research and to the development of networks of common interest to players from Sweden and the Baltic countries. Transboundary cooperation, which could also include other countries in the region, should be encouraged. As previously, individual scholarships will play a significant part in cooperation. When awarding scholarship grants and designing cooperation projects, efforts should be made to ensure that men and women are equally represented. Baltic 21 projects in education and Education for All undertakings should receive priority.

As regards support for Swedish language instruction, measures for the coming period are expected to be similar in scope and character to those for the previous programme period. The number of Swedish lecturers should be the same as in 2001 following the cutbacks which have taken place in recent years.

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During the period, increased emphasis should be placed on the transfer of skills and know-how in education and research and on projects aimed at improving possibilities for participation and cooperation within EU education and research programmes. In this connection, attention should be focused on *Women and Science* the EU action programme for women and research. Consideration shall be given to the need for special measures to support cooperation in education and research after the conclusion of the programme period.

It is therefore essential that continued efforts be made to create and extend sustainable networks involving Swedish and Lithuanian universities and colleges of higher education. Continued support should be given to adult education, an important area in which cooperation is already well established.



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**Ministry for Foreign Affairs**

Telephone: Int+46-(0)8 405 10 00, fax: Int+46-(0)8 723 11 76, web site: [www.ud.se](http://www.ud.se)

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